THE

PAPANUI

CLUB · DINING · BARS · FITNESS

66TH

FINANCIAL REPORT

For the year ended 31st March 2026

To be presented at the

Annual General Meeting of the Papanui Club Inc.

Sunday 21st June 2026 at 10am

Private and confidential for the use of members only

President's Report 2025–2026

Thank you to our staff—the senior management team, duty managers, kitchen, gym staff, office team and shuttle drivers. It has been a pleasure working with you all. Well done, everyone.

This year has been different, and despite the challenges happening around the world, we have had both strong and steady months overall.

Thank you to all members who support our running our raffles and help maintain the gardens in the courtyard and around the building.

Over the past year, Founders Café has been successfully launched and is now trading very well. It has quickly become a popular addition to the club.

Thank you to the Board for your ongoing support:

Craig Morganty (Vice President, Marketing Strategy, Finance and Risk Committee (FARC))

Judy Herkess (Rules and Raffles)

Bob Broadbent (Marketing and Raffles)

John Blease (House Maintenance)

Barry Ellis (Marketing, Strategy, FARC, and HR Remuneration Committee)

Paula Cameron (Marketing Strategy and Chair of FARC)

Tony Baillie (Strategy, Health and Safety, Rules, House Maintenance, and FARC)

Simon Durney (Health and Safety and House Maintenance)

Mike Stirling (Club Accountant)

The Board has shown outstanding dedication and teamwork, which has played a key role in moving our club forward. Their combined efforts to support daily operations and strategic priorities continue to strengthen the club and improve the experience for our members. Their commitment reflects the shared vision we all value.

Special thanks to Judy Herkess for her outstanding service to the club. As she has chosen not to stand for another term on the Board, we sincerely appreciate all she has contributed.

Judy first joined the club committee in 2005.

Below are some of the projects we have completed and now have fully operating.

- The refurbishment of Embers Bar into Founders Café and a function room.
- A note breaker for the gaming room.
- Cash-in and Ticket-out functionality for all gaming machines (CITO).

I look forward to the future and to the ongoing projects for our club. Thank you to all club members for your support throughout the year—your contribution has been an important part of the club's success.

Thank you.

Terry Stewart (Your Club President)

(Member 1199)

General Managers Report 2025-26

On behalf of our management team, I would like to sincerely thank our members for your continued support, loyalty and the respect you show towards our venue and staff.

At The Papanui, our people are at the heart of everything we do. We take pride in providing opportunities for people to develop skills, build careers, and contribute to a venue that plays an important role in our community. A club is far more than just a place to enjoy a meal or a drink—it is a place where friendships are formed, stories are shared, and people come together.

I would like to acknowledge and thank our staff for their hard work throughout the year. Their commitment, professionalism, and willingness to go above and beyond have been instrumental in another successful year. I would also like to thank President Terry Stewart, Vice President Craig Morganty, and the Board of Directors for their ongoing support and guidance.

The 2025/26 financial year has been another year of strong growth for the Club. Over the past two years, the Club has experienced approximately 25% growth, reflecting the hard work of our team and the continued support of our members.

A significant milestone this year was the redevelopment and opening of Founders Café & Bar. Our six-week renovation project has transformed an underutilised area into one of the Club's most popular spaces. The success of Founders has exceeded expectations, attracted new members and visitors while enhancing the Club's hospitality offering. This project was carefully planned and delivered using the Club's existing resources. Through prudent financial management, we were able to complete the renovation without the need for additional borrowing, helping to minimise costs while ensuring funds remain available for ongoing investment in our facilities and member services.

Membership growth has also remained strong, with the Club surpassing 11,500 members prior to the annual renewal process. This growth is vital to the Club's future and allows us to continue investing back into our facilities, services, and member experiences.

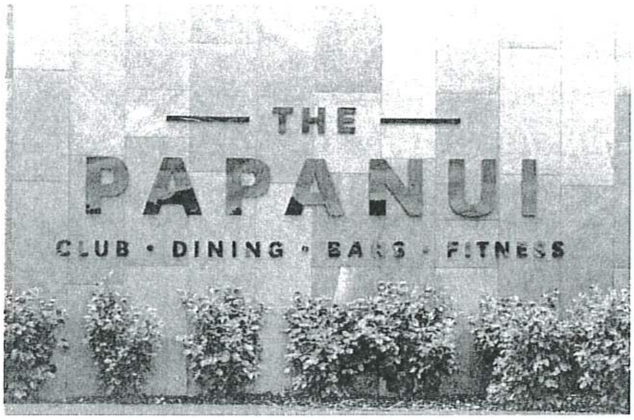
Our annual Community Family Fun Day once again attracted more than 2,500 people and demonstrated the important role the Club plays within our community.

We have also continued to invest in technology and modernisation across the Club to ensure we keep pace with member expectations and industry developments. A key example of this was the successful implementation of our new CITO ticketing system within the gaming room, improving efficiency, security, and the overall member experience.

Like many organisations, we continue to face increasing costs, particularly around suppliers, utilities, and local government rates. Despite these challenges, the Club remains in a strong position and committed to delivering for our members while continuing to invest in the future.

Thank you to our members, staff, volunteers, and Board for your ongoing support. The future of The Papanui remains bright, and I look forward to another successful year ahead.

Mark Belton
General Manager



PAPANUI CLUB INCORPORATED

FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2026

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The Papanui Club Incorporated
For the year ended 31 March 2026

Registered Office

302 Sawyers Arms Road, Christchurch, 8011

Registration Number

219814

New Zealand Business Number

9429042824527

IRD Number

10-923-905

Auditors

Ashton Wheelans Limited

Bankers

ASB, Northlands Papanui Branch, Christchurch

Barrister

Hamish Evans, Plymouth Chambers Limited

Business Advisors

Accountant - Michael Stirling
Leith Links Limited

Insurance Brokers

Abbott Insurance Brokers
Clubs New Zealand Insurance Services Limited

General Manager

Mark Belton

Board of Directors

Terry Stewart	(President)
Craig Morganty	(Vice-President)
Anthony Baillie	
Barry Ellis	
Bob Broadbent	
John Blease	
Judith Herkess	
Paula Cameron	
Simon Durney	

PAPANUI CLUB INCORPORATED

BOARD RESPONSIBILITY STATEMENT

The Board are responsible for the preparation, in accordance with New Zealand law and New Zealand generally accepted accounting practice (GAAP) and other applicable reporting standards deemed appropriate for public benefit entities, financial statements that materially reflect the financial position of Papanui Club Incorporated (the 'Club') as at 31 March 2026 and the results of its operations for the year ended on that date.

The Board considers the financial statements have been prepared using accounting policies appropriate to the Club's circumstances, consistently applied and supported by reasonable and prudent judgements and best estimates.

The Board believes proper accounting records have been maintained that enable, with reasonable accuracy, the determination of the financial position of the Club and facilitate compliance of the financial statements in accordance with the Incorporated Societies Act 2022.

The Board have responsibility for the maintenance of a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The Board considers adequate steps have been taken to safeguard the assets of the Club and to prevent and detect fraud and other irregularities.

AUTHORISATION FOR ISSUE

The Board authorised the issue of these financial statements on the 8th June 2026.

APPROVAL BY THE BOARD OF DIRECTORS

The Board are pleased to present the statement of service performance and financial statements of Papanui Club Incorporated for the year ended 31 March 2026 on pages 3 to 20, as well as the Appendices on pages 23 to 26.

For and on behalf of the Board:

Terry Stewart
President

8 June 2026

Craig Morganty
Vice-President

8 June 2026

PAPANUI CLUB INCORPORATED

STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2026

Vision:	To be the leading Club in Canterbury, enjoyed by its members, respected by the wider community, and highly regarded within the New Zealand hospitality industry.
Key Objective:	The key objective of the Papanui Club is to provide genial and social interaction between members for their mutual benefit and such social amenities, entertainments, recreation, services and improvements as the elected Board shall deem fit for purpose. This shall be achieved by providing suitable buildings, rooms, materials and resources, as well as any other conveniences necessary for such objects.
Mission:	* to have a framework that ensures future sustainability * to be financially sound and fiscally responsible * to provide a pleasant, modern atmosphere for members, by providing excellent facilities supported by quality product offerings, backed up by first-class service standards * to provide constant value to its members * to be both an environmentally and family-friendly venue * to give back to the local Community by supporting local Schools, Sports Clubs and Welfare Groups * to maintain a reputation as an organisation with high standards of integrity, governance and ethics * to be recognised as a preferred employer of first choice within the hospitality industry
Key Judgements:	In preparing the Statement of Service Performance, significant judgement is required in relation to the elements of service performance reported and how those elements are measured or described.
Strategic Focus Areas:	During the past fiscal period, the Board's key focus areas centred around (1) refurbishment of the Founders Café & Bar area *(formerly known as Embers)*; and (2) an upgrade of the Gaming Room facilities, including the digital platforms contained therein. These two strategic initiatives were undertaken in an endeavour to modernise prime Club facilities, improve member' experiences, increased visitation, as well as strengthening the long-term financial sustainability of the Club. The Café redevelopment transformed an underutilised space into a vibrant hospitality and function venue, attracting new customers and generating additional food and beverage revenue. The Gaming Room upgrade introduced modern CITO technology, improved customer conveniences, providing operational efficiencies, as well as enhancing both security and compliance procedures. Success will ultimately be measured through revenue growth, membership growth, customer satisfaction levels, increased patronage, operational efficiencies, and ongoing contribution of both areas towards the Club's overall financial performance and community engagement.

Performance Measures:

What did the Papanui Club do during the 2026 financial year to help work towards the overall Vision, Mission and Objectives?

Members

The Club has several classes of Membership and focuses on continually striving to retain the Membership base year on year. As highlighted in the key objective of the Club, the main focus is to provide social and genial interaction for Members. To achieve this, it's important that the Papanui Club continues to maintain it's annual affiliation with Clubs New Zealand, enabling Members of the Papanui Club to benefit from reciprocal rights and other privileges across all Member Clubs domiciled in New Zealand, whilst also benefiting from the many different tournaments offered to the various sections within the Club.

These financial statements should be read in conjunction with the notes to the financial statements and independent auditor's report.

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PAPANUI CLUB INCORPORATED

STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2026

To show the Club is financially sound and fiscally responsible, the Club's Accountant presents the monthly and year-to-date results to the Board and responds to any questions as they arise, including those voiced by Members at the Annual General Meeting.

Performance Measure	Target	2026	2025
Club Membership Retention *(rate and number year on year)*	100%	11,412	10,342
Gym Membership Retention *(rate and number year on year)*	100%	369	343
Premises Open for Members Use *(number of days)*	364	364	364
Sections offered to Members *(available to join each year)*	17	16	17
Membership Promotions worth $5,000 or more *(per annum)*	2	2	3
Remain a fully Affiliated Member of Clubs New Zealand *(each year)*	Yes	Yes	Yes

Trading – Food & Beverage

The Club provides food and beverage services to maximise the use of the facilities owned by the Club. These services benefit Members, who are able to utilise these in accordance with the membership guidelines. The Food and Beverage offering by the Club is largely the chief revenue earner for the Club, so constant monitoring of Gross Profit and Wage Rates is critical to ensuring its Members financially benefit from having these services readily available in the Club.

Performance Measure	Target	2026	2025
Gross Profit from Bar Division	66.2%	67.1%	66.3%
Gross Profit from Food Division	63.0%	61.3%	63.6%
Wage Rate from Bar Division	29.3%	29.9%	28.4%
Wage Rate from Food Division	39.1%	39.2%	42.9%

Gaming

The Club holds a Class 4 Gaming Licence with the Department of Internal Affairs which enables Members to benefit from the proceeds of Class 4 Gaming. Class 4 Gaming Licences are highly regulated by the DIA and require the licence holder to comply with a number of conditions.

Performance Measure	Target	2026	2025
Gross Profit from Gaming	66.0%	67.8%	66.3%
Gaming monies spent on facilities for the benefit of Members and the local Community	$722,636	$882,578	$715,186

Community

The Club plays an integral role within the local Community, with the net proceeds from Class 4 Gaming and the Food and Beverage services best utilised to ensure the spaces in the Club are maintained and continually upkept to an appropriate standard.

The Club makes charitable donations to local charities, schools and other community-based organisations, as well as towards any Members selected for representing New Zealand on the international recreation and sporting stages.

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PAPANUI CLUB INCORPORATED

STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2026

There are various spaces within the Club premises that are able to be used for hire which is tracked through the function planner. The Club proudly hosts a weekly Quiz Night, which is well-patronised and widely acknowledged as New Zealand's biggest weekly quiz. The prizes and costs associated with running the Quiz are covered within the overall financial performance of the Club.

Performance Measure	Target	2026	2025
Community Donations Bequeathed	$6,000	$7,821	$4,516
Hire and usage of the Club spaces including by Sections and external hire to benefit the Local Community *(number of Events and Functions per annum)*	600	586	591
Weekly 'Believe it or Not' Quiz held on Tuesday Evenings	44	45	46

PAPANUI CLUB INCORPORATED

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
FOR THE YEAR ENDED 31 MARCH 2026

In New Zealand Dollars

	Note	2026 $	2025 $
REVENUE			
Exchange Transactions			
Trading - Food & Beverage		6,679,253	5,718,922
Gaming - Coin Machines		1,475,476	1,269,852
Membership Fees		318,812	248,805
Sundry Income		182,573	177,535
Gym Subscriptions		130,380	118,306
Profit on Disposal of Assets		-	10,395
Non-Exchange Transactions			
Donations Received		5,386	5,347
Total Revenue		**8,791,880**	**7,549,162**
EXPENDITURE			
Administration & Operation		5,623,613	4,872,159
Cost of Sales - Trading		2,383,854	1,998,190
Cost of Sales - Gaming		474,541	428,053
Amortisation	16	2,630	4,260
Loss on Disposal of Assets		36,986	41,385
Donations Paid		7,821	4,516
Interest Paid on Short-Term Borrowings		169	-
Total Expenditure		**8,529,614**	**7,348,563**
Surplus from Trading Activities before Depreciation		**262,266**	**200,599**
Less Depreciation	15	491,399	483,130
Deficit from Trading Activities		**(229,133)**	**(282,531)**
FINANCING			
Finance Income:			
Investment Income - Dividends and Interest Received		1,031	10,403
Less Finance Costs:			
Interest Paid on Long-Term Borrowings		70,855	106,215
Net Financing Deficit		**(69,824)**	**(95,812)**
Deficit from Core Activities before Tax		**(298,957)**	**(378,343)**
Income Tax Expense		974	4,635
Total Comprehensive Revenue and Expense for the Year		**(299,931)**	**(382,978)**

These financial statements should be read in conjunction with the notes to the financial statements and independent auditor's report.

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PAPANUI CLUB INCORPORATED

STATEMENT OF CHANGES IN ACCUMULATED MEMBERS FUNDS
FOR THE YEAR ENDED 31 MARCH 2026

In New Zealand Dollars

	Accumulated Comprehensive Revenue and Expense $
Balance 1 April 2024	10,616,110
Deficit after Tax	(382,978)
Other Comprehensive Income	-
Total Comprehensive Revenue and Expense for the Year	(382,978)
Other Distributions to Members'	-
Total Transactions recorded directly in Accumulated Members Funds	-
Balance 31 March 2025	**10,233,132**
Deficit after Tax	(299,931)
Other Comprehensive Income	-
Total Comprehensive Revenue and Expense for the Year	(299,931)
Other Distributions to Members'	-
Total Transactions recorded directly in Accumulated Members Funds	-
Balance 31 March 2026	**9,933,201**

These financial statements should be read in conjunction with the notes to the financial statements and independent auditor's report.

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PAPANUI CLUB INCORPORATED

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2026

In New Zealand Dollars

	Note	2026 $	2025 $
ASSETS			
Current			
Cash and Cash Equivalents	4	309,174	510,793
Inventories	5	139,403	111,383
Prepayments		1,086	2,520
Trade Receivables & Accruals	6	62,570	41,352
Total Current Assets		**512,233**	**666,048**
Non-Current			
Property, Plant & Equipment	15	12,115,736	12,142,115
Intangible Assets	16	2,630	5,260
Total Non-Current Assets		**12,118,366**	**12,147,375**
TOTAL ASSETS		**12,630,599**	**12,813,423**
LIABILITIES			
Current			
Short-Term Borrowings	7	146,141	-
GST Payable		69,095	71,345
Trade Payables & Accruals	8	393,008	394,355
Sections Current Account		208,599	200,801
Employee Entitlements	9	245,665	197,303
Income Tax Payable		974	3,975
Redeemable Loyalty Points		201,744	182,292
Long-Term Loan - Current Portion	11	173,990	163,820
Finance Leases - Current Portion	12	5,590	2,312
Membership Fees Received in Advance		212,343	154,760
Revenue In Advance - Venue Deposits		6,608	4,166
Total Current Liabilities		**1,663,757**	**1,375,129**
Non-Current			
Long-Term Borrowings - ASB Loan	11	1,020,066	1,199,381
Finance Leases - Sharp Corporation New Zealand	12	13,575	5,781
Total Non-Current Liabilities		**1,033,641**	**1,205,162**
TOTAL LIABILITIES		**2,697,398**	**2,580,291**
NET ASSETS		**9,933,201**	**10,233,132**

Represented by:

MEMBERS' FUNDS			
Accumulated Comprehensive Revenue and Expense		9,933,201	10,233,132
TOTAL ACCUMULATED MEMBERS FUNDS		**9,933,201**	**10,233,132**

These financial statements should be read in conjunction with the notes to the financial statements and independent auditor's report.

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PAPANUI CLUB INCORPORATED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2026

In New Zealand Dollars

	2026 $	2025 $
OPERATING ACTIVITIES		
Cash Received from Operations	8,343,364	7,234,575
Membership Fees and Gym Subscriptions	506,775	367,747
Change in Section Funds Held	7,798	50,709
Cash Paid to Suppliers and Employees	(8,469,399)	(7,413,534)
Goods and Services Tax (Paid) / Received	(2,250)	24,972
Income Tax Paid	(3,975)	(5,211)
Interest Paid on Short-Term Borrowings	(169)	-
Net Cash generated from Operating Activities	**382,144**	259,258
INVESTING ACTIVITIES		
Dividends Received	-	1,246
Interest Received	1,031	9,157
Sale of Property, Plant and Equipment	-	11,303
Change in Investment Funds Held	-	30,902
Purchase of Property, Plant and Equipment	(502,007)	(208,867)
Net Cash used in Investing Activities	**(500,976)**	**(156,259)**
FINANCING ACTIVITIES		
Short-Term Borrowings	146,141	-
Finance Lease Proceeds	16,389	9,250
Finance Lease Repayments	(5,590)	(1,157)
Principal Repayments on Term Loan	(168,872)	(133,795)
Interest Paid on Long-Term Borrowings	(70,855)	(106,215)
Net Cash used in Financing Activities	**(82,787)**	**(231,917)**
NET CHANGE IN CASH & CASH EQUIVALENTS	(201,619)	(128,918)
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	510,793	639,711
CASH & CASH EQUIVALENTS AT THE END OF THE PERIOD	**309,174**	**510,793**

The accompanying accounting policies and notes to the accounts should be read in conjunction with these financial statements

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PAPANUI CLUB INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

1 Reporting Entity

These financial statements and accompanying notes represent those of Papanui Club Incorporated ("*the Club*"). The Club is a not-for-profit entity, domiciled in New Zealand and is an incorporated society formally registered under the Incorporated Societies Act 2022.

Papanui Club is affiliated to Clubs New Zealand Incorporated, and it's principal activity is to provide quality food, beverage, gaming, entertainment and leisure services to its general membership from within their operating premises situated on Sawyers Arms Road, Christchurch. The Club presently has in excess of 11,400 members, catering for 16 different sections, offering a vast array of recreational activities and pursuits to members.

Basis of Preparation

(a) Statement of Compliance

These financial statements have been prepared in accordance with Tier 2 Public Benefit Entity (PBE) standards and disclosure concessions have been applied. The criteria under which the entity is eligible to report in accordance with Tier 2 standards are on the basis that the Club does not have public accountability and is not defined as a large not-for-profit public benefit entity. All available exemptions have been applied.

Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

(b) Basis of Measurement

These financial statements, except for the cash flow information, have been prepared on an accrual basis and are founded on historical costs, modified where applicable, by the measurement at fair value of the selected financial assets and financial liabilities. The amounts presented within these financial statements have been rounded to the nearest dollar, and are reported in New Zealand dollars, which is the Club's functional currency.

(c) Going Concern

At balance date, the Club has a working capital deficit of $1,151,524 (2025: $709,081) and had generated an after tax loss of $299,931 (2025: $382,978). The Club has compiled a budget and cashflow forecast out to 31 March 2027, which demonstrates sufficient cash flow is available in order to service both future operating costs and liabilities held by the Club as at 31 March 2026, as well as the foreseeable future. Based on this judgment, the Board is content that the going concern assumption is entirely appropriate for the Club over the next 12 months following approval of these financial statements (refer to Note 21).

The Class 4 Venue Licence for the gambling services awarded to the Club expires on 30 June 2026. The Club is currently in the process of renewing this annual Licence with the Department of Internal Affairs.

2 Use of Judgements and Estimation Uncertainties

(a) Judgements and Estimations

In preparing the financial statements, the Board is required to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The uncertainty from these assumptions and estimates could result in outcomes that may result in a material adjustment to the carrying amount of the asset or liability.

The Club bases its assumptions and estimates on parameters available when the financial statements are prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Club. Such changes are reflected in the assumptions when they occur. The Board made the following judgments and estimates in the preparation of these financial statements;

- Stock valued at lower of cost and net realisable value (Refer Note 3(d))
- Depreciation and values of Fixed Assets measured based on their useful lives (Refer Note 3(m))
- Going Concern (Refer Note 1(c) and Note 21)

(b) Assumptions and Estimation Uncertainties

Depreciation rates have been reviewed for all assets and are calculated based on the estimated useful life of the assets.

(c) Changes in Accounting Estimates

There have been no changes in accounting judgements or estimates that would have an effect on the financial statements.

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3 Summary of Significant Accounting Policies

The significant accounting policies used in the preparation of these financial statements are summarised as follows:

(a) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings under current liabilities in the Statement of Financial Position.

(b) Trade Receivables and other Debtors

Trade receivables and other debtors are measured at their cost less any expected credit losses. Expected credit losses are measured using the lifetime expected credit loss model.

(c) Trade Payables and other Creditors

Trade payables and other creditors represent the liabilities for goods and services that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

The Club holds a number of accounts with suppliers for which goods purchased are identified as collateral on any outstanding account balances.

(d) Inventories

Inventories are measured and stated at the lower of cost and net realisable value, on a weighted average cost basis, with due allowance for any damaged goods and obsolete stock items.

Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses necessary to complete the sale.

(e) Income Taxation

Under the "mutuality" principle, the Club is not required to pay income tax on income generated from members' contributions. Tax entries disclosed in the financial statements relate to income tax payable on income derived from non members, namely interest received, dividends received and rental income.

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities /(assets) are measured at the amounts expected to be paid to/(recovered from) Inland Revenue; and are recorded as such in the Statement of Financial Position.

(f) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to Inland Revenue, is separately classified in the Statement of Financial Position.

GST is accounted for on an Invoice basis, with returns submitted to Inland Revenue on a monthly reporting cycle.

(g) Employee Entitlements and Benefits

Short-Term Employee Entitlements

Short-term employee benefit liabilities are recognised when the Club has a legal or constructive obligation to remunerate employees for services and are expected to be settled wholly before 12 months of reporting date. Short-term employee benefits are measured on an undiscounted basis and expensed in the period in which employment services are provided. These include salaries and wages accrued up to the reporting date and annual leave earned, but not yet taken at the reporting date.

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to and including the balance sheet date.

The Club recognises a liability and a corresponding expense for bonuses where they are contractually obliged or where there is a past practice that has created a constructive obligation.

Defined Contribution Plans

For defined contribution plans, namely KiwiSaver, contributions are recognised as an expense as they become payable. All employee and employer contributions are facilitated through the Payroll system.

(h) Provisions

Provisions are recognised when the Club has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

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(i) **Section Funds**

The Club's Sections function independently of the Club, under their own operating rules and procedures, in direct harmony with the Club's governing rules. In order to protect and safeguard the Sections' assets, the Club administers a current account for each Section, whereby all incoming funds (mainly raffle and fundraising proceeds) and outgoing expenditure items are maintained through the Club's bank account.

The Sections' run autonomously, appoint their own elected officers each year, prepare an annual report, including pro forma financial statements.

The Sections may draw down on their current account funds on a weekly basis, under the Club's internal control procedures. The current account balances are aggregated and recorded as a Current Liability within the Club's Statement of Financial Position.

(j) **Revenue Recognition**

Exchange Revenue

Trading Revenue

Revenue is measured at fair value of the consideration receivable. Revenue from the sale of goods relates to food and beverage income, and is recognised when the goods are delivered and title has passed, at which time all of the following conditions are satisfied:

- The Club has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Club retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Club; and
- Costs incurred or to be incurred in respect of the transaction can be measured reliably.

Dividends Received

- Dividend income is recognised when the Club's right to receive payment is established.

Rental Income

- Rental income is recognised when the Club's right to receive payment is established, based on a straight line basis over the term of the lease.

Gaming Proceeds

- Gaming Licensing Laws in New Zealand restrict the use to which the proceeds from gaming machines can be applied to. However, as it is more likely than not the Club is going to be the ultimate beneficiary of these 'Authorised Purpose Payments' under the legislation, then Gaming Revenue is recognised when earned, and not when applied or distributed.

Interest Received

- Interest income is recognised when it is accrued or received, using the effective interest method, based on the prevailing interest rate inherent within the financial asset.

Insurance Proceeds

- Insurance proceeds are recognised when it is virtually certain that the claim will be accepted, and the proceeds will be received.

Membership Fees & Gym Subscriptions

- Membership Fees and Gym Subscriptions are recognised on an accrual basis, amortised over the life of the contract period, which is generally 12 months or less.

Non-Exchange Revenue

Donations Received

- Revenue from Donations is recognised when the Club obtains control of the transferred asset (cash, goods, services, or property). However, to the extent there are conditions attached that would give rise to a liability to repay the donation or to return any donated asset, a deferred revenue liability is recognised instead of revenue. Revenue is then recognised through the profit or loss, only once the Club has satisfied any such conditions.

(k) **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs, including interest expense are recognised in profit or loss in the period in which they are incurred.

(l) **Loyalty Points Programme**

Members earn loyalty points on purchases of goods and services from the Club, based on a set percentage of revenue. Any loyalty points not redeemed are accrued and reported under current liabilities at the amount for which revenue will be foregone at time of redemption.

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(m) **Property, Plant and Equipment**

All items of Property, Plant and Equipment are measured at historical cost, less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition and bringing the asset to the location and condition for its intended use.

Depreciation

Depreciation is charged to profit and loss and separately disclosed. The following depreciation rates have been applied for each class of asset, based on their estimated useful life:

Class	Rate Ranges:	Methods Used
Buildings & Improvements	2 to 12%	Diminishing Value (DV)
Plant & Equipment	10 to 40%	Diminishing Value (DV) and Straight Line (SL)
Furniture & Fittings	5 to 25%	Diminishing Value (DV)
Gaming Machines	40 to 48%	Diminishing Value (DV)
Pool & Billiards Tables	19 to 20%	Diminishing Value (DV)
Office Equipment	12 to 40%	Diminishing Value (DV) and Straight Line (SL)
Restaurant & Kitchen Equipment	10 to 30%	Diminishing Value (DV)
Gym Equipment	15%	Diminishing Value (DV)
Motor Vehicles	24 to 30%	Diminishing Value (DV)
Software	50%	Diminishing Value (DV)

Additions

The cost replacing part of an item is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the Club and the cost of the item can be measured reliably.

In most instances an item is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value at the acquisition date. All repairs and maintenance expenditure is charged to profit or loss in the year in which the expense is incurred.

Disposals

When an item is disposed of, the gain or loss recognised in the profit or loss is calculated as the difference between the net sale proceeds and the carrying amount of the asset.

(n) **Impairment of Assets**

At each reporting date, the carrying amounts of all tangible assets are reviewed to determine whether there is any indication of impairment. If any such indication exists for an asset, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the reported profit or loss.

The estimated recoverable amount of an asset is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting to their present value using a pre-tax discount rate that reflects current market rates and risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses are reversed when there is a change in estimates used to determine the recoverable amount. All impairment losses are reversed through profit or loss.

(o) **Members' Current Account**

Each section of the Club operates its own current account in order to conduct its financial affairs. The Club records the individual transactions of each Section during the year, with the net movement in the bank account balance representing the net surplus or deficit reported for the period. The current account balances are interest-free and repayable on demand.

(p) **Financial Instruments**

The Club initially recognises financial instruments when the club becomes party to the contractual provisions of the instrument. The entity classifies financial assets as financial assets at amortised cost.

Financial Instruments are initially measured at fair value. Subsequent measurement is dependent on the classification of the financial instrument and is detailed in the accounting policies below:

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Financial Assets at Amortised Cost
These are financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets are subsequently measured at amortised cost using the effective interest method. less any impairment losses. They comprise cash and receivables.

Financial Liabilities at Amortised Cost
Financial liabilities classified at amortised cost are non-derivative financial liabilities that are not classified as 'fair value through surplus or deficit' financial liabilities. Financial liabilities classified as amortised cost are subsequently measured at amortised cost using the effective interest rate method. They comprise loans and payables.

Impairment of Financial Assets
The entity assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The probability that debtors will enter bankruptcy or other financial reorganisation
- Observable data indicates a measurable decrease in estimated future cash flows
- When there is a decrease of the fair value of the fixed asset compared to its recorded value

Financial Assets at Amortised Cost
The entity considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level.

All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the assets original effective interest rate. Losses are recognised in surplus or deficit and reflected in an allowance account against receivables.

When an event occurring after impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the Statement of Comprehensive Revenue & Expense.

(q) Comparative Figures
The comparative figures represent the financial year ending 31 March 2025.

4 CASH & CASH EQUIVALENTS

Cash and cash equivalents held at balance date comprises:

	2026 $	2025 $
Cash at Bank	202,414	428,133
Floats on Hand	106,760	82,660
Total	**309,174**	**510,793**

The Club has restrictions for spending the Gaming Bank Trust Account balance of $148,673 (2025: $115,203) received from gambling services. The Club can distribute the net proceeds from the gambling services for the purposes authorised within the terms and conditions of the Gaming Licence issued by the DIA each year.

5 INVENTORIES

Physical stock on hand held at balance date comprises:

	2026 $	2025 $
Beverage Products	84,826	75,002
Food Products	54,577	36,381
Total	**139,403**	**111,383**

6 TRADE RECEIVABLES AND ACCRUALS

	2026 $	2025 $
Trade Receivables	17,542	15,998
Sundry Debtors & Accruals	45,028	25,354
Total	**62,570**	**41,352**

Trade receivables and other debtors are non-interest bearing and receipt is normally on 30 day terms.

7 SHORT-TERM BORROWINGS

	2026 $	2025 $
Bank Overdraft	146,141	-
Total	**146,141**	**-**

The Club has the use of an arranged overdraft facility with ASB Bank to manage its seasonal cash flows throughout the year. The agreed overdraft limit is $200,000, and interest is charged at a current rate of 6.38% per annum.

8 TRADE PAYABLES AND ACCRUALS

	2026 $	2025 $
Trade Payables	358,086	366,869
Sundry Creditors & Accruals	34,922	27,486
Total	**393,008**	**394,355**

Trade payables and other creditors are non-interest bearing and are normally settled on 30 day terms. Therefore the carrying value of trade creditors and other payables approximates their fair value.

9 EMPLOYEE ENTITLEMENTS

Employee benefits accrued at balance date comprises:

	2026 $	2025 $
Lieu Days - Statutory Holidays	60,134	44,280
Annual Leave - Holiday Pay	185,531	153,023
Total	**245,665**	**197,303**

10 PROFESSIONAL FEES INCURRED BY THE AUDIT FIRM - ASHTON WHEELANS LIMITED

	2026 $	2025 $
Audit of the Financial Report		
Club Audit Fee - Review of adequacy of financial reporting systems and controls (assurance engagement)	16,250	15,500
Gaming Audit Fee - Agreed-upon procedures in support of the Class 4 Gaming Licence (annual renewal)	1,500	1,250
Total Cost Incurred for Annual Audit of the Financial Report	**17,750**	**16,750**

11 BORROWINGS

	2026 $	2025 $
Loan borrowings held with ASB Bank are recorded at book value, comprising:		
Current Portion - Principal repayable over the next 12 months	173,990	163,820
Non Current - Term Debt Portion repayable over the next 6 years	1,020,066	1,199,381
Total	**1,194,056**	**1,363,201**

The ASB Bank holds a registered mortgage over property situated at 302 Sawyers Arms Road, Christchurch, along with a General Security Deed over all of the assets and undertakings of the Club. The table loan was originally drawn down for an 11-year term, with the interest rate to be formally reviewed in February 2027. The Club has not refinanced the loan and currently repays monthly instalments of $20,000, comprising a mixture of interest and principal. At balance date the prevailing interest rate was 5.14% per annum. The current portion repayable on the loan over the next 12 months is $173,990 (2024: $163,820).

12 FINANCE LEASES

	2026 $	2025 $
Finance Leases held with Sharp Corporation at balance date comprises:		
Current Portion - Less than One Year	5,590	2,312
Non Current Polion - Between One and Three Years	13,575	5,781
Total	**19,165**	**8,093**

In October 2024, the Club formally entered into a Finance Lease agreement with Sharp Corporation of New Zealand Limited for a new colour photocopier. The total value of the finance lease is $9,249.60, spread over a term of 48 months, maturing in September 2028, payable in equal monthly instalments of $192.70 plus GST. The current portion due at balance date is $2,312.

In May 2025, the Club formally entered into a Finance Lease agreement with Sharp Corporation of New Zealand Limited for digital advertising signage. The total value of the finance lease is $16,389.00, spread over a term of 60 months, maturing in April 2030, payable in equal monthly instalments of $273.15 plus GST. The current portion due at balance date is $3,278.

13 EMPLOYEE BENEFITS

Defined Contribution Plan

The following Employer Contributions were paid to Inland Revenue in relation to KiwiSaver Accounts held by both Employees and Senior Management:

	2026 $	2025 $
Employees	75,735	71,800
Senior Management	12,750	4,527
Total	**88,485**	**76,327**

14 CAPITAL COMMITMENTS

	2026 $	2025 $
Non-cancellable operating leases payable at balance date comprises:		
Less than One Year	26,313	2,265
Between One and Five Years	78,940	-
Total	**105,253**	**2,265**

The Club utilises the following asset based on an operating lease arrangement:

In April 2025, the Club formally entered into an Operating Lease agreement with Glory Global Solutions Limited for use of a cash-counting machine. The total value of the operating lease is $131,566.80, spread over a term of 60 months, maturing in May 2030, payable in equal monthly instalments of $2,192.78 plus GST. The current portion due at balance date was $26,313.

During the reporting period a sum total of $26,313 (2025: $2,265) was recognised as operating lease expenditure within the Statement of Comprehensive Revenue and Expense.

AW

15 PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment comprises:

31 March 2026	Opening Cost Price $	Annual Additions $	Disposals & Impairment $	Accumulated Depreciation $	Carrying Amount $
Class of Asset					
Assets Under Construction	19,456	130			19,586
Land	93,013			-	93,013
Buildings & Improvements	13,521,597	171,251		(3,083,797)	10,609,051
Plant & Equipment	459,123	68,577	(65,989)	(293,400)	168,311
Furniture, Fixtures & Fittings	1,403,361	62,612	(93,530)	(583,898)	788,545
Gaming Machines	418,836	101,229	(8,551)	(368,661)	142,853
Pool & Billiard Tables	21,021	5,391		(18,803)	7,609
Office & Computer Equipment	98,288	28,296	(44,040)	(44,819)	37,725
Restaurant & Kitchen Equipment	504,451	57,621	(29,499)	(324,500)	208,073
Gym Equipment	58,210	6,900		(45,967)	19,143
Motor Vehicles	84,956			(63,129)	21,827
Total	**16,682,312**	**502,007**	**(241,609)**	**(4,826,974)**	**12,115,736**

Assets Under Construction comprises design and resource consent fees incurred to date for the construction of a secure, storage unit.

31 March 2025	Opening Cost Price $	Annual Additions $	Disposals & Impairment $	Accumulated Depreciation $	Carrying Amount $
Class of Asset					
Assets Under Construction	30,665	131	(11,340)		19,456
Land	93,013			-	93,013
Buildings & Improvements	13,489,778	31,819		(2,790,543)	10,731,054
Plant & Equipment	537,823	38,790	(117,490)	(311,067)	148,056
Furniture, Fixtures & Fittings	1,376,920	28,122	(1,681)	(597,249)	806,112
Gaming Machines	399,586	53,000	(33,750)	(331,986)	86,850
Pool & Billiard Tables	21,021			(18,031)	2,990
Office & Computer Equipment	85,143	13,145		(74,500)	23,788
Restaurant & Kitchen Equipment	498,258	13,153	(6,960)	(319,640)	184,811
Gym Equipment	78,568		(20,358)	(43,400)	14,810
Motor Vehicles	71,519	40,547	(27,109)	(53,782)	31,175
Total	**16,682,294**	**218,707**	**(218,688)**	**(4,540,198)**	**12,142,115**

ACCUMULATED DEPRECIATION

31 March 2026	Opening $	Disposals $	Depreciation $	Closing $
Class of Asset				
Buildings & Improvements	2,790,543		293,254	3,083,797
Plant & Equipment	311,067	(63,873)	46,206	293,400
Furniture, Fixtures & Fittings	597,249	(69,195)	55,844	583,898
Gaming Machines	331,986	(7,660)	44,335	368,661
Pool & Billiard Tables	18,031		772	18,803
Office & Computer Equipment	74,500	(40,909)	11,228	44,819
Restaurant & Bistro Equipment	319,640	(22,986)	27,846	324,500
Gym Equipment	43,400		2,567	45,967
Motor Vehicles	53,782		9,347	63,129
Total	**4,540,198**	**(204,623)**	**491,399**	**4,826,974**

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ACCUMULATED DEPRECIATION

31 March 2025	Opening $	Disposals $	Depreciation $	Closing $
Class of Asset				
Buildings & Improvements	2,498,062		292,481	2,790,543
Plant & Equipment	345,679	(76,889)	42,277	311,067
Furniture, Fixtures & Fittings	544,416	(1,650)	54,483	597,249
Gaming Machines	316,851	(33,636)	48,771	331,986
Pool & Billiard Tables	17,292		739	18,031
Office & Computer Equipment	69,981		4,519	74,500
Restaurant & Bistro Equipment	300,906	(6,695)	25,429	319,640
Gym Equipment	60,779	(20,007)	2,628	43,400
Motor Vehicles	68,157	(26,178)	11,803	53,782
Total	4,222,123	(165,055)	483,130	4,540,198

INDEPENDENT BUILDING VALUATION

Land and Buildings are recorded at original cost, adjusted for depreciation and impairment charges. For insurance renewal purposes, the Board sought and received, an independent valuation from Ford Baker Valuation Limited, Registered Valuers, dated 12 February 2026, which values all of the buildings and improvements at $25,405,000. This valuation excludes any land owned by the Club, and was duly calculated on a reinstatement cost basis, including an inflationary provision of $3,642,000 for the twelve months ended 28 February 2027.

16 INTANGIBLE ASSETS

Intangible Property comprises:

31 March 2026	Opening Cost Price $	Annual Additions $	Disposals & Impairment $	Accumulated. Amortisation $	Carrying Amount $
Class of Asset					
Club Website	12,832			(10,827)	2,005
Members' Digital Application	1,500			(875)	625
Total	14,332	-	-	(11,702)	2,630

31 March 2025	Opening Cost Price $	Annual Additions $	Disposals & Impairment $	Accumulated Amortisation $	Carrying Amount $
Class of Asset					
Club Website	12,832			(8,822)	4,010
Members' Digital Application		1,500		(250)	1,250
Total	12,832	1,500	-	(9,072)	5,260

ACCUMULATED AMORTISATION

31 March 2026	Opening $	Disposals $	Amortisation $	Closing $
Class of Asset				
Club Website	8,822		2,005	10,827
Members' Digital Application	250		625	875
Total	9,072	-	2,630	11,702

ACCUMULATED AMORTISATION

31 March 2025	Opening $	Disposals $	Amortisation $	Closing $
Class of Asset				
Club Website	4,812		4,010	8,822
Members' Digital Application			250	250
Total	4,812	-	4,260	9,072

17 RELATED PARTY TRANSACTIONS

	2026	2025
Related party transactions arise when an entity or person(s) has the ability to significantly influence the financial and operational policies of the Club.		
As part of their individual employment agreement, all staff receive both free Club and Gym Memberships.		
The Board and Management specifically disclose the following transactions during the year:		
Compensation of Key Management Personnel		
Remuneration payments to the Board and other members of key management personnel during the year were as follows:	#	#
Individual number of personnel separately remunerated	13	10
	$	$
Board Honoraria and Gross Salaries paid	485,791	203,444
Procurement of Goods and Services	$	$

The declaration of Personal Interests held in Club Procurement Contracts were rendered as follows:

Craig Morganty held office as a Board Member during the year. He owns and operates a freelance advertising and marketing business, **Frontline Design Limited**, that provides professional marketing and promotional services to the Club at an agreed market contract rate. The following transactions were separately recorded during the period:

	2026	2025
Value of Contract Goods and/or Services sold and/or performed during the Year	30,464	38,507
Balance Owing as at Balance Date	1,898	2,351

John Blease held office as a Board Member during the year. He is also a Director and Shareholder in a company, **Concrete Solutions (2003) Limited**, that provides specific concreting, paving and tarmacking solutions to the Club at an agreed market contract rate. The following transactions were separately recorded during the period:

	2026	2025
Value of Contract Goods and/or Services sold and/or performed during the Year	503	-
Balance Owing as at Balance Date	-	-

Terry Stewart held office as a Board Member and President during the year. In a personal capacity, he rendered his professional services as a Greenkeeper to the Papanui Club Outdoor Bowls Section at an agreed market contract rate. The following transactions were separately recorded during the period:

	2026	2025
Value of Contract Goods and/or Services sold and/or performed during the Year	43,125	40,116
Balance Owing as at Balance Date	3,571	3,333

Simon Durney held office as a Board Member during the year. He is also the joint business owner of **Sawyers Arms Automotive**, which is responsible for servicing maintenance and repairs on the Club's Shuttle Vans fleet. These automotive services were charged to the Club at arms-length, commercial rates. The following transactions were separately recorded during the period:

	2026	2025
Value of Contract Goods and/or Services sold and/or performed during the Year	9,424	5,098
Balance Owing as at Balance Date	-	93

Paula Cameron held office as a Board Member during the year. She is also the Group Sales Manager of **R Redpath Limited**, a South Island wholesale electrical supply company, whose services were utilised by the Club during the year for the procurement of both electrical and lighting supplies. These services were charged to the Club at standard arms-length, commercial rates.
The following transactions were separately recorded during the period:

	2026	2025
Value of Contract Goods and/or Services sold and/or performed during the Year	16,143	-
Balance Owing as at Balance Date	-	-

18 CONTINGENCIES

There were no contingent assets nor liabilities recorded as at 31 March 2026 (2025: Nil).

19 SUBSEQUENT EVENTS

There have been no events subsequent to balance date that the Board considers any requirement for separate disclosure.

20 SEGMENTAL REPORTING

The Club operates entirely within New Zealand and only in the one industry sector, being hospitality and leisure services; and is located in a single geographic area, representing the city of Christchurch.

21 GOING CONCERN

The Financial Report has been prepared on a going concern basis, the validity of which depends on the ongoing support of suppliers, bank funding, and patronage of members and guests. Recent economic conditions have led to losses after depreciation in the current and prior periods, noting that operating activities generated surpluses in both current and prior periods. In addition, current liabilities exceed current assets at balance date, and as such an uncertainty exists in relation to going concern. However, it is the considered opinion of the Board that the Club has appropriate cashflow, assets and resources to continue trading and a sufficient financial position to continue meeting its ongoing obligations. This includes access to a $200,000 bank overdraft facility that was applied by the bank as part of the recent redevelopment of Club premises. Consequently, the Board is comfortable that the Club shall continue to operate as a going concern well into the foreseeable future.

ASHTON
WHEELANS

INDEPENDENT AUDITOR'S REPORT

To the Members of Papanui Club Incorporated

Opinion

We have audited the financial report of the Papanui Club Incorporated (the Club) which comprise the financial statements on pages 6 to 20, and service performance information on pages 3 to 5. The complete set of financial statements comprise the statement of financial position as at 31 March 2026, and the statement of comprehensive revenue and expense, statement of changes in net assets/equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial report presents fairly, in all material respects:

- the financial position of the Club as at 31 March 2026, and its financial performance, and its cash flows for the year then ended; and
- the service performance for the year ended 31 March 2026, in that the service performance information is appropriate and meaningful and prepared in accordance with the Club's measurement bases or evaluation methods

in accordance with Public Benefit Entity Standards – Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit of the financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the service performance information in accordance with the ISAs (NZ) and New Zealand Auditing Standard NZ AS 1 (Revised) *The Audit of Service Performance Information.* Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Club in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in the Club.

Other Information

The Board is responsible for the other information. The other information comprises the Directory and Board Responsibility Statement on pages 1 and 2 and Appendix – Supplementary Information on pages 23 - 26 but does not include the financial statements and our auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Emphasis of Matter – Going Concern

We draw attention to Note 21 of the Financial Report which indicates that the Club has losses after depreciation in the current and prior period, along with current liabilities which exceed current assets at the reporting date. However, the Board believes that the Club has appropriate cashflow, assets and resources to continue trading and a sufficient financial position to continue meeting its ongoing obligations. Our opinion is not modified in respect of this matter.

Board's Responsibilities for the Financial Report

The Board is responsible on behalf of the Club for:

- The preparation, and fair presentation of the financial report in accordance with the applicable financial reporting framework;
- The selection of elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods that present service performance information that is appropriate and meaningful in accordance with the applicable financial reporting framework;
- The preparation and fair presentation of service performance information in accordance with the Club's measurement bases or evaluation methods, in accordance with the applicable financial reporting framework;
- The overall presentation, structure, and content of the service performance information in accordance with the applicable financial reporting framework; and
- Such internal control as the Board determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

ASHTON
WHEELANS

INDEPENDENT AUDITOR'S REPORT
To the Members of Papanui Club Incorporated

Board's Responsibilities for the Financial Report (continued)

In preparing the financial report, the Board is responsible for assessing the Club's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Club or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and NZ AS 1 (Revised) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate or collectively, they could reasonably be expected to influence the decisions of users taken on the basis of this financial report.

As part of an audit in accordance with ISAs (NZ) and NZ AS 1 (Revised), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the financial report 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 Club's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and the Board.
- Obtain an understanding of the process applied by the Club to select its elements/aspects of service performance, performance measures and/or descriptions and the measurement bases or evaluation methods.
- Evaluate whether the selection of elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods present an appropriate and meaningful assessment of the Club's service performance in accordance with the applicable financial reporting framework.
- Evaluate whether the service performance information is prepared in accordance with the Club's measurement bases or evaluation methods, in accordance with the applicable financial reporting framework.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Club's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Club to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial report, and whether the financial report represents the underlying transactions and events, and elements/aspects of service performance in accordance with the applicable financial reporting framework, in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

Ashton Wheelans Ltd

ASHTON WHEELANS LIMITED

Chartered Accountants
Level 2, 83 Victoria Street
Christchurch
09 June 2026

PAPANUI CLUB INCORPORATED

APPENDIX - SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2026
In New Zealand Dollars

TRADING ACCOUNTS

The Club generated the following revenue streams and gross profits during the year:

Profit Centre:	Trading:	2026 $	2025 $
Beverage	Sales	3,432,159	3,104,801
	Cost of Sales	1,128,809	1,047,586
	Gross Profit	2,303,350	2,057,215
	GP Rate	*67.1%*	*66.3%*
Food	Sales	3,247,094	2,614,121
	Cost of Sales	1,255,045	950,604
	Gross Profit	1,992,049	1,663,517
	GP Rate	*61.3%*	*63.6%*

Profit Centre	TRADING SUMMARY		
Food & Beverage	Sales	6,679,253	5,718,922
	Cost of Sales	2,383,854	1,998,190
	Gross Profit	4,295,399	3,720,732
	GP Rate	*64.3%*	*65.1%*

Profit Centre	GAMING SUMMARY		
Coin Machines	Sales	1,475,476	1,269,852
	Cost of Sales	474,541	428,053
	Gross Profit	1,000,935	841,799
	GP Rate	*67.8%*	*66.3%*

SUNDRY INCOME

The Club generated other revenue streams during the year, as follows:

	2026 $	2025 $
Insurance Proceeds	9,664	21,250
Miscellaneous Income	40,300	18,434
Promotions Income	50,813	49,975
Rental Income	10,668	10,668
Room & Venue Hire	19,374	22,600
Shuttle Income	18,506	20,339
TAB Commissions	11,570	13,333
Trading Rebates	21,678	20,936
Total Other Income	**182,573**	**177,535**

PAPANUI CLUB INCORPORATED

APPENDIX - SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2026
In New Zealand Dollars

EXPENDITURE	2026	2025
	$	$
The Club incurred the following administration and operational overheads during the financial year:		
Overhead		
ACC Levies	22,535	19,917
Accountancy Fees	56,400	53,100
Advertising & Marketing	30,293	27,990
Audit Fees	17,750	16,750
Bank Fees	49,899	42,171
Benevolent Expenses	4,343	6,669
Charter & Affiliation Fees	42,998	41,666
Cleaning & Laundry	188,840	169,584
Computer & IT Costs	36,609	38,560
Conference Costs	10,378	11,107
Election & AGM	2,090	2,014
Entertainment - Musicians & Shouts	21,080	22,682
Eftpos & Equipment Hire	23,355	22,754
Board Honoraria	48,000	48,000
Board-related Costs	10,009	2,512
General Expenses	12,930	6,492
Grounds Maintenance	19,228	17,333
Gym Expenses	6,960	6,393
Health, Safety & Wellbeing	14,104	13,293
Insurance	100,894	99,906
Legal Fees	3,300	3,515
Licences & Subscriptions	33,266	24,343
Membership Costs	38,679	39,716
Operating Leases	26,313	2,265
Power, Gas, Heat & Light	184,345	198,853
Printing, Postage & Stationery	12,076	18,668
Promotions & Loyalty Points	764,361	617,717
Rates	95,049	88,989
Repairs & Maintenance	171,853	132,271
Replacement Bar & Kitchen Utilities	31,501	3,630
Salaries & Wages	3,268,324	2,820,773
Section Expenses	14,506	17,825
Security	17,073	14,742
Signage	2,686	2,547
SKY TV Subscription Fees	53,153	51,849
Staff, Recruitment, Training & Uniform Costs	115,941	99,772
Telecommunication Costs	11,344	11,533
Till Variances	4,645	4,734
Valuation Fees	1,200	-
Vehicle Costs (Shuttles)	26,044	24,920
Waste Removal	29,259	24,604
Total Administration & Operation Costs	**5,623,613**	**4,872,159**

PAPANUI CLUB INCORPORATED

APPENDIX - SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2026
In New Zealand Dollars

DONATIONS PAID	2026 $	2025 $
During the year the Club bequeathed the following amounts to local charities, schools and other community-based organisations:		
General:		
Bowel Cancer Aotearoa Charitable Trust	500	-
Cancer Society of New Zealand - Canterbury West Coast Division Inc	-	52
Christchurch Kidney Society Inc	500	-
Christchurch North Community Patrol Inc	500	500
Full Bellies Charitable Trust	450	964
Lean on a Gate	471	-
Merivale Papanui Rugby Football Club Inc	300	-
Multiple Sclerosis and Parkinson's Canterbury	500	-
Nomads United Association Football Club Inc	300	-
St John	1,000	-
Club Members:		
Kylie Gould - Contribution towards representing New Zealand at Indoor Bowls Tournament	-	500
Simon Thomas - Contribution towards representing New Zealand at Indoor Bowls Tournament	-	500
State Integrated Schools:		
Cotswold Primary	1,000	1,000
Emmanuel Christian	1,300	1,000
Northcote Primary	1,000	-
Total Donations Paid	**7,821**	**4,516**

SECTIONS' CURRENT ACCOUNT	2026 $	2025 $
The respective current account balances held by each recreational section of the Club at balance date are prescribed below:		
Cards	10,857	10,039
Cornhole	7,230	5,287
Darts	3,235	2,771
Fishing	8,698	7,035
FOMS	2,207	2,131
Garden	7,402	7,005
Golf	5,706	5,641
Indoor Bowls	8,457	6,432
Leisure	-	6,367
Marching	2,094	3,243
Merlins Netball	1,777	1,525
Outdoor Bowls	108,585	105,577
Petanque	8,547	8,822
Pool	7,618	5,313
Travel	8,694	12,608
Walking	5,290	5,124
Wine and Food Lovers	12,202	5,881
Total	**208,599**	**200,801**

This current account represents monies held on behalf of Section Members within the Club's main operating bank account held with ASB. Each respective current account balance is managed interest-free and is repayable on demand at the discretion of the Board.

PAPANUI CLUB INCORPORATED

APPENDIX - SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2026
In New Zealand Dollars

GAMING FUND RECONCILIATION

In accordance with legislative reporting requirements that form part of the Club's Gaming Licence conditions held with the Department of Internal Affairs, find below an annual reconciliation of the Gaming Trust Account:

	2026 $	2026 $	2026 $	2025 $
Coin Machine Income - Gross Proceeds			1,475,476	1,269,852
Less Direct Costs of Gaming Room:				
Gaming Machine Duty	339,147			292,414
Problem Gambling Levy	20,400			15,790
Electronic Monitoring System	12,300			660
Management Services Provider Costs	4,595			4,348
Repairs & Maintenance	1,200			13,558
Licences	27,098			28,584
Wages - New Regulations	69,801			72,699
Direct Costs of Gaming		474,541		428,053
Less Indirect Costs of Gaming Room:				
Accounting Fees	5,640			4,880
Audit Fees	1,725			1,335
Depreciation	44,335			48,771
Salaries and Wages	33,000			33,000
Electricity	14,792			18,206
Insurance	1,223			3,211
Other Costs	17,642			17,210
Indirect Costs of Gaming		118,357		126,613
Total Costs of Gaming Operation			592,898	554,666
Net Proceeds from Gaming Operations			882,578	715,186
Less Total Distributions:				
Authorised Purpose Payments			882,578	715,186
Net Surplus from Gaming Machines			-	-
Opening Balance - Accumulated Gaming Funds			-	-
Closing Balance - Accumulated Gaming Funds			-	-

MINUTES 65th ANNUAL GENERAL MEETING

PAPANUI CLUB INC

SUNDAY 15 JUNE 2025

AT 10.00AM

Members Present: 83

The President (T Stewart, 1199) declared the 65th Annual General Meeting open and welcomed those present.

In attendance: M Belton (General Manager), M Stirling (Accountant), V Sutherland - Epiq (minutes)

Apologies: None.

Obituaries

The President asked all those present to stand and observe a minute's silence for Members and friends who have passed away during the previous year.

Minutes of 64th Annual General Meeting

Moved: "That the minutes of the 64th Annual General Meeting be taken as read" N Lovelace (401) J Herkess (500) **Carried**

Matters Arising: None

Moved: "That the minutes of the 64th Annual General Meeting be adopted as a true and correct record" B Broadbent (1220) **Carried**

Correspondence: None

President's Report

Moved: "That the President's Report be taken as read" T Stewart (1199) T Baillie (1711) **Carried**

Statement of Accounts and Balance Sheet

- M Sterling, Accountant, dubbed the last financial year a year of transition in which the Club welcomed a brand new management team: Mark Belton, who completed his first full year as General Manager, 2IC and Operations Manager Emily Peace, and Head Chef Stephen De Jonge, all of whom had a positive impact and executed many new initiatives. He noted that newly elected Board members P Cameron (4527) and S Durney (3752) were strategic thinkers who were now fully conversant on all Club matters and contributing positively to discussions, and he expected them to continue to serve the Club extremely well in years to come.
- M Sterling spoke to the Club's profit and loss. The Club returned a net loss of $383,000, $122,000 worse than the previous year's bottom-line loss of $281,000. He added that the deficit was not strictly cash-related because after adding back amortisation and depreciation charges of $529,000 the Club actually generated a cash surplus of $146,000 from total operations, around $3,000 profit per week. With that said, he stated that the Club's goal was always to break even after depreciation in order to maintain facilities to a high standard, which was proving harder and harder as the years go by.
- Gross turnover was up $913,000 or 14% to approximately $145,000 per week or $21,000 per day. Total sales were $7.5 million. He noted that it was a big Club now, a lot bigger than it was in the old footprint.
- Total expenditure was up over $1 million or 15%, stemming largely from three factors: stubborn domestic inflation, which was finally beginning to ease; a significant investment in promotional activities to liven the Club up and offer Members an even better value, enjoyable experience; and minimum wage rises.
  - Spending on promotions and loyalty points had increased 92% to $295,000 but M Sterling noted that the deals had proved quite popular, in particular the Wednesday night two-for-one deal, which was going gangbusters. There was a cost involved but also extra revenue so at this stage the Board felt the promotions were worth pursuing, but they were regularly reviewed.
  - Salary and wages were up $183,000 or 7%, due largely to the minimum wage increase and its flow-on effect for the middle tier, as well as extra wages paid because of the extra demand.
  - The third biggest cost increase was energy costs, up $41,000 or 26%. The cost of gas in particular had gone through the roof, mainly due to supply and demand issues across the nation.
- M Sterling pointed Members to the appendix to the report, which highlighted the variances for every single expense item, so that they could go through in their own time and see where the cost creep has occurred. He noted that the Board was very conscious of this and regularly discussed costs and ways to make savings. It had not been easy because a lot of suppliers had used inflation as an excuse to put up prices and the Board was reluctant to pass the full cost of that on to Members because they valued patronage and did not want Members walking away. He stated that it was a balancing act but the Board was getting better at it.

- M Sterling spoke to the balance sheet, which he stated was pretty simple because the Club was mostly a cash business and didn't have a lot of debtors.
    - Current net assets were $10.2 million, based largely on the original cost price of the premises less accumulated depreciation. He noted however that the registered valuation of the Club was now $27 million, so it was worth a lot more than what the balance sheet said.
    - The ASB loan balance was down to $1.36 million, with a further $134,000 of principal repaid over the last 12 months. He noted that since the opening of the premises back in 2016, when the original loan balance was $2.3 million, the Club had managed to carve off $937,000 of debt in the space of nine years. As the value of the land at Sawyers Arms Road was ever-increasing, the bank had a fair degree of comfort and security.
    - The debt to net assets ratio was only 13%, meaning the Club had 87% of rock-solid equity and security not covered by debt and was not overly exposed to bank risk. He stated that if the need arises in the future there was plenty of scope for the Club to increase borrowings if market conditions dictated, which would be largely dependent on interest rates. He stated that the Club was in good shape as far as that went and just had to make sure it made enough money to keep meeting its obligations.
- M Sterling spoke to cash flow, stating that cash is king and that if Members read one page of the financials it should be this one. He noted that if they had attended past AGMs they would have heard him mention that the Club always strives to make a profit of $1,000 a day, at least $360,000 per year, which covers the ASB loan commitments of $240,000 and gives $120,000 for capex and facilities upgrades. In the past year only $259,000 was generated from operating activities, $100,000 short of that KPI, and that was why the Club's bank balance has gone down.
- The $259,000 generated was spent on capital commitments and fixed assets, with $208,000 invested in the last 12 months. The top five items were:
    - Two new gaming machines for $53,000 total, replacing old machines. These were already bringing in more revenue.
    - Replacement of a shuttle van with a new Toyota Hiace for $39,000 so that Members had a more modern, comfortable journey to and from the Club.
    - New LED light fittings in the sports bar, costing $23,000, which were already leading to savings in energy costs.
    - A new electric pizza oven for $9,000, which led to a lot more output during the busy Thursday two-for-one pizza nights.
    - A new colour photocopier for $9,000, which was being used to print off a lot of the Club's promotional material and save on external printing costs.
- M Sterling noted that the Club's capex decisions were all based on a cost-benefit model, were discussed at the Board and M Belton would generally get at least two quotes, so it was quite a vigorous process and they were not spending money willy-nilly. He informed Members that the Club's auditors, Ashton Wheelans, had stated recently that the Papanui Club leads the way when it comes to internal controls within the hospitality sector, including sound governance provisions and the like,

which was quite pleasing because it gives the Board a bit of comfort and should give Members comfort as well.

- The Club finished the year with $511,000 cash in the bank after starting with $640,000, a reduction of $129,000, but he noted that there was something to show for it and that if operations fared better in the next 12 months, hopefully year on year the balance would stay the same. That would be more than adequate to keep going. He noted that the Club tries to keep two months of operating expenditure in the bank and $500,000 pretty much covers that, so they were in a good space.
- M Sterling spoke to Club's financial performance in the current year. He announced that in the two months ended 31 May 2025 a cash surplus of $185,000 had been generated versus a budget of $147,000, $38,000 ahead of projections, which set the Club up nicely for the next quarter. In his opinion this was indicative of the promotions M Belton and his team had executed over the last six months, which had got the Club humming a lot more. Members seemed to appreciate the value of these promotions and more people were coming through the door, which was good.
- In summary, it had been a tough trading year on the back of economic headwinds, as well as a few operational roadblocks. However, the Club continued to trade in a profitable state and was maintaining adequate cash reserves, anchored by a robust balance sheet through its bank holdings, all of which would aid the Club well into the future.
- Finally, M Sterling made special mention of Kay Wallace, the Club's former Administration Manager, who retired at the start of 2025 after 35 years of dedicated service. He stated that her loyalty and unwavering commitment to the Club went well beyond normal bounds and she left with her head held high, knowing she gave the job her absolute all. He wished her a happy retirement.

The floor was opened to questions: None.

- The President thanked M Sterling for his comprehensive report.

Moved: "That the accounts and balance sheet be accepted" P Sargisson (3046) B Broadbent (1220) **Carried**

Appointment of Club Auditor

- The President stated that the Board recommends reappointing Ashton Wheelans.

Moved: "That Ashton Wheelans be reappointed as Club Auditor" B Ellis (4968) J Blease (3361) **Carried**

Appointment of Returning Officer

- The President noted that T Robb was happy to remain Returning Officer and thanked him for his great support.

Moved: "That T Robb be reappointed as Returning Officer" J Herkess (500) J Blease (3361) **Carried**

Board of Directors Recommendations

Subscriptions:

- The President spoke to the recommendations for subscriptions, unchanged from the previous year: full members, $35; junior members, $15; life and 40-year members, $0.

Moved: "That the recommendations for subscriptions be accepted" **Carried**

Board Honorarium:

- The President spoke to the recommendations for allowances, unchanged from the previous year: the President, $12,000; the Vice President, $8,000; Directors, $4,000.

The floor was opened to questions: None.

Moved: "That the recommendations for allowances be accepted" **Carried**

Remits: None.

Notices of Motion: None.

Agenda Items: None.

General Business

- M Clarke (3127) stated that despite the Club advertising its support of the A-League it did not put the game sound on, which had led to a large group of soccer fans going elsewhere instead. He noted that for three months of the season there were no clashes with other sports and on Sundays there is no rugby, but that when he had asked staff to turn the volume up they had said no because people did not like the sound of the soccer. He asked if the Club supports the A-League or not, and if he should tell this group to continue going elsewhere.
    - M Belton confirmed the Club advertises the A-League and that the sound is on request, and promised to look into it. He noted that it is not a massively followed sport within Christchurch or New Zealand but it is a sports bar and backs all sports. He noted that it is hard to please everybody and the sound system did not always allow them to do what people would like—for example, sports in the bar are audible throughout the entire bar, not just one area—but they will look at it when the Club updates the sound system, to see if sections can be segregated a little bit better.

- M Clarke asked if a directive had come around not to have the sound on. He noted that even when there was no clash of sports there seemed to be music on instead of football, despite it being a sports bar. He pointed out that soccer is the sport with the highest participation in New Zealand and often youngsters are wearing soccer tops, not league or rugby, and suggested that to grow the Club it is something worth looking at.

- N Lovelace (401) asked if the minutes of 2022 AGM had captured the answer of former General Manager, B Gay, to his question about would happen if a Member reached 60 years in the Club. To his recollection, B Gay had said that on behalf of the Club he would give that Member the best present the Club would allow. He asked if any of the Executive could remember that being said.
    - M Belton replied that they would have to go through those previous minutes and see exactly what was stated.
- N Lovelace asked if Members' questions are recorded.
    - M Belton confirmed that they are.
- N Lovelace stated that the reason why he asked, naturally, was because he was in his 60th year and would like to know what the Board was going to give him.
    - M Belton suggested that he said if you become a Member and are here for 60 years, you shout everybody at the AGM.
- N Lovelace declined and said the Board was supposed to be shouting him.
    - M Belton promised to look at the minutes, see what was mentioned and let him know.
    - P Sargisson (3046) stated that he was at the meeting and remembered the General Manager offering to look after him.

- E King (5643) raised a health and safety concern with a large exit sign that fell off the wall, luckily not hitting anyone, and asked if it and similar signs had been checked or replaced. She noted that it could have seriously injured someone, or potentially worse if a child had been struck.
    - M Belton responded that the Club had a monthly health and safety meeting and did vigorous checks around the premises, making sure that everything is up to standard, fixed and secured. He noted that they obviously could not control everything but tried to prevent incidents by mitigating the best they could along the way.
- E King asked if all the signs have been checked.
    - M Belton confirmed that they had all been checked and noted that the Club has yearly building checks to ensure that it can continue trading.

- D Bristow (972) raised a further point on TV volume, noting that on Saturday afternoons Club staff seemed very reluctant to turn the sound on in the TAB area. He asked if the Club had a policy on that, noting that at that time of week there weren't usually many people and most were generally down watching the races.
    - M Belton replied that there is no TV volume policy as such but that unless the TAB is your thing, the sound of the horses and the commentary may not be

the most inviting. He noted that sound within the Club is quite hard to control, especially attempting to zone the areas, along with the acoustics and the way sound travels.

- D Bristow clarified that he meant chiefly Saturday afternoons, when there weren't many people around and most in the vicinity of TAB were listening to the races. He noted that he was not asking for it to be increased dramatically, just enough so that you could hear something, and said it wouldn't affect people in other areas.
    - M Belton promised to look into it and asked the Member if he had a certain time of the week in mind.
- D Bristow suggested between 1pm and 4pm Saturdays, before it gets too busy.
    - M Belton agreed to assess the situation.

- D Robb (1255) raised a health and safety concern with the Club bar chairs, noting two incidents in the last two weeks.
    - M Belton responded that furniture was checked often. He noted that chairs awaiting repair were kept in a room outside reception, and wondered if one had been put back into circulation before being fixed. He stated that there were discussions about more regular cycles of furniture repair, but upkeep demands obviously increased over time and they had now been in the building eight or nine years, so they were trying to keep on top of everything and replace as needed.

- B Leith (1997) asked for clarification on the financial report, noting that many people may not understand how you could lose $382,000 in a year but with amortisation you could say that you made $146,000. He noted that the Club had traded the last two years at a $660,000 loss, and asked what amortisation is and what it actually does.
    - M Sterling explained that the new Club had cost approximately $12 million to build and accountants tended to depreciate a building over 50 years. He clarified that depreciation is not cash and does not go through the tills, but recognises wear and tear, and that at a certain point in the future the Club will have to be replaced. He noted that the Member was quite right that the Club should be breaking even after depreciation because if that is achieved they will have cash in the bank in 50 years' time to replace the Club.
    - He stated the focus tended to be on cash in the trading side of the business, to make sure that the Club could meet its capital commitments, repay the bank loan, buy fixed assets and upgrade them as necessary.
    - He noted that the annual depreciation charge included not just the land and buildings but some of the plant, equipment, all the fittings and everything in the kitchen, and that in the early years it tends to be a bit higher on certain items. Items are depreciated over their useful life. Some things only last five years; some only last ten.
    - He explained that the Club's depreciation is quite high, about $400,000 to $500,000, meaning the Club would have to generate at least $400,000 to $500,000 cash to cover it. He stated that in the short term it is not a concern

because the Club could trade through and meet all its obligations, but it will become an issue in the future if these losses continue because there won't be money there to replace the building. In summary: short term, no issue; medium term, probably okay; long term, a serious issue.
    - M Sterling stated that the Board was well aware and discussed it in every annual budget-setting process. P Cameron, a new member of the Board, had also asked why they were not concentrating on depreciation. The short answer was that there just had not been enough money to cover it, and until such time as there was, there wasn't a lot that could be done. He noted that the Board would like to get to a point where the Club makes enough to cover depreciation because that means a brand new Club in 50 years.

- M Mackenzie (1240) asked about the Embers bar potentially being upgraded or used as a café, noting that the space seemed underutilised.
    - M Belton confirmed that Embers was being looked at and the Board was engaging with designers to see if they might renovate it and how it would look. A cafe was also part of discussions. There were multiple things being looked at for the space. He agreed that it is an underutilised space that needs regeneration, which was definitely on the cards, so hopefully there would be something happening soon.

- G Milner (1456) asked for an update on the motels, noting that the Board had spent quite a bit of money investigating this project for the last five years or so.
    - B Ellis (Board Member) thanked the Member for the question. He reminded Members that a couple of years ago the motels were put in hiatus because the business case didn't stack up. During the year, Board Members had started the process of regenerating that project, looking at options for getting those motels in place without putting the Club at risk. He noted that it was still in the evaluation stage so anything that Members may or may not hear was inaccurate, and if there were any rumours about selling off that land for motels, that was not on the agenda.
- G Milner asked for clarification on exactly where the project was at.
    - B Ellis responded that they were re-evaluating what the options are because the Club just did have the cash to build it and it would put the Members at too much risk. He noted that the Board was looking at alternatives that mitigate that risk and could make it happen, but it was still too early to give any other indication.

- M Rutherford (454) thanked the Board for making this Club the most enjoyable place to come to. She stated that she often came for breakfast, which was absolutely beautiful and great value, yet the Club was quite quiet, and asked if the Board felt they were advertising it enough.
    - M Belton responded that the current cafe concept was always just to test the waters and see how it went. He agreed 100% that it could be advertised a lot more, but as it was not a café as such he had restricted the way in which he

had put it forward because he did not want to advertise something that wasn't what people would expect in the outside world away from the Club. He stated that in the near future they could have something better coming and 100% there would be a lot of advertising behind it.

- M Rutherford stated that the idea of a café/bar or café area was fantastic as there was a lot of housing going in down the road and that in her experience there was nowhere at the mall to get a decent cup of coffee, which was now about the same price as a beer and had gone up from $6 to $8 a cup.

Closing Remarks

- The President thanked Members for their attendance and their questions.

There being no further business, the President declared the Annual General Meeting of the Papanui Club closed at 10.45am.

Confirmed by Chairperson: ______________________

Date: 22nd June 2026.