

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MOTORCYCLING NEW ZEALAND INCORPORATED

BDO WAIKATO

Report on the Financial Statements

We have audited the financial statements of Motorcycling New Zealand Incorporated on the pages stamped by BDO Waikato, which comprise the statement of financial position as at 31 December 2010, and the statement of movements in equity, 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 available for the benefit of the members of the Association as a whole. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Association as a body for our audit work, for this report, or for the opinion we have formed.

Board of Executives Responsibility for the Financial Statements

The Board are 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). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, Motorcycling New Zealand Incorporated.

Opinion

In our opinion, the financial statements on the pages stamped by BDO Waikato, present fairly, in all material respects, the financial position of Motorcycling New Zealand Incorporated as at 31 December 2010, and its financial performance for the year then ended in accordance with generally accepted accounting practice in New Zealand.



BDO WAIKATO

28 March 2011

**1st Floor, BDO Building
Corner Harwood and Rostrevor Streets
Hamilton**

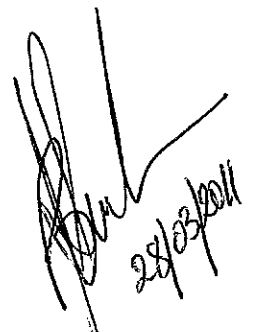
Motorcycling New Zealand Inc
Statement of Financial Performance
For the Year Ended
31 December 2010

| | 2010 | 2009 |
|--------------------------------|---------------|---------------|
| | Notes | |
| Income from Members | | |
| Licences - Domestic | 494884 | 508446 |
| One Day Licences | 88620 | 92551 |
| International Licences | 8924 | 2400 |
| Club Levies & Affiliation Fees | 7569 | 7627 |
| Online Entries | 616 | 0 |
| Permits | <u>40680</u> | <u>45488</u> |
| | 641293 | 656512 |
| Outside Funding | | |
| SPARC Funding | 9 100000 | 100000 |
| SPARC Funding - Specific Rider | 0 | 12500 |
| SPARC Funding - Specific | <u>6000</u> | <u>0</u> |
| | 106000 | 112500 |
| The Disciplines | | |
| Motocross | -12306 | 6273 |
| Road Race | 5832 | -1711 |
| Trials | -1283 | -1074 |
| Cross Country | -3877 | 319 |
| Enduro | -2693 | -8205 |
| Supercross | <u>-3812</u> | <u>-613</u> |
| | -18139 | -5011 |
| Misc Income | | |
| Promoters Fees | 244 | 250 |
| TAB Income | 1294 | 324 |
| Other Income | 10 1793 | 7235 |
| Rule Book Advertising | 0 | 3000 |
| Coaching | 4904 | 0 |
| Interest Received | <u>16834</u> | <u>16617</u> |
| | 25069 | 27426 |
| Total Income | <u>754223</u> | <u>791427</u> |

Expenses

Administration Expenses

| | | |
|------------------------------|-------|-------|
| Accident Compensation Levies | 1888 | 1475 |
| Accounting Fees | 10708 | 10662 |
| Audit Costs | 4348 | 1902 |
| Bank & Credit Card fees | 444 | 1052 |
| Computer Support Costs | 8137 | 7087 |
| Depreciation | 24087 | 28536 |
| Electricity | 1878 | 2479 |
| General Expenses | 459 | 196 |
| Flowers & Gifts | 3347 | 1581 |
| Insurance - Admin | 23135 | 29248 |
| Interest - Hire Purchase | 3315 | 3169 |
| Legal Fees Retainer & Admin | 1013 | -3483 |



Motorcycling New Zealand Inc
Statement of Financial Performance
For the Year Ended
31 December 2010

| | 2010 | 2009 |
|------------------------------------|---------------|---------------|
| | Notes | |
| Loss (Gain) on disposal of assets | 454 | -9020 |
| Motor Vehicle Running | 2539 | 14382 |
| Motor Vehicle FBT | 2484 | 7890 |
| Online Licencing Fees and Expenses | 6215 | 19681 |
| Petty Cash | 380 | 411 |
| Photocopier Copy Fees | 4429 | 5495 |
| Postage & Courier Fees | 14704 | 31328 |
| Printing and Stationery | 33533 | 73742 |
| Rates | 2389 | 1994 |
| Repairs & Maintenance | 6004 | 8099 |
| Restructuring | 0 | 125070 |
| Telephone | 8817 | 18361 |
| Website Media | 13791 | 11733 |
| Staff Training | 0 | 982 |
| Travel Admin | 130 | 169 |
| | <u>178628</u> | <u>394221</u> |
| Staff Expenses | | |
| Uniforms | 442 | 1786 |
| Wages & Salaries | 195427 | 327463 |
| Other Employer Expenses | 520 | 445 |
| Board Travel Costs | 20744 | 18719 |
| Operations Manager Travel | 451 | 3075 |
| Commissioner Meetings | 4811 | 1823 |
| CEO Travel | 0 | 5360 |
| | <u>222395</u> | <u>358671</u> |
| Sport Operating Expenses | | |
| Insurances - NZ Riders | 33091 | 34122 |
| Garnet | 1676 | 578 |
| FIM Licences | 4124 | 10910 |
| Subscriptions & Affiliations | 1388 | 1380 |
| FIM Membership & Travel Cost | 5952 | 10967 |
| Trophies | 3067 | 2351 |
| Rider Grants | 10000 | 16500 |
| Protests and Appeals | 1085 | 1611 |
| Coaching | 6994 | 0 |
| Awards Dinner | 0 | 3631 |
| Website Hosting | 3740 | 2690 |
| Club Development | 4067 | 100 |
| Noise Testing | 0 | 418 |
| Stewards Appointments | 3822 | 0 |
| World Juniors | 0 | 11566 |
| Volunteer Recognition | 840 | 524 |
| | <u>79846</u> | <u>97348</u> |
| Events Running | | |
| Promotion & Media - General | 13646 | 25386 |
| Conference | 5951 | 1859 |
| | <u>19597</u> | <u>27245</u> |

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BDO WAIKATO

The above information must be read in conjunction with the Audit Report and Notes

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Motorcycling New Zealand Inc
Statement of Financial Performance
For the Year Ended
31 December 2010

| | 2010 | 2009 |
|--|---------------|----------------|
| | Notes | |
| Commissioner Expenses | | |
| Motocross | 6422 | 4022 |
| Road Race | 2572 | 1509 |
| Trials | 412 | 1689 |
| Trail | 0 | 2102 |
| Cross Country | 3037 | 1889 |
| Enduro | 0 | 985 |
| ATV | 1000 | 898 |
| Recreation and Leisure | 2664 | 1882 |
| Speedway | 0 | 18 |
| Junior | 0 | 4734 |
| Safety | 2296 | 934 |
| Stewards | 495 | 11845 |
| FIM Officials Training | 0 | 5567 |
| Officials Training General | <u>11378</u> | <u>7253</u> |
| | 30276 | 45327 |
| Total Expenses | <u>530742</u> | <u>922812</u> |
| Net Surplus (Deficit) from operations | <u>223481</u> | <u>-131385</u> |



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28/03/2011

Motorcycling New Zealand Inc
The Disciplines Trading Accounts
For the Year Ended
31 December 2010

| | 2010 | | 2009 | |
|--|--------------|---------------|---------------|--------------|
| Motocross | | | | |
| <i>Income Championship</i> | | | | |
| MX Nationals | 0 | | 47804 | |
| MX Sponsorship | <u>0</u> | | <u>30830</u> | |
| <i>Expenses Championship</i> | | 0 | | 78634 |
| MX Nationals running | <u>1425</u> | | <u>70628</u> | |
| | <u>1425</u> | | <u>70628</u> | |
| | | -1425 | | 8006 |
| <i>Income des Nations</i> | | | | |
| <i>Sponsorship</i> | | | | |
| FIM Funding | <u>16786</u> | | <u>13202</u> | |
| <i>Expenses des Nations</i> | | 16786 | | 13202 |
| MX de Nations | <u>31062</u> | | <u>14921</u> | |
| | <u>31062</u> | | <u>14921</u> | |
| | | -14276 | | -1719 |
| <i>Income Oceania</i> | | | | |
| Oceania MX Sponsorship | <u>25600</u> | | <u>0</u> | |
| <i>Expenses Oceania</i> | | 25600 | | 0 |
| Oceania MX Costs | <u>22205</u> | | <u>14</u> | |
| | <u>22205</u> | | <u>14</u> | |
| | | 3395 | | -14 |
| Motocross Surplus/(Deficit) | | <u>-12306</u> | | <u>6273</u> |
| Road Race | | | | |
| <i>Income</i> | | | | |
| Road Race Nationals | 28449 | | 71176 | |
| Road Race Sponsorship | <u>55077</u> | | <u>53000</u> | |
| <i>Expenses</i> | | 83526 | | 124176 |
| Road Race Nationals Costs | <u>77694</u> | | <u>125889</u> | |
| | <u>77694</u> | | <u>125889</u> | |
| Road Race Surplus/(Deficit) | | <u>5832</u> | | <u>-1711</u> |
| Trials | | | | |
| <i>Income</i> | | | | |
| Oceania Trials | <u>7103</u> | | <u>0</u> | |
| | | 7103 | | 0 |
| Oceania Trials | <u>8386</u> | | <u>1074</u> | |
| Trials Surplus/(Deficit) | | <u>-1283</u> | | <u>-1074</u> |
| Cross Country | | | | |
| <i>Income</i> | | | | |
| Cross Country Nationals | 533 | | 3676 | |
| NZ Cross Country Sponsorship | <u>6000</u> | | <u>6500</u> | |
| <i>Expenses</i> | | 6533 | | 10176 |
| Cross Country Nationals | <u>10410</u> | | <u>9857</u> | |
| | <u>10410</u> | | <u>9857</u> | |
| Cross Country Surplus/(Deficit) | | <u>-3877</u> | | <u>319</u> |



Motorcycling New Zealand Inc
 The Disciplines Trading Accounts
 For the Year Ended
 31 December 2010

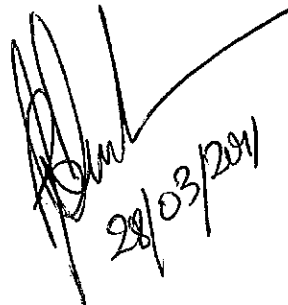
| | 2010 | 2009 |
|-------------------------------------|---------------------|---------------------|
| Enduro | | |
| <i>Income</i> | | |
| Enduro Nationals | 6000 | 6000 |
| Oceania Enduro Sponsorship | <u>0</u> | <u>3690</u> |
| <i>Expenses</i> | 6000 | 9690 |
| Enduro National Champs | 6516 | 8664 |
| Oceania Enduro | -121 | 4492 |
| NZ ISDE Team | <u>2298</u> | <u>4739</u> |
| | <u>8693</u> | <u>17895</u> |
| Enduro Surplus/(Deficit) | <u><u>-2693</u></u> | <u><u>-8205</u></u> |
| | | |
| Supercross | | |
| Supercross | <u>3812</u> | <u>613</u> |
| Supercross Surplus/(Deficit) | <u><u>-3812</u></u> | <u><u>-613</u></u> |



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Motorcycling New Zealand Inc
Statement of Movements in Equity
For the Year Ended
31 December 2010

| | 2010 | 2009 |
|--------------------------------------|---------------|----------------|
| Opening Balance | 618534 | 749919 |
| Plus | | |
| Net Surplus (Deficit) for the period | <u>223481</u> | <u>-131385</u> |
| | 842015 | 618534 |
| | | |
| Closing Balance | <u>842015</u> | <u>618534</u> |



28/03/2011

Motorcycling New Zealand Inc
Statement of Financial Position
As at 31 December 2010

| | Notes | 2010 | 2009 |
|---------------------------------------|-------|----------------------|----------------------|
| Current Assets | | | |
| Trade Debtors | | 99004 | 134206 |
| Cheque Account | | 37493 | -1444 |
| Savings Accounts | 2 | 62226 | 16768 |
| Accruals and Prepayments | 4 | 7434 | 21534 |
| FIM Control A/c | | 9209 | 2535 |
| Trophies on Hand | | 2720 | 4080 |
| GST | | 0 | 1024 |
| Term Deposits | 3 | 463854 | 338532 |
| Petty Cash | | <u>31</u> | <u>11</u> |
| | | 681971 | 517246 |
| Fixed Assets | | | |
| As per Schedule | 5 | <u>292278</u> | <u>275724</u> |
| | | 292278 | 275724 |
| Total Assets | | <u>974249</u> | <u>792970</u> |
| Current Liabilities | | | |
| Hire Purchase Current Portion | 6 | 0 | 4290 |
| North Island Trials Fund | | 721 | 721 |
| Rider Welfare | | 5927 | 5927 |
| Cross Country Series Fund | | 498 | 498 |
| GST | | 8848 | 0 |
| Prepaid Permits | | 6478 | 5300 |
| Income in Advance | | 71271 | 70966 |
| Accrued Expenses | | 4747 | 7914 |
| Creditors | | 20555 | 47453 |
| One Day Licences with Clubs unissued | | <u>13189</u> | <u>15764</u> |
| | | 132234 | 158833 |
| Hire Purchase Liabilities | | | |
| HP Copier Machine | 6 | <u>0</u> | <u>15603</u> |
| | | 0 | 15603 |
| Total Liabilities | | 132234 | 174436 |
| Equity | | | |
| Retained Earnings | | 691439 | 467958 |
| Revaluation Reserve | | <u>150576</u> | <u>150576</u> |
| | | 842015 | 618534 |
| Total Equity & Liabilities | | <u>974249</u> | <u>792970</u> |

For and on behalf of the Board _____ Date _____



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Motorcycling New Zealand Inc

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

1 STATEMENT OF ACCOUNTING POLICIES

Motorcycling New Zealand Incorporated is an organisation incorporated under the Incorporated Societies Act 1908. It was established in 1916 to represent the interest of all motorcyclists and to provide opportunities for elite sports people to excel in global competition.

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand.

BASIS FOR PREPARATION

The measurement base adopted is that of historical cost with the exception of land and buildings which are stated at valuation. Reliance is placed on the fact that the entity is a going concern. Accrual accounting is used to match income and expenditure. All policies have been applied on a basis consistent with those used in previous years. The reporting currency is New Zealand dollars.

SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies that materially effect the measurement of profit and financial position have been adopted.

Accounts receivable

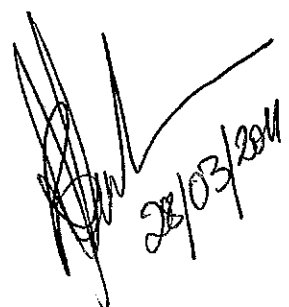
Receivables are stated at expected realisable value.

Goods and Service Tax (GST)

The financial statements have been prepared using GST exclusive figures with the exception of receivables and payables which are stated GST inclusive.

Fixed assets and Depreciation

All owned items of property, plant and equipment are initially recorded at cost and, except for land, depreciated as outlined below. Initial cost includes the purchase consideration, or fair value in the case of a donated asset and those costs directly attributable to bringing the asset to the location and condition necessary for its intended use. These costs include, where appropriate, site preparation costs and installation costs. Costs cease to be capitalised when substantially all the activities necessary to bring an asset to the location and condition for its intended use are complete. All feasibility costs are expensed as incurred.



28/03/2011

Motorcycling New Zealand Inc

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

Subsequent expenditure relating to an item of property, plant or equipment is added to its gross carrying amount when such expenditure either increases the future economic benefits beyond its existing service potential, or is necessarily incurred to enable future economic benefits to be obtained, and if that expenditure would have been included in the initial cost of the item had it been incurred at that time.

Land and buildings are stated at valuation as determined by an independent registered valuer. The basis of valuation of the land and buildings is highest and best use.

Items of property, plant or equipment are written down immediately if an impairment in the value of the asset causes its recoverable amount to fall below its carrying amount. The impairment is recognised in the statement of financial performance.

Where an item of property, plant or equipment is disposed of, the gain or loss recognised in the statement of financial performance is calculated as the difference between the net sale price and the carrying amount of the asset. Any revaluation surplus is reduced or increased by the amount applicable to that item.

All fixed assets have been depreciated at the following depreciation rates:

| | | |
|------------------------|----------|----|
| Building | 4% | DV |
| Computers | 39.6-48% | DV |
| Furniture and fittings | 10-20% | DV |
| Office equipment | 20-48% | DV |
| Plant and equipment | 10-60% | DV |
| Software | 48% | DV |

Income tax

Motorcycling New Zealand Incorporated is a sporting body exempt from paying income tax under section CW46 of the Income Tax Act 2007.

Differential Reporting

The entity qualifies for differential reporting exemptions as it has no public accountability and it is small. All available differential reporting exemptions allowed under the framework for differential reporting have been adopted with the exception that the entity has elected to not use income tax depreciation rates.

Changes in Accounting Policies

There have been no changes in accounting policies during the year. All policies have been applied on a basis consistent with the prior year.



Motorcycling New Zealand Inc

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

Grant Income

Grants received are recognised as revenue unless specific conditions attach to a grant and repayment of the grant is required where conditions are not met. In these cases a grant is treated as a liability until conditions have been met.

2 Savings Accounts

| | 2010 | 2009 |
|-------------------------------|------------------|------------------|
| National Bank On Call Account | 62,226 | 16,153 |
| National Bank Welfare Account | - | 615 |
| | <u>\$ 62,226</u> | <u>\$ 16,768</u> |

3 Term Deposits

| | 2010 | 2009 |
|--------------|------------------|------------------|
| Deposit 1074 | | 50,000 |
| Deposit 1092 | | 50,000 |
| Deposit 1082 | | 20,000 |
| Deposit 1097 | | 53,787 |
| Deposit 1098 | 56,316 | 53,787 |
| Deposit 1099 | | 53,787 |
| Deposit 1100 | 56,316 | |
| Deposit 1103 | | 57,171 |
| Deposit 1110 | 50,000 | |
| Deposit 1111 | 51,222 | |
| Deposit 1112 | 50,000 | |
| Deposit 1113 | 50,000 | |
| Deposit 1115 | 50,000 | |
| Deposit 1116 | 50,000 | |
| Deposit 1117 | 50,000 | |
| | <u>\$463,854</u> | <u>\$338,532</u> |

4 ACCRUALS AND PREPAYMENTS

At balance date Motorcycling New Zealand had prepaid expenses and accruals as follows:

| | 2010 | 2009 |
|------------------------|-----------------|------------------|
| Other prepaid expenses | - | 17,042 |
| Accrued Bank interest | 7,434 | 4,492 |
| | <u>\$ 7,434</u> | <u>\$ 21,534</u> |

Motorcycling New Zealand Inc

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

5 FIXED ASSETS

| | Cost/ Valuation | Current Depn | Accum Depn | 2010 | 2009 |
|-----------------------------|--------------------|------------------|-------------------|------------------|------------------|
| Land (at valuation) | 196,274 | - | - | 196,274 | 196,274 |
| Buildings (at valuation) | 55,658 | 1,346 | 22,928 | 32,730 | 32,377 |
| Computer equipment | 56,890 | 6,358 | 48,396 | 8,494 | 10,940 |
| Office equipment | 15,493 | 1,409 | 9,719 | 5,774 | 3,563 |
| Office furniture & fittings | 26,301 | 1,682 | 17,508 | 8,793 | 10,475 |
| Plant and equipment | 45,108 | 5,963 | 35,082 | 10,026 | 15,989 |
| Software | 12,028 | 2,484 | 8,697 | 3,331 | 2,115 |
| Motor vehicles | 31,901 | 4,845 | 5,045 | 26,856 | 3,991 |
| | <u>\$439,653</u> | <u>\$ 24,087</u> | <u>\$ 147,375</u> | <u>\$292,278</u> | <u>\$275,724</u> |

211 Great South Road was revalued on 7 December 2008 by Dymock Valuers, a valuer registered with the New Zealand Institute of Valuers at \$230,000. The valuations placed on land and buildings were based on highest and best use.

6 HIRE PURCHASE LIABILITY

2010

2009

The hire purchase for the photocopier was paid off in full during the 2010 financial year.

| | | |
|-------------------|-------------|------------------|
| Current Liability | - | 4,290 |
| Term Liability | - | 15,603 |
| | <u>\$ -</u> | <u>\$ 19,893</u> |

7 CAPITAL AND LEASE COMMITMENTS

Capital commitments

The entity had no capital commitments as at 31 December 2010. (2009 Nil)

Operating commitments

The entity had no operating commitments as at 31 December 2010. (2009 Nil)

8 CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 December 2010. (2009 Nil)

9 SPARC SPORT AND RECREATION NZ INVESTMENT

SPARC sport development investment in Motorcycling NZ was agreed at \$100,000 for the 12 month period from 1 January 2010 to 31 December 2010 paid in two instalments. (2009 \$100000)



Motorcycling New Zealand Inc

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

| 10 OTHER INCOME | 2010 | 2009 |
|----------------------|-----------------|-----------------|
| Records | - | 9 |
| Appeals and Protests | 1,431 | 2,418 |
| Outside Funding | - | 4,285 |
| Carnet | 347 | 503 |
| Budget Car Rebate | 15 | 20 |
| | <u>\$ 1,793</u> | <u>\$ 7,235</u> |

11 SUBSEQUENT EVENTS

There are no subsequent events.

12 TRANSITION TO NZ IFRS

With effect from 1 January 2007, all New Zealand reporting entities are required to comply with NZ IFRS. In September 2007, the ASRB (Accounting Standards Reporting Board) issued a decision to delay the mandatory adoption of NZ IFRS for certain small entities. As the Incorporated Society meets the criteria for a small entity, the Incorporated Society will delay adoption of NZ IFRS until a transition date has been announced by the ASRB.

13 Leases

Assets acquired by way of finance lease are stated initially at an amount equal to the present value of the future minimum lease payments, and are depreciated as assets. The interest expense component of finance lease payments is recognised in the statement of financial performance using the effective interest rate method.

Payments made under operating leases are recognised in the statement of financial performance on a basis representative of the pattern of benefits expected to be derived from the leased asset.

