

NEW ZEALAND ASSOCIATION OF MODEL RAILWAY CLUBS INCORPORATED

Statement of Financial Performance and Transfers to Reserves For the year ended 28 February 2011

		2011	2010
	\$	\$	\$
INCOME			
Club Membership:			
- current year		1,450	1,290
Coupler Income:			
- Individual subscribers	2,245		1,376
- Sundry sales	464		573
- Coupler Sponsorships and Advertising	3,903		3,431
<i>Total Coupler Income</i>		6,612	5,380
Interest on bank deposits		989	917
Net Proceeds from Convention 2010 (See note 3)		4,784	-
Total Income for Year		13,835	7,587
EXPENDITURE			
Coupler cost:			
- Club copies	1,225		1,219
- Advertiser copies	211		254
- Individual subscriber copies	2,012		1,630
- Sundry sales copies	557		694
<i>Total Coupler Cost</i>		4,005	3,797
AGM and Executive Committee expenses		198	308
Bad Debts		380	-
Bank fees & charges		167	160
Banner Postage and Courier		-	24
Competition Committee Expenses		364	43
Convention Committee 2008 Honorarium		500	-
Depreciation of Fixed Assets		7	17
Donation re CHCH Earthquake – Iron Horse Hobbies		480	-
Hobby promotion (mainly Couplers distributed free at public exhibitions)		2,839	3,071
Total Expenditure for Year		8,940	7,420
Excess Income over Expenditure		4,895	167
Income Tax Payable/(Receivable) – see note 2		-	-
SURPLUS FOR YEAR		4,895	167
Surplus attributed to Convention Reserve fund	4,284		-
Surplus attributed to Coupler Reserve fund	2,607		1,583
Deficit attributed to Hobby Promotion Fund	(2,839)		(3,071)
Total Surplus/(Deficit) attributed to funds other than the General Fund		4,052	(1,488)
Surplus Retained in the General Fund		843	1,655
General Fund at 1 March		3,371	4,328
Transfer from /(to) Other Funds		(1,436)	(2,612)
General Fund at 28 February		2,778	3,371

NEW ZEALAND ASSOCIATION OF MODEL RAILWAY CLUBS INCORPORATED

Statement of Financial Position As at 28 February 2011

	2011	2010
	\$	\$
ASSETS		
BNZ Current Account	2,569	3,524
BNZ Investment Accounts	27,000	27,000
BNZ 2010 Convention Account	8,269	19,897
Interest Receivable on bank accounts	172	126
Coupler Sponsorships and Sundry Sales Receivable	819	420
Inventories - Competition Award Certificates	154	273
Prepayments – Convention 2010	-	4,631
<i>Fixed Assets</i>		
Video/Slide Library	100	100
Display Banners	1,097	1,097
Printing Plates for Competition Award Certificates	360	360
MYOB software	449	449
<i>Fixed Assets Cost</i>	2,006	2,006
- Less Accumulated Depreciation	(444)	(437)
<i>Fixed Assets Net of Depreciation</i>	1,562	1,569
Total Assets	40,543	57,440
LIABILITIES		
Coupler subscriptions received in advance	706	1,126
Accounts Payable	1,059	59
Deposits in Advance – Convention 2010	-	22,370
Income tax payable	-	-
Total Liabilities	1,765	23,557
NET ASSETS	38,778	33,883

NEW ZEALAND ASSOCIATION OF MODEL RAILWAY CLUBS INCORPORATED

Statement of Financial Position As at 28 February 2011

		2011	2010
	\$	\$	\$
NET ASSETS CARRIED FORWARD		38,778	33,883
EQUITY			
General Fund		2,778	3,371
Convention Reserve Fund			
Balance at 1 March	18,000		15,000
Surplus (Deficit) on 2008 Convention attributed	(500)		7,254
Surplus on 2010 Convention attributed	4,784		
Transfer to the General Fund	(1,284)		(4,254)
Balance at 28 February		21,000	18,000
Coupler Reserve Fund			
Balance at 1 March	10,583		4,778
Surplus on production of The Coupler attributed	2,607		1,583
Transfer (to) from the General Fund	(6,190)		4,222
Balance at 28 February		7,000	10,583
Hobby Promotion Fund			
Balance at 1 March	1,929		2,356
Deficit on hobby promotion activities attributed	(2,839)		(3,071)
Transfer from the General Fund	8,910		2,644
Balance at 28 February		8,000	1,929
ACCUMULATED FUNDS AT 28 FEBRUARY		38,778	33,883

On behalf of the Association Executive:

Russell J Postlewaight
President

Lance T Burgess C.A.
Treasurer

18 May 2011
Date

NEW ZEALAND ASSOCIATION OF MODEL RAILWAY CLUBS INCORPORATED

Notes to the Financial Statements For the year ended 28 February 2011

1. Accounting Policies

Statutory Base

The New Zealand Association of Model Railway Clubs Incorporated is an Incorporated Society registered under the Incorporated Societies Act 1908.

The financial statements are prepared in accordance with the Constitution of the Association and generally accepted accounting practice as defined in the Financial Reporting Act 1993.

Measurement Base

The financial statements are prepared on the historical cost basis as identified in specific accounting policies below.

Accounting Policies

The Association qualifies for differential reporting as it is not publicly accountable hence it has taken advantage of all differential reporting concessions available under the New Zealand Institute of Chartered Accountants reporting standards.

- *Memberships and Subscriptions*

Subscriptions are accounted for when received from Clubs or from individuals in respect to The Coupler subscriptions or sundry cash sales of The Coupler. No accrual of subscriptions is made at year end for subscriptions that may be renewed subsequent to year end.

- *Investment income*

Interest on bank and investment accounts is accounted for as it is earned.

- *Inventories*

Inventories of The Coupler at year end are written off to hobby promotion costs in anticipation of surplus copies being distributed free at public exhibitions.

- *Income Tax Payable*

The tax expense recognised for the year is determined using income tax rates, after making allowance for the \$1000 exemption available for not-for-profit entities.

- *Good and Services tax (GST)*

All amounts are included in the financial statements inclusive of GST

- *Depreciation*

Depreciation has been calculated at the straight line rates allowed under the Income Tax Act 2007.

Changes in Accounting Policies

There have been no changes in accounting policies from those applied in the previous year.

2. Taxation

Tax has been calculated on investment income and other income from outside the membership as follows:

	2011	2010
	\$	\$
Investment income for the year	989	917
Taxable Profit from Convention 2010	-	-
Taxable profit/(loss) from Coupler	1,784	1,790
Hobby Promotion Costs	(2,839)	(3,071)
Tax exemption available	(1,000)	(1,000)
Taxable Income	-	-
Income tax payable at 30% *	-	-

*The Association has no resident withholding tax deducted from interest earned on investments, as it has been regarded as being exempt from the resident withholding tax regime

3. Convention 2010

Income:	
- Registrations, trade stands & catering income	34,384
- Cost of meals and activities	(12,604)
Total income	21,780
Expenses:	
- Hire of venue	7,269
- Layout transport	985
- Clinic expenses	2,155
- Advertising including Coupler supplied to registrants	1,078
- Secretarial supplies	2,807
- Committee expenses	1,018
- Committee honorarium	500
- Sundry	1,116
Total expenses	16,996
Overall Surplus from Convention 2010	4,784

Because many convention attendees did not pre-register but registered at the start of the Convention the organising Committee was unable to ensure that registration forms were completed for a significant number of attendees. As a consequence a full analysis of income received from registrants and its comparison with the associated catering and other costs has not been possible.

4. Activities of the Association

The objects of the Association are to:

- a) Foster, encourage and support (financially and/or otherwise) model railway clubs in New Zealand
- b) Act as a co-ordinating link between model railway clubs
- c) Organise and conduct national conventions for member and affiliate clubs
- d) Arrange, conduct and control displays and other promotions of the model railway hobby
- e) Carry out any other objective which may be in accord with the above objects of the Association and to do all such things as are incidental to or conducive to the attainment of the above objects.

AUDITOR'S REPORT

To the Members of the New Zealand Association of Model Railway Clubs Incorporated

I have audited the financial statements on pages 1 to 5. The financial statements provide information about the past financial performance of the Association for the year ended 28 February 2011 and its financial position as at that date. This information is stated in accordance with the accounting policies set out on page 4.

Executive's Responsibilities

The Members of the Executive are responsible for the preparation of the financial statements, which fairly reflect the financial position of the Association as at 28 February 2011 and its financial performance for the year ended on that date.

Auditors' Responsibilities

I am responsible for expressing an independent opinion on the financial statements presented by the Executive and reporting my opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- (a) the significant estimates and judgments made by the Executive in the preparation of the financial statements; and
- (b) whether the accounting policies used and described on page 4 are appropriate to the circumstances of the Association, consistently applied and adequately disclosed.

I conducted my audit in accordance with generally accepted auditing standards in New Zealand, except that my work was limited as explained below. I planned and performed my audit so as to obtain all the information and explanations which I considered necessary to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements. I have no relationship with or interests in the Association other than in my capacity as auditor and as a member of the Marklin Model Railway Club, which is a member of the Association.

Modified Opinion

Control over income (a significant amount of which was by way of registration fees at the 2010 Christchurch convention) prior to it being banked has been limited for the reasons set out in Note 3. There are no practical audit procedures I can employ to determine the effect of this limited control. In this respect alone I have not been able to obtain all the information and explanations that I have required.

In my opinion, except for adjustments that might have been found to be necessary had I been able to obtain sufficient evidence concerning the completeness of 2010 Convention income:

- (a) proper accounting records have been kept by the Association as far as appears from my examination of those records; and
- (b) the financial statements on pages 1 to 5 comply with generally accepted accounting practice and fairly reflect the financial position of the Association as at 28 February 2011 and its financial performance for the year ended on that date.

My audit was completed on 18 May 2011 and my modified opinion is expressed at that date.

T J Fairhall, Qualified Auditor
Wellington