

# Special Purpose Financial Report

Cycling Southland Inc  
For the year ended 31 March 2023

Prepared by McCulloch & Partners

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# Entity Information

## Cycling Southland Inc

For the year ended 31 March 2023

### Entity Type and Legal Basis

Incorporated Society

### Registration Number

225553

### Entity's Purpose or Mission

Cycling Southland Inc is a regional sports organisation that provides cycling education, training and racing opportunities on the road and track for junior and senior cyclists.

It runs the SBS Bank Tour of Southland, the country's premiere cycle stage race, the Yunca Junior Tour of Southland for young riders, and numerous other road and track events.

The organisation manages the operations of the SIT Zero Fees Velodrome.

### Main Sources of Entity's Cash and Resources

The organisation's main sources of cash and resources come from subscriptions, operational and event grants, event sponsorships and event entries and related activities.

### Main Methods Used by Entity to Raise Funds

The organisation relies on grant applications for operational and event funding, and event sponsorship, along with limited fundraising.

### Entity's Reliance on Volunteers and Donated Goods or Services

The work of the organisation is dependent on the voluntary provision of goods and services of many individuals and businesses. It is estimated more than 16,000 hours are volunteered to the organisation each year, particularly around coaching and events, although it must be noted this is a conservative estimate.

### Physical Address

ILT Stadium Southland, 22 Surrey Park Rd, Invercargill

### Auditor

BDO Invercargill

# Statement of Profit or Loss

## Cycling Southland Inc

For the year ended 31 March 2023

	NOTES	2023	2022
<b>Income</b>			
<b>Sponsorship</b>			
Sponsorship - Tour of Southland		239,711	221,076
<b>Total Sponsorship</b>		<b>239,711</b>	<b>221,076</b>
<b>Grants</b>			
Aotearoa Gaming Trust		16,000	16,000
Covid-19 Wage Subsidy		1,800	35,488
Covid-19 Resurgence Payment		-	12,261
Grants - Other		1,120	-
ILT Foundation		116,250	116,250
Lion Foundation		3,000	5,000
Community Trust South		27,657	27,080
Invercargill City Council		30,000	30,000
New Zealand Community Trust		2,000	6,000
TAB New Zealand		10,000	10,000
Community Pump Track Grants		107,000	-
<b>Total Grants</b>		<b>314,827</b>	<b>258,079</b>
<b>Tour, Carnival, Velodrome Income</b>			
Tour Registrations		59,342	39,624
Entries, Registrations, Gate Takings		213,989	192,390
Membership Fees		5,093	8,656
Rental Revenue		18,997	27,930
<b>Total Tour, Carnival, Velodrome Income</b>		<b>297,420</b>	<b>268,600</b>
Interest and Investment Income		2,209	171
Other Revenue		21,474	17,653
<b>Total Income</b>		<b>875,641</b>	<b>765,580</b>
<b>Expenses</b>			
<b>Tour, carnival, velodrome expenses</b>			
Tour of Southland		357,946	289,527
Carnivals, Events & Activities, Other Tours, Velodrome		129,285	104,408
<b>Total Tour, carnival, velodrome expenses</b>		<b>487,232</b>	<b>393,935</b>

The accompanying notes form part of these special purpose financial statements.

	NOTES	2023	2022
<b>Operating</b>			
Borrowing Costs		-	434
Interest - Hire Purchase		3,650	654
Insurance		7,949	10,055
Vehicles		11,436	3,758
Rent / Security		4,520	3,863
Electricity		1,195	2,033
Equipment Purchases / R&M		5,213	1,730
<b>Total Operating</b>		<b>33,963</b>	<b>22,529</b>
<b>Administration</b>			
Administration		62,110	31,836
Review		4,350	3,993
Lease Charges		4,735	4,451
Wages		251,446	229,451
<b>Total Administration</b>		<b>322,641</b>	<b>269,732</b>
Depreciation of Property, Plant and Equipment		21,791	13,998
<b>Total Expenses</b>		<b>865,627</b>	<b>700,193</b>
<b>Net Profit / (Loss)</b>		<b>10,014</b>	<b>65,387</b>

The accompanying notes form part of these special purpose financial statements.

# Statement of Changes in Equity

Cycling Southland Inc

For the year ended 31 March 2023

	2023	2022
<b>Equity</b>		
<b>Retained Earnings</b>		
Opening Balance	395,661	346,116
Net Profit / (Loss)	10,014	65,387
Movement to Rider Grants & Fundraising	(7,611)	(15,842)
<b>Total Retained Earnings</b>	<b>398,065</b>	<b>395,661</b>
<b>Rider Grants &amp; Fundraising</b>		
Opening Balance	6	41,621
Rider Grants & Fundraising	7,611	15,842
<b>Total Rider Grants &amp; Fundraising</b>	<b>49,231</b>	<b>41,621</b>
<b>Equity at end of period</b>	<b>447,296</b>	<b>437,282</b>

The accompanying notes form part of these special purpose financial statements.

# Statement of Financial Position

## Cycling Southland Inc

As at 31 March 2023

	NOTES	31 MAR 2023	31 MAR 2022
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Short-term Deposits	1	284,642	333,291
Trade and Other Receivables		47,739	38,651
Inventories		9,185	7,990
GST Receivable		6,311	7,049
<b>Total Current Assets</b>		<b>347,877</b>	<b>386,981</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	2	156,042	159,535
Deposit - Community Pump Track		48,625	-
<b>Total Non-Current Assets</b>		<b>204,667</b>	<b>159,535</b>
<b>Total Assets</b>		<b>552,545</b>	<b>546,516</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Current Portion - UDC Finance	5	7,519	7,022
Trade and Other Payables	4	48,841	26,073
Income Received in Advance	3	7,054	26,351
<b>Total Current Liabilities</b>		<b>63,414</b>	<b>59,445</b>
<b>Non-Current Liabilities</b>			
Hire Purchase UDC Finance Ltd	5	41,835	49,789
<b>Total Non-Current Liabilities</b>		<b>41,835</b>	<b>49,789</b>
<b>Total Liabilities</b>		<b>105,249</b>	<b>109,234</b>
<b>Net Assets</b>		<b>447,296</b>	<b>437,282</b>
<b>Equity</b>			
Current Year Earnings		10,014	65,387
Retained Earnings		388,050	330,274
Rider Grants & Fundraising Reserve	6	49,231	41,621
<b>Total Equity</b>		<b>447,296</b>	<b>437,282</b>


The Financial Statements are approved by:

Signed by:  
  
 624F044617C016EE

President

Date 4 July 2023

Megan Clark

Signed by:  
  
 D5752B979F60E606

Committee Member

Date 4 July 2023

Ellen Langley

The accompanying notes form part of these special purpose financial statements.

# Statement of Accounting Policies

## Cycling Southland Inc

For the year ended 31 March 2023

### Reporting Entity

The financial statements are for the reporting entity, Cycling Southland Inc. Cycling Southland Inc is an incorporated society registered in New Zealand under the Incorporated Societies Act 1908.

Cycling Southland Inc is a regional sports organisation that provide cycling education , training and racing opportunities on the road and track for junior and senior cyclists.

The special purpose financial report was authorised for issue in accordance with a resolution of the committee dated 27 June 2023.

### Basis of Preparation

The financial statements have been prepared in accordance with the Special Purpose Framework for use by For-Profit Entities (SPFR for FPEs) published by the Chartered Accountants of Australia and New Zealand and on the basis of historical cost.

The financial statements have been prepared for the entity's members.

### Functional Currency

The accounts are presented in New Zealand dollars, rounding to the nearest dollar.

### Historical Cost

These financial statements have been prepared on a historical cost basis.

### Accounting Policies

The following specific accounting policies that materially affect the measurement of financial performance and financial position are applied:

#### Property, Plant and Equipment

Property, Plant and Equipment are stated at historical cost less any accumulated depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition of assets, and includes the cost of replacements that are eligible for capitalisation when these are incurred.

Fixed assets are recorded at cost less accumulated depreciation. Depreciation of assets is calculated to write the asset off over its useful life. Memorabilia has not been depreciated as it is considered to be art and has no determinable useful life.

Office Equipment	6 - 50% SL
Plant	Between 7% & 67% SL and DV
Leasehold improvements	8.4% SL
Memorabilia	0%

#### Goods and Services Tax (GST)

The entity is registered for GST. All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.



## **Income Tax**

Cycling Southland Inc is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions.

## **Bank Accounts and Cash**

Bank accounts and cash comprise of all cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

## **Accounts Receivable**

Accounts Receivable are recorded at their estimated realisable value.

## **Revenue**

Revenue from the sale of goods and provision of services is recognised when significant risks and rewards are transferred to the buyer and is probable that economic benefits will flow to the seller.

Rental revenue is recognised when invoiced.

Sponsorship income is recognised when received, unless it relates to a specific event which it is then recognised in the month that the event is delivered.

Government grants requiring specified future conditions to be performed are recognised as a liability on receipt. The grants are recognised as income over the period that the specified conditions are complete and the associated costs are recognised. This is applicable to the Covid-19 Wage Subsidies received.

## **Grants and Donations**

Donation revenue is recognised upon receipt. Grant revenue is recognised when the conditions to the grant have been complied with. Where there are unfulfilled conditions attached to the grant, the amount relating to the unfulfilled condition is recognised as a liability and released to income as the conditions are fulfilled.

## **Inventory**

Inventory has been valued at the lower of cost or net realisable value.

## **Income in Advance**

Grants received may cover a period extending beyond the entity's balance date. Where this occurs, the amounts received in respect of a future period are recorded in the Statement of Financial Position as Income in Advance.

## **Operating Leases**

Payments on operating lease agreements, where the lessor retains substantially the risk and rewards of ownership of an asset, are recognised as an expense on a straight-line basis over the lease term.

## **Financial Instruments - Financial Assets**

At initial recognition the entity determines the classification of the financial assets as either held at fair value, cost or amortised cost. Financial assets are measured initially at fair value, estimated at the transaction price less any associated transaction costs.

## **Changes in Accounting Policies**

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.

# Notes to the Accounts

## Cycling Southland Inc

For the year ended 31 March 2023

2023 2022

### 1. Cash & Bank Balances

Westpac Bank NZ Ltd	284,582	333,231
Cash on Hand	60	60
<b>Total Cash &amp; Bank Balances</b>	<b>284,642</b>	<b>333,291</b>

### 2. Fixed Assets

2022	Cost	Opening Value	Purchases (Disposals)	Depreciation	Closing Accumulated Depreciation	Closing Value
Leasehold Improvement	22,606	3,210	-	1,743	21,139	1,467
Memorabilia	88,375	88,375	-	-	-	88,375
Plant & Equipment	272,242	24,243	7,706	10,589	250,882	21,360
Vehicles	50,000	-	50,000	1,667	1,667	48,333
	<b>433,223</b>	<b>115,828</b>	<b>57,706</b>	<b>13,998</b>	<b>273,688</b>	<b>159,535</b>
2023	Cost	Opening Value	Purchases (Disposals)	Depreciation	Closing Accumulated Depreciation	Closing Value
Leasehold Improvement	22,606	1,467	-	763	21,902	704
Memorabilia	91,256	88,375	2,882	-	-	91,265
Plant & Equipment	285,781	21,360	13,533	11,174	262,061	23,720
Vehicles	51,884	48,333	1,884	9,855	11,522	40,362
	<b>451,527</b>	<b>159,535</b>	<b>18,299</b>	<b>21,791</b>	<b>295,485</b>	<b>156,042</b>

Total cost of assets held under a finance lease: \$50,000

2023 2022

### 3. Income Received in Advance

Heritage Grant	3,577	3,577
IRA - Tour of Southland	-	16,774
Income received on behalf - general	3,477	6,000
<b>Total Income Received in Advance</b>	<b>7,054</b>	<b>26,351</b>

	2023	2022
<b>4. Accounts Payable</b>		
Trade and Other Creditors	19,991	11,328
Employee Entitlements	27,924	13,852
Westpac NZ Ltd - Mastercard	1,287	893
<b>Total Accounts Payable</b>	<b>49,202</b>	<b>26,073</b>

#### 5. Finance Lease Liability

Cycling Southland has entered into a finance lease agreement with UDC Finance for a new van. Minimum lease payments payable:

	2023 Actual \$	2022 Actual \$
Finance Lease Liability - Current	7,519	7,022
Finance Lease Liability - Term	41,835	49,789
	<b>49,354</b>	<b>56,810</b>

	2023	2022
<b>6. Rider Grants &amp; Fundraising</b>		
Opening Balance	41,621	25,779
Current Year Income	41,736	24,932
Current Year Expenses	(34,126)	(9,090)
<b>Closing Balance</b>	<b>49,231</b>	<b>41,621</b>

Funds are tagged to support riders in the form of grants and fundraising activities.

#### 7. Donated Goods and Services

The work of the club is dependent on the voluntary provision of goods and services of many individuals and businesses. Since these goods and services are not normally purchased by the club and the difficulty of determining their value with reliability, donated goods and services are not recognised in these financial statements.

## 8. Operating Lease Commitment

The entity has signed a lease for the premises at Stadium Southland for a further period of 5 years from 1 April 2022.

The estimated yearly cost of this future commitment is \$4,230.

The entity has also committed to the lease of one motor vehicle:

- Commencing 16 August 2019 and finishing 16 May 2023 at a monthly cost of \$371.

	2023	2022
No later than one year	\$ 4,972	\$ 4,451
Later than one year	\$ 12,690	\$ 742
	<b>\$ 17,662</b>	<b>\$ 5,193</b>

## 9. Related Party Transactions

Except as disclosed in these financial statements the entity has not undertaken any material transactions with Related Parties for the year ended 31 March 2023.

M L Clark is on the Board of Directors for Cycling Southland Inc and also a Partner at McCulloch & Partners. McCulloch & Partners provides accounting services to Cycling Southland Inc. There were \$2,000 in accounting fees paid to McCulloch & Partners during the year.

(Last Year: Nil)

## 10. Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at 31 March 2023 (Last Year: Nil).

## 11. Going Concern

The financial statements have been prepared on the assumption that the entity will continue to have the financial support of its funders.

## INDEPENDENT ASSURANCE PRACTITIONER'S REVIEW REPORT TO THE MEMBERS OF CYCLING SOUTHLAND INC

### Report on the Financial Statements

We have reviewed the accompanying financial statements of Cycling Southland Inc that comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and statement of changes in equity and entity information for the year ended 31 March 2023, and notes comprising a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by the management of Cycling Southland Inc in accordance with the Special Purpose Framework for use by For-Profit Entities (SPFR for FPEs) published by the Chartered Accountants of Australia and New Zealand (the CAANZ SPFR Framework) for reporting to the members.

### *Executive Committee's Responsibility for the Financial Statements*

The *Executive Committee* is responsible for the preparation of these financial statements in accordance with the CAANZ SPFR Framework, determining that the reporting framework is acceptable in the circumstances and for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Practitioner's Responsibility*

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with International Standard on Review Engagements (New Zealand) (ISRE (NZ)) 2400, *Review of Historical Financial Statements Performed by an Assurance Practitioner who is not the Auditor of the Entity*. ISRE (NZ) 2400 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE (NZ) 2400 is a limited assurance engagement. It consists primarily of making inquiries of management and others within the entity involved in financial and accounting matters, applying analytical procedures, and evaluating the sufficiency and appropriateness of evidence obtained. A review also requires performance of additional procedures when the practitioner becomes aware of matters that cause the practitioner to believe the financial statements as a whole may be materially misstated.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly, we do not express an audit opinion on these financial statements.

We believe that the evidence we have obtained in our review is sufficient and appropriate to provide a basis for our conclusion.

Other than in our capacity as assurance practitioner we have no relationship with, or interests in, Cycling Southland Inc.



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#### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not prepared in accordance with the CAANZ SPFR Framework.

#### *Basis of Accounting and Restriction on Distribution*

Without modifying our conclusion, we draw attention to Page 8 to the financial statements, which describes the basis of accounting. The financial statements have been prepared for reporting to the members. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Members and should not be distributed to parties other than the society and its members.

BDO Invercargill

**BDO Invercargill**  
**04 July 2023**  
**Invercargill**  
**New Zealand**