



ANNUAL REPORT 2014

ESNZ Board Members 2013 - 2014

ESNZ PatronTiny White, OBE

Chris Hodson QC - President

Nick Pyke - Vice-President

Chris Bray - Appointed Member & Chair

Wallie Niederer - Appointed Member Kathryn Roberts - Appointed Member

Karen Trotter - Dressage
Heidi Bulfin - Endurance
Justine Kidd - Eventing
Glen Beal - Jumping

Theresa Gattung - Co-opted Member

ESNZ Staff

Jim Ellis - Chief Executive
Nicole Russell - Finance Director
Emma Gowan - Executive Assistant

Mark Brunton - Manager, National Equestrian Centre Taupo

Stan Brown - Caretaker, National Equestrian Centre Christchurch

Member Services Team

Fiona Bentley - Team Leader Renee Moffitt - Administrator Morgan Kirk - Administrator

High Performance Team

Sarah Harris - High Performance Director

Eventing High Performance Coach / Leader (UK Based)

Warrick Allan - High Performance Operations Manager Holly Farr - High Performance Administrator (UK Based)

Sport Team

Nici Kinloch - Sport Director

Wendy Hamerton - Dressage Sport Manager

Celine Filbee - Dressage Events and Marketing Assistant

Jo Lankow - Endurance Sport Manager Eliza Riedel - Eventing Sport Manager

Judy Alderice - Para-Equestrian Sport Manager

Jo Smith - Jumping Director

Megan McKay - Jumping Sport Manager

Sandy Richmond - Show Hunter Administrator

Bulletin Team

Jane Hunt - Editor (Sallie Moore, March- June 2014 issues)

Denise Thomson - Production Manager Mo Callow - Advertising Manager

Honorary Life Members

Lord Willoughby Norrie † R.S. Pilmer † J.N. Lowry † A.G. Quartley † D Holden † W.R. Duncan † B.G. Rutherford † B.E. Keiller † Mr G.P. Donnelly † H.W. Beatson † C Bolgar † A. R. Caro † T.I. Casley † D.M. Crowther † R.D. Dalley † Mrs G.P. Donnelly H.R. Dutton † R.A. Hunter † N.D. Matheson H.H. Morice † P.T. Williams † H.V. Thompson † Sir Ronald Trotter † A. Hampton W. Scott A (Gus) Meech G. Gilmour † R. Gapes † J. McCall † C. McRae Mr J Wright MNZM Mrs M Hain QSM K. Hansen R Ward-Smith B. Birnie Mrs J Millar CNZM

M. Tucker Mrs M Leigh † Deceased



Chief Executive's Report 2013-14

A. Overview

2013-14 was a year of significant progress for ESNZ but also higher levels of operational stress on governors and staff, often related to periods of structural change.

As planned, ESNZ delivered a raft of structural changes in August 2014 including an updated constitution, a new membership and equine registration structure, a more forward looking discipline fee regime, revised general regulations, a new website and updated branding.

The process of change has been challenging for many, given that much of the focus has been on a future generation of members. This has been driven by ESNZ's strategic Growth Plan, revised by the Board in February 2014, which focuses the organisation on driving increased participation in ESNZ competitions.

The changes effected to date, while significant in their depth and breadth, have really been designed to modernise our delivery platform which, like an old car, has been creaking and groaning for many years. ESNZ now has the ability to more pro-actively drive participation increases knowing that many of the previous barriers to participation have, if not been fully removed, then significantly lowered.

On top of the above has been the work involved in the logistical delivery of one of the largest delegations to represent New Zealand at a World Equestrian Games – a much more significant workload than the Olympics – and the, hopefully one-off, effort in assisting one of our leading riders defend a high profile equine anti-doping charge.

B. Non-Financial Reporting - Growth Plan Projects

ESNZ has made good progress in delivering against its new Growth Plan outcomes during 2013-14; this should be read in conjunction with the Plan which is reproduced within this Annual Report.

1. Alignment

- a. ESNZ national office was relocated in February 2014 to share space with Sport New Zealand in their Wellington offices.
- b. The ESNZ Board and re-constituted audit, finance & risk committee now receive financial information both in entity-by-entity and consolidated formats, the latter being a significant improvement on previous.
- c. Sport NZ funding an external consultant to progress ESNZ organisational alignment; individual disciplines well advanced in producing discipline-specific growth plans which align to ESNZ plan.
- d. Review initiated into status of area groups and incorporated into wider alignment review; to report by December 2014.



2. Communication

- a. New website went live during August 2014; further development work on online shop and registrations underway for roll-out by December 2014.
- b. Re-brand completed and rolled-out August 2014 including amended suite of logos and new colour schemes.
- c. Role of The Bulletin magazine reviewed and subject to ongoing consideration by ESNZ Board; new format rolled-out August 2014.
- d. Successful World Equestrian Games communications plan delivered.

3. Funding

- a. New membership and equine registration structure rolled-out 1st August 2014, the subject of considerable work and consultation over the prior 24 month period.
- b. Sport NZ funding commercialisation projects including long-term studbook/breeding initiative and identification of products/IP which could be more effectively monetised.

4. Competitions & Events

- a. Revised General Regulations available during September 2014, later than planned but a project of considerable complexity.
- b. New GRs include updated health & safety protocols, a major focus of the organisation in the run-up to the Horse of the Year show and subsequently.
- c. New MoU agreed with NZ Pony Clubs Association and announced September 2014.

5. Facilities

- a. Auckland regional equestrian facilities plan reporting September 2014.
- b. ESNZ has led a process to maintain the Woodhill Sands equestrian centre for the sport.
- c. The ESNZ Board has reviewed the governance structure at both National Equestrian Centres and made necessary recommendations for change.
- d. NEC McLean's Island has recently concluded its long term facility development plan and is now discussing with potential funding agencies.
- e. NEC Taupo has raised approximately 50% of the funding required for its proposed new indoor arena and facilities building; also completed construction of a new covered yards block.

6. Winning

- a. Excellent operational delivery of recent WEG campaign in France.
- b. HPSNZ targets for Eventing at WEG not achieved.
- c. Plans established across all disciplines for Rio 2016 qualification.
- d. Significantly improved working relationships between ESNZ high performance programme and individual disciplines.

C. Financial Reporting

ESNZ's audited annual accounts to 31st May 2014 show a net surplus, after depreciation, of \$335k on turnover of just over \$5m. Equity/reserves have risen to \$2.3m including fixed assets at both NECs.



On the face of it this is an impressive outcome given the surplus recorded in the previous financial years however, adjustments requested by the auditors have had a significant effect on this outcome as in the previous financial year.

Of most significance has been a historical adjustment to record as income approximately \$250k of high performance funding unexpended at the time of conclusion of particular investment contracts. This funding remains within the high performance reserve and will be used for specific HP projects including WEG.

The Horse of the Year Show (not itself a part of ESNZ's financials) made a significant loss in 2014 and this has impacted ESNZ's financial position as a result of an impairment made to the value of a shareholder loan to the Horse of the Year Ltd, the book value of the \$30k loan being reduced to zero.

An adjustment has also take \$90k of a \$117k First Sovereign Trust grant to the NEC Taupo for the proposed indoor arena out of income and onto the balance sheet as a liability given the uncertainty about whether the full level of funding will be achieved to allow the project to progress.

The accounts have received the usual audit qualification with regard to the certainty of revenue derived from camping and yarding at the NECs as well as entry fees associated with events run at a national level by each discipline. This is no different than in previous years.

The auditors have added a separate disclaimer this year relating to the disclosure by ESNZ of its review into the legal status of discipline area groups. The ESNZ Board is currently considering legal advice as to the status of these groups, specifically whether they are a part of ESNZ Inc or not. As such, the auditors have understandably added a disclaimer confirming that they have been engaged by ESNZ to provide an opinion on the consolidation of the same eight ESNZ entities as in previous years.

Memberships rose 1.5% during the year but were exceeded by strong growth in equine registrations of 5%, a significant result given that our sport had previously weathered the recent recession well.

ESNZ's overall financial position remains strong and is monitored closely by the Board and its audit, finance & risk committee. Nicole Russell is just completing her first year as ESNZ's new Finance Director and has made an excellent impact in the improvement of ESNZ's consolidated accounting and audit readiness.

D. Thanks

There is an almost unending list of people to thank for their contribution to an excellent year for ESNZ and I apologise for anyone I have overlooked:

- There has been relatively little staff turnover during the year but I would particularly like to thank Megan McKay, showjumping sport manager, for her long service to ESNZ and Mikhaila Cole, member services administrator.
- To the ESNZ Board for their progressive thinking and drive throughout the year; especially to Chris Bray, board chair, who constantly provides a dynamic and challenging governance platform on which this sport is now growing.



- To outgoing ESNZ Board members Glen Beal and Heidi Bulfin for their significant contribution.
- To our organising committees, technical officials and other volunteers who deliver our sport on behalf of the riders;
- To our external stakeholders and funders especially Sport NZ, High Performance Sport NZ, the Halberg Disability Sport Foundation, NZ Community Trust, Lion Foundation, Fiber Fresh, FMG, IRT and the Transpower CommunityCare Fund as well as all discipline and event sponsors;
- To the Chairs and members of ESNZ committees who make so many informed decisions to improve the sport, especially Discipline Boards and NEC committees;
- To Tony Parsons, Veterinary General, for his efficient support of equine health matters;
- To all ESNZ staff whether based in the National Office or elsewhere; for your efforts to go above and beyond in delivering the sport;
- Finally to ESNZ President Chris Hodson for his comprehensive support on a range of matters but especially the difficult equine anti-doping case which required many hours and a resilient character.

Jim Ellis Chief Executive

Equestrian Sports New Zealand Inc Net Financial Results for the year ended 31st May 2014					
	2014	2013	2012	2011	2010
Central	(50,196)	49,754	63,082	(47,000)	(32,229)
Dressage	70,930	(22,247)	(26,960)	(26,167)	(33,299)
Endurance	12,987	15,396	3,697	(3,904)	6,360
Eventing	47,882	17,422	(16,756)	42,348	(35,820)
Showjumping	(68,404)	(91,122)	42,138	(11,226)	111,495
High Performance	255,805	-	-	-	-
Equestrian Centres					
- Christchurch	23,163	149,877	4,357	(3,715)	20,245
- Taupo	42,595	18,007	58,477	4,423	62,883
	\$334,762	\$87,643	\$128,035	\$(45,241)	\$99,635

Equestrian Sports New Zealand Inc Statement of Financial Performance for the year ended 31st May 2014				
Income	Note	201	14	2013
HPSNZ funding recognised during year	2	2,391,770		1,747,451
Sport NZ - Sport Development & Coaching Grants	-	166,250		237,917
Paralympics NZ London 2012		-		132,350
Memberships & Equine Registrations		687,731		585,863
Discipline Annual Start Fees		605,563		579,399
Bulletin Subscriptions & Advertising		292,069		309,435
Sponsorship		350,557		325,350
Camping, Rents & Ground Fees		290,020		303,838
National Competitions		423,656		503,264
Product Sales		156,982		126,913
Investment Income		61,716		67,052
Foreign Exchange Gains		3,271		-
Bequests and Legacies		25,899		182,175
Other Income		131,442		188,113
Total Income			5,586,926	5,289,120
Expenditure				
High Performance Training & Management		1,283,528		1,151,004
High Performance Athlete Personal Grants		673,580		552,699
High Performance International Events & Tours		67,164		284,060
Accommodation, Meals & Travel		228,175		213,881
Accounting		30,609		24,126
Audit Fees		29,460		24,577
Bad Debts		656		900
Bulletin Production Costs		312,838		331,725
Coaching Development & Management		32,357		13,298
Computer Expenses		53,329		51,520
Cost of Product Sales		76,696		95,055
Foreign Exchange Losses		-		39,969
FEI Subscriptions & Bulletins		24,973		17,536
Impairment Expense	11	30,000		-
Insurance		40,342		37,799
Interest Paid		4,295		5,050
Judicial & Legal		3,873		3,766
National Competition Costs		594,807		677,510
National Sport Development Projects		-		28,007
Occupancy Costs & Repairs Postage, Telephone & Courier		264,758 82,089		258,541 83,235
Promotion/Sponsorship Delivery		149,321		169,269
Salaries & Service Contracts (including High Performance)		926,543		827,370
Selection		3,729		1,431
Stationery, Photocopy & Subs		28,158		21,922
Sundries		106,675		65,259
Technical Training & Support		104,269		75,887
Toolinious Training & Support		10 .,203	5,152,224	5,055,396
Surplus before Depreciation		_	434,702	233,724
Depreciation - Buildings & Leasehold Improvements			58,252	47,996
Depreciation - Plant & Office Equipment			37,599	47,731
Loss on Disposal - Buildings & Leasehold Improvements			-	-
Loss/(Profit) on Disposal - Plant & Office Equipment			6,444	910
Operating Surplus		_	332,408	137,087
New Life Memberships Received	4		2,354	2,366
Net Surplus		=	\$334,762	\$139,453
Statement of for the year				
Net Surplus	chaca 51	2017	334,762	139,453
THE PART MINE			JJ7,1 UL	109,400
Equity at beginning of year			1,983,241	1,843,788

Equestrian Sports New Zealand Inc Statement of Financial Position as at 31st May 2014 Note 2014 2013 **Current Assets Bank Current Accounts & Deposits** 6 2,255,657 2,080,715 Accounts Receivable & Prepayments 7 290,338 364,863 **Building in Progress** 117,713 Stock for Resale 76,970 63,124 2,740,678 2,508,702 **Investments** 179,873 Life Membership Fund Bank Deposits 177,172 Horse of the Year Hawkes Bay Ltd - Loan 30,000 11 179,873 207,172 **Fixed Assets Buildings & Leasehold Improvements** 8 938,314 813,204 Plant & Office Equipment 8 196,975 184,277 997,481 1,135,289 **Total Assets** 4,055,840 3,713,355 **Current Liabilities GST** Payable 96,566 9,220 **Accounts Payable** 9 861,543 671,105 **Unexpended HPSNZ Funding** 510,464 2 203,214 12,940 10 **Current Portion of Taupo Hunt Inc** 12,466 Subscriptions & Registrations in Advance 494,048 446,385 1,667,837 1,650,114 **Term Liabilities** Taupo Hunt Inc 10 70,000 80,000 **Net Assets** \$2,318,003 \$1,983,241 Represented by Members' Funds Life Membership Funds 270,897 268,543 5 **Restricted Funds** 207,238 102,273 **Accumulated Funds** 1,839,868 1,612,425

President C Hodson QC

Total Members' Funds

J Ellis

\$2,318,003

Chief Executive

\$1,983,241

Authorised for issue on 26th August 2014

EQUESTRIAN SPORTS NEW ZEALAND INC NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st May 2014

1. Statement of Accounting Policies

Reporting Entity

Equestrian Sports New Zealand Inc is an incorporated society established under the Incorporated Societies Act 1908. The financial statements comprise statements of financial performance; movements in equity; financial position; accounting policies; as well as the notes to these statements.

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand. They comply with approved Financial Reporting Standards (FRSs) and Statements of Standard Accounting Practice (SSAPs) as appropriate for entities that qualify for and apply differential reporting concessions.

The Financial Statements incorporate the following operating entities and activities:

- ESNZ Central (including National Office)
- ESNZ High Performance
- ESNZ Dressage (including National Championships)
- ESNZ Endurance (Including National Championships)
- ESNZ Eventing (including National Three Day Event Championships)
- ESNZ Jumping
- NEC Taupo
- NEC Christchurch

Inter-entity balances and material inter-entity transactions have been eliminated.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of earnings on an historical cost basis are followed.

Specific Accounting Policies

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

a. Differential Reporting

Equestrian Sports New Zealand Inc qualifies for differential reporting as it is not publicly accountable and is not large. In preparing the Financial Statements to comply with differential reporting, Equestrian Sports New Zealand Inc has taken advantage of all available differential reporting exemptions except that the Financial Statements have been prepared on a GST exclusive basis, apart from Accounts Receivable and Accounts Payable which are disclosed inclusive of GST.

b. Income Recognition

- Members' Subscriptions and Horse Registrations Income is recognised on a "time to expiry" basis and the unexpired portion is recorded as Income in Advance.
- Grants Received

Grants Received Reciprocal Grants are those received on the condition that specified services be delivered, or conditions fulfilled. Such grants are initially recognised as a liability and revenue is subsequently recognised as those services are performed or conditions fulfilled.

- Non-reciprocal grants are recognised when the grant is received or receivable.
- Donated assets are recorded at fair value.
- All bequests and donations received are recorded as revenue in the Statement of Financial Performance. Some amounts are received with conditions attached to their use. These amounts are recorded as Restricted Funds.
- c. Fixed Assets are recorded at cost less accumulated depreciation. Depreciation is charged so as to allocate the cost of fixed assets over their expected useful lives on either a straight line or diminishing value basis. Rates applying to major asset categories are as follows:

Straight Line Diminishing Value
Buildings and Leasehold Improv 5 - 40 years 2.5% - 22%
Plant and Office Equipment 3 - 10 years 10% - 30%

- d. Investments are recorded at cost.
- e. Stock is recorded at the lower of cost or net realisable value, using the "first in first out" method.
- f. Accounts Receivable are recorded at expected realisable value.
- g. Operating Lease Payments are recorded in the Statement of Financial Performance in equal instalments over the term of the lease.

- h. Foreign currency transactions are converted at the New Zealand rate of exchange ruling at the date of the transaction. At balance date foreign monetary assets are converted at the closing rate. Foreign monetary liabilities at balance date consist of trade payables. These are generally settled with 30 days and are recorded at the rate applying when settled. Exchange variations arising from these transactions are recognised in the Statement of Financial Performance.
- i. Equestrian Sports New Zealand Inc is exempt from Income Tax in terms of Section CW 46 of the Income Tax Act 2007.
- j. Change in comparative balances have been re-classified where applicable for comparability to current year balances

Changes in Accounting Policies

There have been no changes in accounting policies that materially affect the Financial Statements.

2. High Performance Sport NZ (HPSNZ) Funding

Unexpended HPSNZ Funds represent reciprocal grants received pursuant to agreed investment schedules, but not yet expended pursuant to those agreements. These grants are recognised as income to the extent that costs are incurred. Some costs recorded in this manner may relate to services or events yet to occur.

A significant proportion of High Performance activities occur in the United Kingdom. In order to minimise the effect of exchange rate fluctuations Equestrian Sports NZ purchases British pounds sterling and operates bank accounts denominated in that currency.

	2014	2013
Opening Balance of Unexpended Funds	510,464	945,015
HPSNZ funds received during year	2,084,521	1,312,900
	2,594,985	2,257,915
Less HPSNZ funds recognised during year	2,391,771	1,747,451
Closing Balance of Unexpended Funds	\$203,214	\$510,464

3. Independent Trust Funds

Equestrian Sports NZ provides administrative support for independent trust funds but does not control these funds. The assets and income of these funds are not recognised in these financial statements.

Comparatives have been amended to reflect the change in accounting for these funds.

Nimon Trust Fund	2014	2013
Opening Balance	32,718	36,059
Interest Earned	1,374	1,659
	34,092	37,718
Less grants made	5,000_	5,000
Closing Balance - ANZ Bank Term Deposit	\$29,092	\$32,718

The Nimon Trust Fund was established in 1983 with a bequest of \$15,000 to 3 independent trustees Alan Hampton, Stuart Mitchell and Norman Matheson. Income may be allocated, on application, to promising young showjumping riders. In 2013 the trustees resolved to increase the base trust fund to \$20,000.

4. Life Members' Funds

	2014	2013
Opening Balance	268,543	266,177
New Life Memberships Received	2,354	2,366
Closing Balance	\$270,897	\$268,543
Represented by:		
Debentures	=	=
National Bank Term Deposit	179,873	177,172
Shareholder's Loan to Horse of the Year (Hawkes Bay) Limited (as per Note 11)	=	30,000
ESNZ Central borrowings (Incl HOY Impairment)	32,054	2,401
Amounts invested in National Equestrian Centres	58,970	58,970
	\$270,897	\$268,543

5. Restricted Funds

	Norwood Trust	Cresswell Fund	J N Lowry	W R Duncan	2014	2013
Opening Balance	4,000	75,588	685	22,000	102,273	26,685
Interest earned	145	5,850	-	825	6,820	1,731
Bequest Received		100,000	=	=	100,000	75,588
	4,145	181,438	685	22,825	209,093	104,004
Specific Allocations	-	1,856	-	-	1,856	1,731
	\$4,145	\$179,583	\$685	\$22,825	\$207,238	\$102,273
Represented by:						
General funds not separately identified	-	-	685	-	685	685
ANZ Bank Term Deposits	4,145	179,583	-	22,825	206,553	97,588
Scannell Hardy Trust Account	-	-	-	-	-	4,000
	\$4,145	\$179,583	\$685	\$22,825	\$207,238	\$102,273

Norwood Trust - Established in 1967. Income goes towards the prize money for the Norwood Gold Cup competition at the Horse of the Year show

Cresswell Fund - Established in 2014 pursuant to the terms of June Cresswell's will. Income is specifically allocated towards prize money offered in the major Showjumping Grand Prix held at the NEC Christchurch each year. A further bequest for the same amount was made to NEC Christchurch for a substantial capital project. This amount is recorded as income in the current year to the NEC Christchurch, with the funds held towards building further covered yards at the venue.

J N Lowry - Established in 1962. Income goes towards providing the Lowry Medallion, which is awarded to the rider gaining the most points over the Horse of the Year Show. As the income earned on this fund no longer meets the cost of the medallion, income is not recorded separately and the cost of the medallion is met by Equestrian Sports NZ.

W R Duncan Fund - Established in 1989 with a bequest of \$15,000. Subsequently the balance in the European Tour Fund and a bequest from the Estate of J J van Loghem, have been added to the fund to bring it to a total of \$22,715 including interest earned. Income is allocated in rotation (this year Endurance, last year Eventing, next year Showjumping) to each of the Disciplines, to be used for the training of technical officials.

6. Bank Current Accounts & Deposits

Bank accounts include ANZ & HSBC Bank accounts denominated in British ${\bf f}$ sterling.

	2014	2013
New Zealand dollar value	NZ\$430,357	NZ\$322,638
British £ sterling	£218,642	£171,417
Exchange rate applying	0.5080	0.5313

Fluctuations in the \$/£ exchange rate result in unrealised gains or losses. This Year Unrealised Gain \$4,558 (2013 Unrealised loss \$39,969)

7. Accounts Receivable & Prepayments

Receivable amounts include advances to Eventing High Performance Squad members under a Horsepower Loan arrangement. These loans are made to selected riders to assist with the early purchase of a horse. The loans are for amounts not exceeding 50% of the original purchase price of the horse and are interest free for term not exceeding 12 months. Equestrian Sports NZ maintains a security over a share in the horse equivalent to the percentage of the initial loan.

Horsepower Loans Outstanding	2014	2013
New Zealand dollar value	NZ\$93,326	NZ\$119,869
British £ sterling	£49,000	£62,000

2013

NZ\$5734

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	Fixed Assets 2014	Cost	Depreciation this year	Accumulated Depreciation	Closing Book Value
	Buildings and Leasehold Improvements	1,566,558	58,252	628,244	938,314
	Plant and Equipment	517,566	50,487	320,591	196,975
		\$2,084,124	\$108,738	\$948,868	\$1,135,290
	Fixed Assets 2013	Cost	Depreciation this year	Accumulated Depreciation	Closing Book Value
	Buildings and Leasehold Improvements	1,383,196	47,996	569,992	813,204
	Plant and Equipment	739,768	48,641	555,491	184,277
		\$2,122,964	\$96,637	\$1,125,483	\$997,481
9.	Accounts Payable			2014	2013
	Trade Payables and Accruals			438,138	606,665
	Unexpended Grant Funds			423,405	64,440
				\$861,543	\$671,105

Unexpended Grant Funds represent the balance of funding received from Community and Gaming Trusts, not yet expended for the purpose granted.

- First Sovereign Trust for 1st Instalment for covered yards at NEC Taupo	\$117,713	\$ -
- The Lion Foundation, for indoor arena at NEC Taupo	\$235,634	\$ -
Trade Payables includes amounts payable in foreign currencies.		
British pounds	£38,847	£76,738
NZ Dollar settlement	NZ\$75,954	NZ\$150,654
Euro	-	€ 3,476

2014

10. Long Term Loans

Taupo Hunt Inc	2014	2013
Amount due within one year	12,466	12,940
Amounts due beyond one year	70,000	80,000
	\$82.466	\$92.940

 $\label{loss-loss-loss} \mbox{Loan made to National Equestrian Centre} \mbox{ - Taupo for the construction of a new residence.}$

Security - Guarantee of Equestrian Sports New Zealand Inc.

Term - 11 years from 18th October 2010

Grants received in excess of \$50,000

NZ Dollar settlement

Interest rate - Fixed annually at 1% above the BNZ 12 month deposit rate for the equivalent amount.

Interest calculated at 5.0 % (2013 5.3%) simple interest on the opening balance.

11. Related Parties

Horse of the Year (Hawkes Bay) Limited is a company incorporated on 20th June 2013 in which Equestrian Sports NZ Ltd has a 33% shareholding. The shareholding carries the right to appointment two directors. A Board member of Equestrian Sport NZ was a director of this company during the 2013-14 financial year. Equestrian Sports NZ has supplied goods and services to Horse of the Year (Hawkes Bay) Limited in the ordinary course of its business.

Receivable Amounts owing at balance date	2014	2013
Shareholder's Loan	=	30,000
Shareholder's Loan - Impaired Expense	30,000	-
Trade Receivables	<u>-</u>	1.958

Horse of the Year Limited's audited financial statements have shown a net deficit of \$(108,174) and a negative equity of \$(101,230) for the year ended 31 May 2014. Due to these results, the loan to Horse of the Year Limited has been impaired. As this was the first year the Eventing competition was brought into the grounds, significant "one-off" expenses where incurred as result. It is therefore anticipated that the loan impairment is likely to be reversed in the 2014/2015 financial year.

Other than disclosed above there are no other material related party transactions or balances (2013 Nil).

12. Capital Commitments

There are no material capital commitments at year end (2013 Nil)

13. Contingent Liabilities

There are no contingent liabilities at year end (2013 Nil)

14. Operating Lease Commitments

Total Comm	itments			2014	2013
Amounts du	ie within one year			71,807	39,952
Amounts du	ie beyond one year			390,172	355,818
			_	\$461,979	\$395,770
Equestrian S	Sports NZ - National Office		=		
-	Premises at Customhouse Quay, Wellington				
	Monthly tenancy Current rental	\$31,250	ра		
	Amounts due within one year			31,250	-
	Amounts due beyond one year			54,687	-
			=	\$85,937	\$ -
	Lance of DA4200 Familia - Adaptive from Ditary Day				
-	Lease of DM300 Franking Machine from Pitney Bowes	Ć1 1F7 .			
	Renewal Date - 01st March 201 Current rental	\$1,157	оа	1 157	
	Amounts due within one year			1,157	-
	Amounts due beyond one year		-	868	
			=	\$2,025	<u> </u>
-	Lease of Avaya phone System from Connect Capital Ltd	47.000			
	Renewal Date - 28th March 201 Current rental	\$7,200	оа	7.000	7.000
	Amounts due within one year			7,200	7,200
	Amounts due beyond one year		-	12,600 \$19,800	19,800 \$27,000
_	Lease of Xerox DC4C4470 DocuCenter Printer/Photocopie	from Fuji Yerov Finan	=		727,000
	Renewal Date - 01st March 201! Current Rental	\$9,000			
	Amounts due within one year	75,000	Ja	9,000	8,340
	Amounts due beyond one year			33,750	22,935
	Amounts due beyond one year		-	\$42,750	\$31,275
NEC, Taupo			=		
-	Lease of 56.52 ha at Rapids Road, Aratiatia from Departme	ent of Conservation			
	Renewal Date - 1st January 204: Current Rental	\$8,000	ра		
	Rights of Renewal - Perpetual 33 year terms				
	Amounts due within one year			8,000	8,000
	Amounts due beyond one year		_	204,667	212,667
			_	\$212,667	\$220,667
NEC, Christo	hurch		_		
-	Lease of 74.35 ha at McLeans Island, Christchurch from Ca	nterbury Regional Cou	ncil		
	Renewal Date - 1st January 2022				
	Next Review - 1st January 2017 Current Rental	\$15,200	ра		
	Rights of Renewal - Perpetual 10 year terms			15,200	15,200
	Amounts due within one year		_	83,600	98,800
	Amounts due beyond one year		_	\$98,800	\$114,000
			-		

_	Z Central			
Operating Inc	come & Expenditu			
	2014	2013	2012	2011
Operating Income	Actual	Actual	Actual	Actual
Memberships	325,501	316,536	309,050	298,559
Equine Registrations	274,033	239,155	234,072	224,099
Other Registrations & Dues	55,009	91,904	50,181	50,032
Sport NZ Community Sport Grants	166,250	237,917	220,833	243,520
Bulletin (Net)	(20,769)	(20,995)	(15,423)	13,396
Investment Income	22,155	29,936	24,799	21,075
Product Sales (Net)	38,921	27,062	11,465	6,520
Other Income (Net)	12,562	112,718	10,130	10,130
Total Core Business Income	873,662	1,034,233	845,107	867,331
Grants/Sponsorship	66,275	40,430	103,949	10,923
Administration Contracts	170,654	222,558	210,193	215,330
Total Operating Income	1,110,591	1,297,221	1,159,249	1,093,584
				, ,
Operating Expenditure	60.060	40.700	52.045	60.400
Accounting & Audit	60,069	48,703	52,815	69,102
Accommodation, Meals & Travel				
- Board	21,803	33,954	32,632	29,288
- Other	42,126	40,075	45,543	40,157
AGA & Annual Report	8,955	9,408	7,694	11,716
Coaching Development & Management	19,932	2,096	8,049	1,087
Computer/IT Support	52,681	51,395	80,176	66,768
FEI Subscriptions & Fees	14,988	11,023	8,556	9,378
Impairment Expense - HOY Limited	30,000			
Insurance	24,549	25,076	23,019	23,320
Judicial & Legal	3,329	3,766	2,397	7,086
Clean Sport Programme	18,211	13,233	21,147	19,758
National Sport Development Projects	5,236	25,197	7,108	9,399
Occupancy Costs & Repairs	84,344	86,913	86,691	88,251
Postage, Telephone & Courier	65,643	73,074	65,014	65,979
Promotion/Sponsorship Delivery/Growth Strategy	30,524	46,928	30,968	8,393
Stationery, Photocopy & Subs	18,493	10,877	25,390	29,456
Sundries	41,553	31,896	35,531	29,753
Salaries & Service Contracts	609,143	651,867	548,568	614,121
	1,151,579	1,165,481	1,081,298	1,123,012
Operating Surplus before Non-Cash Adjustments	(40,988)	131,740	77,951	(29,428
Less Non Cash Adjustments	(10,000)	,	,	(==, :==
Income in advance recalculation		(63,027)		_
Depreciation	(11,562)	(18,959)	(14,869)	(17,572
Depreciation	(11,562)	(81,986)	(14,869)	(17,572
Operating Surplus/(Deficit) for year	\$(52,549)	\$49,754	\$63,082	\$(47,000
Financial Position (Including Life Members' Funds)				
Assets				
	מכד מכ	40 04 7		
- Internal	39,732	40,847		
- External	736,179 775,911	622,388		
Liabilities				
- Internal	15,285	13,852		
- External	617,778	456,337		
External				
Accumulated Members' Funds	633,063	470,189		
Accumulated Members' Funds	\$142,848	\$193,046		

Fiber Fresh National Equestrian Centre, Taupo				
Operating Income & Expenditure				
Operating Income	2014	2013		
Camping, Rents & Ground Fees	197,611	195,243		
Sponsorship/Grants	77,450	21,125		
Investment Income	5,434	2,181		
Competitions (Net)	8,822	9,572		
Other Income (Net)	765	2,772		
Total Operating Income	290,082	230,893		
Operating Expenditure				
Depreciation	48,075	41,982		
Insurance	8,442	6,569		
Interest	4,295	5,050		
Occupancy Costs & Repairs	122,443	102,158		
Postage, Fax & Tolls	5,336	2,962		
Stationery, Photocopy & Subs	3,273	2,196		
Sundries	872	2,485		
Wages & Service Contracts	54,751	51,484		
	247,487	214,886		
Operating Surplus/(Deficit) before Asset Funding Grants	42,595	16,007		
Asset Funding Grants		2,000		
Operating Surplus/(Deficit) for year after Asset Funding Grants	\$42,595	\$18,007		
Financial Posit	ion			
Cash Assets	243,532	97,858		
Other Assets	776,816	552,224		
	1,020,348	650,082		
Liabilities	472,602	144,931		
Accumulated Funds	\$547,746	\$505,151		



NEC Taupo



National Equestrian Centre	, Christchurch	
Operating Income & Ex	penditure	
Operating Income	2014	2013
Camping, Rents & Ground Fees	112,287	108,595
Sponsorship/Grants	-	63,300
Bequests & Donations	12,563	77,587
Investment Income	4,306	2,168
Other Income (Net)		599
Total Operating Income	129,156	252,249
Operating Expenditure		
Depreciation	31,344	25,668
Insurance	5,354	5,222
Occupancy Costs & Repairs	57,881	69,328
Postage, Fax & Tolls	1,290	1,208
Sundries		946
	95,869	102,372
Operating Surplus/(Deficit) for year	\$33,287	\$149,877
Financial Position	on	
Assets	489,790	557,542
Liabilities	-	-
Accumulated Funds	\$489,790	\$557,542



NEC Christchurch



ESNZ Dressag	e	
Operating Income & Ex	penditure	
Operating Income	2014	2013
Competition Start Levies	138,767	132,047
Sponsorship	44,500	48,200
Investment Income	6,714	6,914
Competitions (Net)	18,056	(19,181)
Other Income (Net)	70,182	102,500
Total Operating Income	278,219	270,480
Operating Expenditure		
Accommodation, Meals & Travel		
- Board	13,918	14,105
- Other	28,780	25,833
Depreciation	2,331	2,808
High Performance (Net)	23,437	116,364
Postage, Fax & Tolls	7,930	5,288
Promotion & Publicity	20,295	16,640
Selection	2,717	1,347
Sponsorship Delivery	27,928	14,559
Stationery, Photocopy & Subs	5,480	3,529
Sundries	11,884	8,408
Technical Training & Support	11,167	12,239
Wages & Service Contracts	58,136	54,057
-	214,003	275,177
Operating Profit/(Deficit) for year	64,216	(4,697)
Income in advance recalculation	6,714	(17,550)
Surplus/(Deficit)for year	\$70,927	\$(22,247)
Financial Position		
Cash Assets	241,469	166,209
Other Assets	56,154	75,058
	297,623	241,267
Liabilities	62,405	76,978
Accumulated Funds	\$235,218	\$164,289





ESNZ Eventi	•	
Operating Income &	Expenditure	
Operating Income	2014	2013
Competition Start Levies	174,290	158,243
High Performance Grant	30,690	30,000
Sponsorship	26,076	53,800
Investment Income	5,252	5,683
Competitions (Net)	(55,162)	(34,418)
Other Income (Net)	16,928	28,778
Total Operating Income	198,074	242,086
Operating Expenditure		
High Performance	-	36,880
Accommodation, Meals & Travel		
- Board	13,812	17,790
- Other	26,687	27,871
Depreciation	300	300
International Events	-	34,943
Postage, Fax & Tolls	403	435
Selection	1,012	84
Sponsorship Delivery	15,391	22,280
Stationery, Photocopy & Subs	912	1,224
Sundries	12,476	10,065
Technical Training & Support	22,949	7,470
Wages & Service Contracts	56,250	56,062
	150,192	215,404
Operating Surplus/(Deficit) for year	47,882	26,682
Income in advance recalculation	-	(9,260)
Surplus/(Deficit) for year	\$47,882	\$17,422
Financial Posi	tion	
Cash Assets	304,627	324,652
Other Assets	59,296	92,348
Other Assets	363,923	417,000
Liabilities	146,835	247,803
Accumulated Funds	\$217,088	\$169,197





ESNZ Endu		
Operating Income 8	& Expenditure	
Operating Income	2014	2013
Competition Start Levies	46,420	47,486
Sponsorship/Grants	17,166	10,979
Investment Income	3,295	2,178
Other Income (Net)	5,962	1,078
Total Operating Income	72,843	61,721
Operating Expenditure		
Accommodation, Meals & Travel		
- Board	5,776	4,592
- Other	3,581	618
National Championships	31,989	27,684
Sundries	8,065	574
Technical Training & Support	2,023	423
Wages & Service Contracts	9,000	9,000
	60,434	43,791
Operating Surplus for year	12,409	17,930
Income in advance recalculation	578	(2,534
Surplus for year	\$12,987	\$15,396
Financial Po	sition	
Cash Assets	93,741	78,504
Other Assets	5,397	5,871
	99,138	84,375
Liabilities	11,425	9,648
Accumulated Funds	\$87,713	\$74,727





ESNZ Jumpii	ng	
Operating Income & E	-	
Operating Income	2014	2013
Competition Start Levies	277,742	270,057
Sponsorship	117,490	77,323
Investment Income	14,560	17,992
Competitions (Net)	(90,516)	(67,896)
Other Income	33,263	15,596
Total Operating Income	352,539	313,072
Operating Expenditure		
High Performance	_	54,993
Accommodation, Meals & Travel		.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
- Board	35,699	31,908
- Other	35,993	17,135
Bad Debts	656	-
Depreciation	8,682	6,919
Postage, Fax & Tolls	1,487	268
Promotion & Publicity	23,132	11,059
Sponsorship Delivery	32,051	57,803
Showhunter	•	
	40,764	41,014
Stationery, Photocopy & Subs Sundries	12 472	4,096 1,158
	12,472	•
Technical Training & Support	66,744	51,851
Wages & Service Contracts	163,263	126,900
Constitution Country (ID afficial) for a constitution	420,943	405,104
Operating Surplus/(Deficit) for year Prior Years' Tour Fund income	(68,403)	(92,032)
recognised	-	55,921
Income in advance recalculation	-	(55,011)
Surplus/(Deficit) for year	\$(68,403)	\$(91,122)
Financial Posit	tion	
Cash Assets	335,551	427,128
Other Assets	57,738	47,326
	393,289	474,454
Liabilities	142,607	155,368
Accumulated Funds	\$250,682	\$319,086





Equestrian Sports New Zealand High Performance Analysis

for the year ended 31st May 2014

	2014		201	3
Non Specifically Targeted Funding				
Unspent Funds 1st June 2013		473,856		916,864
HPSNZ Funding this year	1,800,000		1,000,000	
Performance Enhancing Grants	249,000		270,000	
Other Income & Rider Contributions	2,045		129,747	
	2	2,051,045	<u>-</u>	1,399,747
Available Funds	2	2,524,901		2,316,611
ESNZ High Performance Expenditure				
Administration	124,863		171,435	
Athlete Support Services	160,189		172,746	
Olympics/Paralympics/WEG	67,164		249,117	
Discipline Team Leaders/Selectors/Programs	1,093,524		862,461	
Performance Enhancing Grants	653,891		333,138	
Unexpended HPSNZ & Sport NZ Grant funding for prior completed contracts	255,805		-	
Equine Health	-		53,858	
	2	2,355,436		1,842,755
		169,465	_	473,856
Specifically Targeted Funding				
Jnspent Funds 1st June 2013	36,608		28,151	
HPSNZ Funding this year for				
- Performance Enhancing Grants				
- Prime Minister's Scholarships	14,830		42,900	
	<u> </u>		42,900	
Expenditure			'	
- Prime Minister's Scholarships	17,689		19,443	
- David Levine Trust			15,000	
	17,689		34,443	
Unspent Specific Funds 31st May 2014		33,749		36,608
Total Unspent at 31st May 2014		\$203,214	-	\$510,464





INDEPENDENT AUDITOR'S REPORT To the Members of Equestrian Sports New Zealand Inc

Report on the Financial Statements

We have audited the financial statements of Equestrian Sports New Zealand Inc on pages 5 to 13, which comprise the statement of financial position as at 31 May 2014, and the statement of changes in equity, and statement of financial performance for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Members, as a body, in accordance with the constitution of Equestrian Sports New Zealand Inc Our audit has been undertaken so that we might state to the Members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members, as a body, for our audit work, for this report, or for the opinions we have formed.

Board's Responsibility for the Financial Statements

The Board is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Equestrian Sports New Zealand Inc or any of its controlled entities.

Basis for Disclaimer of Opinion on the Equestrian Sports New Zealand Inc's Financial Statements

An audit would ordinarily involve performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected would ordinarily depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Equestrian Sports New Zealand Inc has not determined the extent to which discipline area groups are controlled by Equestrian Sports New Zealand Inc, and therefore the number of discipline area groups that may need to be consolidated hasn't been able to be determined and we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Equestrian Sports New Zealand Inc has not included any transactions and balances of the discipline area groups in the Equestrian Sports New Zealand Inc financial statements. In addition Equestrian Sports New Zealand Inc has not prepared consolidated financial statements for all the entities they controlled as defined under FRS 37 Consolidating Investments in Subsidiaries.

Furthermore, the controls over income derived from Camping, Rents & Ground Fees and National Competitions as shown in the statement of financial performance for 2014 and 2013,



prior to being recorded is limited, and there are no practical audit procedures to determine the effect of this limited control. Accordingly the completeness and accuracy of revenue and accumulated funds is unable to be determined.

Disclaimer of Opinion

Michael Rania

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on Equestrian Sports New Zealand Inc's financial statements on pages 5 to 13.

BDO Wellington 26 August 2014

Wellington New Zealand

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of Equestrian Sports New Zealand Incorporated for the year ended 31 May 2014 included on Equestrian Sports New Zealand Incorporated's website. The Equestrian Sports New Zealand Incorporated's Board is responsible for the maintenance and integrity of Equestrian Sports New Zealand Incorporated's website. We have not been engaged to report on the integrity of Equestrian Sports New Zealand Incorporated's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements as well as the related audit report dated 26 August 2014 to confirm the information included in the audited financial statements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdiction.





Strands

Key Strategic Areas

Strategies

2014-15 Outcomes

Completed projects highlighted in red

Organisation (ESNZ)

Alignment

Working as one to deliver our equestrian sports

LEAD STAFF MEMBER: CEO

- ESNZ acts as a single, collaborative organisation
- ESNZ facilitates close strategic and constitutional alignment across our sports, NECs and other departments
- Sports provide leadership, create and manage competitions, and plan the delivery of their sport for ESNZ
- Sports are empowered to take specific initiatives to increase participation in their sports
- ESNZ operates an efficient and supportive national service centre
- ESNZ facilitates and ensures good governance in all its departments
- ESNZ takes an increasingly consolidated view of its financial management

Communication

Ensuring information about our equestrian sports is available and accessible

LEAD STAFF MEMBER: JO SMITH

- ESNZ has a clear communications strategy covering its website, printed magazine, social media & other electronic comms
- ESNZ's online presence is sustainable and consistent with sector best practice
- ESNZ devotes sufficient resource to provide appropriate communications
- ESNZ improves its visual identity with easily understood guidelines for all staff and stakeholders
- ESNZ and our sports increase coverage of NZ performances
- ESNZ communicates exciting image of our sports to new participants

Funding

Evolving the way delivery of equestrian sports is funded

LEAD STAFF MEMBER: FINANCE DIRECTOR

- ESNZ reduces our dependence on subscription income and increases income from products and services people value
- ESNZ 's membership and participation model is easy to understand
- ESNZ monetises increased participation
- ESNZ is innovative about developing new revenue streams including from philanthropy and bequests
- ESNZ focuses on driving commercialisation through online initiatives
- ESNZ captures the wider equestrian community

Sport (Equestrian)

Competitions & Events

Making equestrian sports competitive, accessible and enjoyable

LEAD STAFF MEMBER: DIRECTOR OF SPORT

- ESNZ and its Sports have an aligned strategy for evolving our competitions and events so that our sports are appealing to more people, especially at entry level
- ESNZ competitions and events are rider-
- ESNZ competitions will be delivered costeffectively and time-efficiently
- ESNZ competitions and events will meet accepted health and safety and animal welfare standards
- ESNZ values its volunteers and offers an appropriate support system for all officials and event organisers
- ESNZ actively considers other ways of delivering events, including private
- ESNZ actively engages and collaborates with youth organisations including NZPCA and Schools

Facilities Ensuring there are places to participate in equestrian sports

LEAD STAFF MEMBER: CEO

ESNZ works to develop appropriate national and High Performance regional facility

- ESNZ advocates as required for improved facilities with national and regional government and other relevant agencies
- ESNZ ensures its National Equestrian Centres (NECs) at Christchurch & Taupo are well governed, appropriately managed and provide fit-forpurpose venues for our sports
- FSN7 identifies required High Performance facilities

Winning

competitions and having great experiences.

Boosting New Zealand's National and International success in equestrian sports

LEAD STAFF MEMBER: HP DIRECTOR

- ESNZ will ensure there are clear pathways and appropriate support structures to enable New Zealand equestrian sportspeople to succeed at all levels of competitions
- ESNZ will identify, select and support Performance and High Performance riders and horses with an ability to win medals at pinnacle events
- ESNZ and its Sports will operate world leading, sustainable Performance and **High Performance Programmes**
- ESNZ will identify, recruit, develop and retain internationally and nationally regarded Performance and High **Performance Coaches and Leaders**
- ESNZ will further develop the Team NZ and Performance culture that drives winning performances
- ESNZ will advocate for more accessible global horse transportation

- Strategic / Organisational Alignment as shown by aligned Sport Strategic Plans with ESNZ Growth by May 2014.
- National office/ service centre relocation completed March
- Local Delivery (Area Group) review initiated with proposals to Board by end 2014
- Consolidated financial management approach by May 2014

- Comms Strategy developed with Sports by end 2014.
- Website re-development successfully concluded and launched by July 2014
- Branding/design review rolled out by June 2014
- Role of Bulletin reviewed and proposals accepted by the Board by July 2014
- Successful WEG Comms Plan actioned by Sept 2014

- Membership Review outcomes successfully rolled out 1st August 2014
- Commercialisation projects identified and approved by the Board by May 2014
 - 2 specific projects progressed by end 2014
- Income Strategy by end May 2015

- Aligned Competition & Events Strategy by end 2014
- Revised general regulations for approval by May 2014
- Revised sport rules for approval by July
- Health & Safety protocols by May 2014
- NZPCA MoU & activities developed by end 2014.
- **Completion of Auckland** Regional Facilities Plan by June 2014
- **Woodhill Sands Project** outcome is concluded by July 2014
- NEC governance & finalised and enacted by July 2014
- Deliver a logistically sound, well managed WEG 2014 campaign – Sept
- Meet HPSNZ targets for 2014 (Eventing/WEG)
- Qualification campaign planning progressed for Rio 2016 for all sports
- Report on improving connection between discipline performance and High Performance Programmes by July

