

# Gosford Race Club Limited

ABN 26 003 846 124



CENTRAL COAST

## 28<sup>th</sup> Annual Report 2017

# GOSFORD RACE CLUB LIMITED

GOSFORD RACE CLUB LIMITED  
ABN 26 003 846 124

ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED  
30TH JUNE 2017

## BOARD OF DIRECTORS

**Chairman**  
MA Cusick

**Vice-Chairman**  
JM Macfadyen

**Honorary Treasurer**  
S McShane

**Directors**  
AEJ Allen, RC Delaney, MW Griffiths, D Hassab

**Life Members**  
NM Agnew, C Aldrick, IJ Brennan, I Craig,  
NE Laird, BJ Little, AP Norrgard, JR Ryan, AG Swan,  
A Stapleford, JH Toms APM, ES Toovey, RC Delaney

**Administration**  
**Chief Executive** – Daniel Lacey



**Left to right** – Daniel Lacey (CEO), Reg Delaney, David Hassab, Jim Macfadyen (Vice Chairman)  
Michael Griffiths, Andrew Allen, Michael Cusick (Chairman), Stephen McShane (Treasurer)

**Registered Office**  
Racecourse Road, West Gosford NSW 2250

**Auditor**  
KPMG

## **NOTICE OF ANNUAL GENERAL MEETING**

**Notice is hereby given that the twenty eighth Annual General Meeting of the Members of the Gosford Race Club Limited will be held in the Panorama Lounge, The Entertainment Grounds, Gosford Racecourse on Monday 23<sup>rd</sup> October 2017 at 5.30pm**

Only financial Voting Members defined as follows by section 1.1 of the Club's Rules and Constitution are eligible to vote.

***"Voting Member"** - means a life member or a full member elected to membership prior to the date of the 2015 Annual General Meeting or a full member elected after that date who retains membership of the club for a continuous period of 1 year*

### **AGENDA**

- 1.** To confirm the Minutes of the twenty seventh Annual General Meeting of Gosford Race Club Limited held 24th October 2016.
- 2.** To receive and consider the reports of the Board and Management.
- 3.** To receive and consider the Profit & Loss Statement, Balance Sheet and Auditor's Report.
- 4.** To appoint an Auditor for the 2017/18 Financial Year.
- 5.** To elect two (2) members to serve on the Board of Directors of the Club. Current Directors of the Board R Delaney & D Hassab retire and are eligible to nominate for re-election in accordance with the Gosford Race Club Rules & Constitution and offer themselves accordingly.

*Note: Any nominations for election to the Board must be made pursuant to the conditions of 21.3 (a) & (b) of the Club's Rules and Constitution. Nominations are to be received by the Secretary no later than 4pm Monday 18<sup>th</sup> September 2017 at the Club's registered office.*

- 6.** To deal with any business of which due notice has been given.

**By Order of the Board 31<sup>st</sup> August 2017**

**Daniel Lacey**

**Chief Executive Officer**

## CONTENTS

	<b>Pages</b>
Chairman's Report	4
Directors' Report	10
Auditor's Independence Declaration	13
Statement of a profit or loss and other comprehensive Income	14
Statement of financial position	15
Statement of changes in members' funds	16
Statement of cash flows	17
Notes to the financial statements	18
Directors' declaration	32
Independent audit report	33

### **Chairman's Report 2016/2017**

On behalf of the Gosford Race Club Board, it is my pleasure to present my seventh Annual Report as Chairman.

This year the Board has focused on three key areas, racing, training and events. The Clubs strategic plan was updated in 2017 which set out deliverables for these areas. There have also been some minor upgrades to facilities that occurred throughout the year which is in keeping with our goal of offering the best spectator precinct outside of the metropolitan area.

We are now in our third year of running our own catering operation and events. Many lessons have been learned and we are now in the position where the operational team is comfortable with patrons expectations and how to deliver those expectations. We now have an enviable list of clientele that utilise our venue in many different ways.

The year has seen us host a multitude of high profile events for the Central Coast, 'Toast the Coast', 'Operation Blackhawk', 'Star 104.5 live' concert and the extremely popular 'Troppo Reunion'. There have been a number of high profile return events in 2016/17 with the 'NAIDOC' event surpassing all expectations. The venue is now really seen as a viable conference, events and expo venue by the hospitality industry.

On an annual basis the Clubs Board of Directors conduct a strategy meeting, the outcomes of which are to set management various goals in the short/medium/long term. The outcome of this year's strategy are summarised into three categories:

#### **Racing**

- Focus on our feature race days, build on them and take them to the next level in terms of both patron experience and attendance.
- Continue to work with RacingNSW to build a better racing program.
- Maintain and enhance our facilities to current patron expectations.
- Build our Membership.

#### **Training**

- To work with RNSW on a long term plan for training on the Central Coast by way of an upgrade to our facilities to an acceptable standard.

#### **Events**

- Grow non race day events and conference business.
- Integrate Gosford Race Club as a Central Coast community asset.

Since this strategy has been initiated a number of outcomes have already been achieved. At the time of writing the Club currently has 796 financial Members, we do have an imposed capacity of 1,000. This capacity is to ensure that we can accommodate Members in the 'Panorama Lounge' (Members room) adequately and without discomfort. This level of membership is actually quite a feat considering that we are predominately a midweek Club. With the additional Saturdays that have been allocated to us we would expect the level of membership to grow further.

The most notable achievement thus far is that for the 2017/18 racing season we have reinvigorated the Gold Cup carnival.

Historically the Gold Cup has clashed with the Magic Millions on the Gold Coast. This had the effect of low attendance at Gosford from trainers, owners and some of the more high profile jockeys. The decision to reformat from a single day to a carnival was made with the aim to attract a greater level of industry participation.

The result of this now sees the group 3 'Belle of the Turf' run on the 28<sup>th</sup> December along with heat one (class 2) of a new initiative 'The Class Series', which is aimed at provincial trainers and allows a clear lead-in to the MJ Cusick Stakes (class 4) on 'Gold Cup Day'. The club has increased prizemoney for both the lead-in races from \$30,000 to \$45,000.

The second day of the new look carnival is the running of the listed 'Takeover Target' on Thursday 11<sup>th</sup> January 2018, for which the club has increased the Prizemoney by \$25,000 to \$150,000. The second heat of the 'Class Series' (class 3) will also run on this day.

The carnival will be concluded with the 'Gosford Quarries Gosford Gold Cup', which now will fall on the week after Magic Millions, being Thursday 18<sup>th</sup> January 2018. To maintain the prestige of this day and to raise the profile of the 'Gosford Guineas' we have moved the listed 'Gosford Guineas' from its current placement in March to this date. The running of the final of the 'Class Series' being the \$60,000 'MJ Cusick' (class 4) will also be on the program. Over the carnival period (including New Year's Eve) there is \$1,400,000 of Prizemoney on offer.

In line with our strategic goals of a more attractive racing calendar we were allocated an additional three additional Saturday meets for 2017/18, bringing the total we host to four. We see this as a major coup for the Club as it will allow for more racing being available to a greater section of our Members. I would like to thank Racing NSW for their ongoing support in granting Gosford these sought after race dates.

RacingNSW announced that for the 2017/18 season all provincial heats of the 'Championships' will be run on Saturdays. This is very pleasing for all the provincial clubs as it will give each Club the greatest opportunity to bring this initiative to a greater volume of people. The Gosford heat is scheduled for Saturday 17<sup>th</sup> March 2018.

Continuing with racing we held our inaugural 'Melbourne Cup' picnic meeting in 2016. Over 1,500 patrons attended this meeting which was far and away above our expectations. We are hoping that with this event now on the racing calendar that more trainers will chose to run a horse as the fields in 2016 were slightly lower than what we would have wanted.

For 2017 the operations team is already planning for this day with a couple of the packages well on their way to selling out, which is a great achievement.

The New Year's Eve Raceday will again be a highlight for many Central Coast residents. It has become a real event on the social calendar for the region over the last 10 years and we are working hard to ensure this continues. As noted in my report last year due to the merger of Wyong and Gosford Councils the free entry tickets that were sent out in the former Gosford City Council's rates notice were not sent. We are presently in consultation with Central Coast Council and it is highly likely this will also be the case this year too.

The Anzac Day raceday was once again a notable event on our racing calendar. This year Sea FM was the presenting partner with a multitude of on course activities including 'Fashions on the Field' and the 'Sea FM marquee'. The event was once again well attended unfortunately we did receive a heavy downpour in the afternoon which led to patrons leaving earlier than usual. As with New Year's Eve this is a very important day for the Club and the loss of either in a given year can have a major impact on our financial performance.

The issue of Training was very prominent during 2015/16 and again in 2016/17. In December 2016 Racing NSW agreed that Gosford should remain a training venue. The view

was that at this time there would also be some much needed capital investment. Unfortunately the investment to date has not yet come to fruition. The Club is dedicated to maintaining Gosford as a training venue and to enhance and grow our offering. We have been consulting with both Racing NSW and the Australian Turf Club (ATC) to assess the viability of a joint venture to achieve this goal. Some of you may have read an ATC newsletter whereby it stated that they were investigating the feasibility of building stables at Gosford. This sentiment is an example of some progress that the Board has made towards our goal of increasing the financial viability of the spend required for training facilities. It is however extremely early days and no firm commitment has been agreed. I will however take this opportunity to reiterate that the Board of Gosford Race Club is committed to making Gosford a viable and prosperous training venue. Nonetheless we like every single Club in NSW are not able to do so from Club funds and regulatory and/or third party investment is required.

The Club has invested in the upkeep of the Pro-Ride (fast work) track with additional maintenance work occurring. I must stress though that the track is fourteen (14) years old and no amount of additional maintenance works will bring it up to the quality that Gosford trainers desire and deserve. However the Club will invest where possible to keep the facilities presenting as best they can.

We have set ourselves the goal being a multi-faceted facility offering a diverse range of events for community interaction. I believe that in 2016/17 we have achieved this and with the current operational team I feel this trend will only continue for 2017/18.

I would like to update Members on a few matters as reported in previous Annual Reports.

## **Finance**

In the 2016/2017 season the Gosford Race Club recorded a profit of \$190,742 after depreciation and amortisation which resulted in an increase in cash/cash equivalents of \$162,479.

During March we had three (3) meetings that were considered wash outs, all occurring in a very wet March 2017. Unfortunately for the Club these were on potentially very profitable meetings, one being a Saturday where we were at capacity in our function rooms. The second being an ATC transferred meeting whereby the ATC pays the club to host the meeting. This meeting was also Gosford's heat of the Provincial Championship, which was subsequently held at Rosehill Gardens on the 18<sup>th</sup> March. The third was on the running of the 'Gosford Guineas', which we were subsequently instructed to run on the following day. By doing this our fields were severely impacted which had a flow on effect to our wagering turnover and we were also unable to secure any function or sponsorship business given one day's notice.

Taking into account the unfortunate racing occurrences and that the business trading as 'The Entertainment Grounds' is still in its infancy, producing a positive cash result is a very pleasing outcome and demonstrates that the Club is headed on the right path to maintaining future sustainability.

As stated in my 2015/16 report there were three projects that were to be addressed during the year being:

- The Riverdale Courtyard;
- Central Coast Highway LED Sign; and

- Starting Barriers

All these projects were completed during the year on budget and on time and all of which have increased the offering of our facility.

### **Racing**

The Gosford Race Club hosts four feature Black Type races each year, and the following tables shows the results of these events in 2016/2017.

<b>Race</b>	<b>Winner</b>	<b>Jockey</b>	<b>Trainer</b>
\$150,000 Listed Gosford Gold Cup	Red Excitement	A Hyeronimus	G Ryan
\$150,000 Group 3 Belle of the Turf Stakes	Imposing Lass	J R Collett	B Baker
\$125,000 Listed Takeover Target Stakes	Kuro	J Parr	J Pride
\$150,000 Listed Gosford 3YO Guineas	Tribal Wisdom	C Reith	M Moroney

The Club's heat of the Provincial Championships was held at Rosehill Gardens. The \$150,000 qualifier was won by Pomelo, ridden by C Lever and trained by G Markwell.

The Gosford Race Club congratulates Racing NSW on this wonderful initiative, now in its third year the race has proven to be an enormous success for provincial owners and trainers and an event that is a highlight of the racing calendar.

### **Premierships**

Congratulations to the winners and thank you to the sponsors of the premierships, B & L Herington Wholesalers, Elanora Hotel, & Thoroughbred Publishing, whose support of the premiership is greatly appreciated.

Leading trainer: Peter and Paul Snowden (10)  
 Leading Jockey: Tim Clark (17)  
 Leading Apprentice: Andrew Adkins (6)

### **Sponsors**

An integral part of Gosford Race Club's revenue comes in the form of sponsorship. I would like to acknowledge the outstanding contribution of all of our sponsors, and on behalf of the Board I thank them for their support.

We have many long term and loyal sponsors, who we hope stay with us for many years to come and we are sure they will if we continue to offer them good value for money with our packages and exposure for their sponsorship dollars.

I would like to particularly recognise the continued support of Gosford Quarries, who remain our major sponsor of the Gosford Gold Cup. We appreciate the continued support of the Sarkis family, and look forward to our partnership continuing for many years.



During the 2016/2017 year support was received from the following sponsors and their co-sponsors:

Gosford Quarries  
SKY Channel  
Gosford RSL  
De Bortoli Wines  
Turfcare NSW  
Star FM  
SEA FM  
Walker Bros Timber & Building Supplies  
Men of League Foundation Central Coast  
ICU Security Cameras

Lion Nathan – Tooheys  
Tabcorp  
Central Coast Council  
Schweppes  
Guardian Safety Solutions  
Pluim Group  
E Group Security  
Broken Bay Catholic Diocese  
Haven Education Centre  
Erina Juniors Rugby League Club

### **Internal Staff**

The team continues to be headed by Daniel Lacey, supported by a number of dedicated staff. Due to natural attrition within the administration and hospitality departments we have recruited a couple of new employees.

David Shanahan has taken the role of Operations Manager. David joined in October 2016 from the Sunshine Coast QLD. David has amassed a wealth of experience in the hospitality industry with stints in hotels, function centres and events.

Samantha Manton joined the Club in the role of Hospitality Assistant. Samantha has a great knowledge of hospitality and events mostly from working at Crowne Plaza Terrigal.

Jay Sutton joined the team in April in the role of Finance Manager. Jay has recently relocated from Sydney and brings with him a number of years in finance roles.

Kirstie Anders filled the role of Administration Assistant, Kirstie will also manage the raceday office.

Due to the increase in events conducted and to safeguard consistency the Board approved the new position of Head Chef. This role was filled by James McSkimming, James has worked in all facets of the catering industry and will be a valuable asset for the Club.

I would like to once again congratulate Steve Scollard and his track team for another outstanding racing surface. The level of wagering revenue that Gosford attracts is testament to the condition and fair nature of the course proper.

Finally but not least I would also like to thank all our casual race day and event staff who assist the Club in ensuring all of our events run smoothly.

### **Acknowledgements**

I wish to acknowledge the support received from the following:

Racing NSW  
Australian Turf Club  
NSW Owners Association  
NSW Bookmakers Co-operative  
NSW Thoroughbred Breeders Association

Department of Liquor, Gaming & Racing  
All the Provincial Race Clubs  
NSW Jockeys Association  
NSW Trainers Association

Plus all other Clubs and Associations who readily gave their assistance when requested.

## **Appreciation**

Once again I would like to thank my fellow Board Members for their dedication, skills and outstanding business knowledge. Their input at meetings and outside is always considered and valuable and I am sure we have amongst the most rounded and knowledgeable in the State. The role of a Board member today requires so much more than just a knowledge of racing. With governance, compliance and financial management under so much scrutiny these days a sound business knowledge, a measured approach to decision making and the desire to see the business move forward are a must. I could not ask for a better group to be involved with in this role. All have the best interest of the Club at heart and understand that occasionally tough decisions have to be made and none shirk this responsibility.

For the entirety of the financial year there were no Board Member movements. This stability is essential to deliver the strategic plan for the business into the future.

I would also like to extend my thanks to my Executive, Jim Mcfadyen and Stephen McShane, and the rest of the Board, Reg Delaney, Michael Griffiths, Andrew Allen and David Hassab for their efforts and support throughout this year.

The Board has a tremendous working relationship with CEO Daniel Lacey and this has been instrumental in the successful implementation of our strategy. I thank him for his efforts and support in my role over the course of the year and look forward to a long association.

In closing I would like to thank our members for their contribution to the Club and also welcome our many new members who have joined over the last twelve months.

May I wish you again good health and happiness and look forward to catching up with many of you throughout the year.

**Michael Cusick**  
**Chairman**

# Gosford Race Club Limited

## Directors' report

### For the year ended 30 June 2017

The directors present their report together with the financial statements of Gosford Race Club Limited (the Company) for the financial year ended 30 June 2017 and the auditor's report thereon.

#### 1 Directors

The directors of the Company at any time during or since the end of the financial year are:

<b>Name, qualifications</b>	<b>Experience</b>	<b>Special responsibility</b>
CUSICK, M A Chairman	Ex-Officio Member on all Sub Committees. Company Director.	Director since August 2009, Elected Chariman 26/10/10
MACFADYEN, J M Vice Chairman	Finance Sub Committee Company Director	Director since October 2008, Elected Vice Chairman 26/10/10
MCSHANE, S Hon. Treasurer	Finance Sub Committee. Chartered Accountant	Director since May 2005, Elected Treasurer 14/2/06
ALLEN, A E J Director	Real Estate Agent.	Director since May 2006
DELANEY, R C Director	Company Director.	Director since October 2003
GRIFFITHS, M W Director	Finance Sub Committee Company General Manager	Director since October 2010
HASSAB, D Director	Company General Manager	Director since December 2015

# Gosford Race Club Limited

## Directors' report (continued)

**For the year ended 30 June 2017**

### 2 Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

#### Attendance at Directors' Board Meeting

Director	A	B	C	D
M A Cusick	10	10	-	-
J M Macfadyen	10	9	1	-
S McShane	10	10	-	-
A E J Allen	10	7	3	-
D Hassab	10	10	-	-
R C Delaney	10	10	-	-
M W Griffiths	10	10	-	-

A – Number of meetings held during the time the director held office during the year

B – Number of meetings attended

C – Apologies

D – Leave of absence

### 3 Principal activities, objectives and strategies

The principal activities of the Company during the course of the financial year were the conduct of licensed horse racing.

There were no significant changes in the nature of the activities of the Company during the year.

Short and long-term objectives

#### *Racing*

- Focus on feature race days, build on them and take them to the next level in terms of both patron experience and attendance.

#### *Events*

- Grow non race day events and conference business.
- Integrate Gosford Race Club as a Central Coast community asset.

#### *Facilities*

- Maintain and enhance facilities to current patron expectations.

# Gosford Race Club Limited

## Directors' report (continued)

**For the year ended 30 June 2017**

### **4 Review of performance**

The operating profit of the Company for the year ended 30 June 2017 was \$190,742 (2016: \$466,341), after charging \$670,284 (2016: \$650,070) for depreciation, impairment loss of \$nil (2016: impairment loss of \$218,379) and \$8,633 (2016: \$2,887) for net finance costs. In addition, included within profit was a gain on sale of property, plant and equipment of \$191,171 due to the sale of land (2016: \$542,919).

### **5 Membership**

The Company is incorporated and domiciled in Australia as a public company limited by guarantee. In accordance with the Constitution of the Company, every member of the Company undertakes to contribute an amount limited to \$2 per member in the event of the winding up of the Company during the time that he or she is a member or within one year thereafter. The number of members as at 30 June 2017 and the comparison with the prior year is as follows:

<b>Number of members</b>	<b>2017</b>	<b>2016</b>
General	765	756
Life	14	14
Corporate	9	17
	<u>788</u>	<u>787</u>

As at 30 June 2017, the total amount that members of the Company are liable to contribute if the Company is wound up is \$1,530 (2016: \$1,512).

### **6 Events subsequent to reporting date**

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

### **7 Lead auditor's independence declaration**

The Lead auditor's independence declaration is set out on page 13 and forms part of the directors' report for the financial year ended 30 June 2017.

This report is made in accordance with a resolution of the directors:



M A Cusick  
Chairman



S McShane  
Director

Dated at Gosford this 19th day of September 2017.



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Gosford Race Club Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Gosford Race Club Limited for the **financial year** ended 30 June 2017 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

*KPMG*

KPMG

Cameron Roan

*Partner*

Sydney

19 September 2017

# Gosford Race Club Limited

## Statement of profit or loss and other comprehensive income

For the year ended 30 June 2017

In AUD

	<b>Note</b>	<b>2017</b>	<b>2016</b>
Revenue	5	10,907,802	9,691,894
Other income		470,313	318,331
Prize money, trophies and subsidies		(5,401,326)	(4,174,637)
Hospitality and events		(864,572)	(807,396)
Racecourse maintenance		(1,103,627)	(1,026,536)
Racing expenses		(1,670,528)	(1,640,656)
Administration		(1,397,926)	(1,421,087)
Marketing and promotions		(191,312)	(113,324)
Net gain/(loss) on disposal of property, plant and equipment		191,171	542,919
Net gain/(loss) on sale of investments	11	(56,470)	-
Other expenses		(13,866)	(31,831)
<b>Profit before depreciation, impairment and finance costs</b>		<b>869,659</b>	<b>1,337,677</b>
Impairment expense on available for sale investments	11	-	(218,379)
Depreciation		(670,284)	(650,070)
<b>Results from operating activities</b>		<b>199,375</b>	<b>469,228</b>
Finance income		1,711	6,297
Finance costs		(10,344)	(9,184)
<b>Net finance costs</b>	7	<b>(8,633)</b>	<b>(2,887)</b>
<b>Profit before income tax</b>		<b>190,742</b>	<b>466,341</b>
Income tax expense		-	-
<b>Profit for the year</b>		<b>190,742</b>	<b>466,341</b>
<b>Other comprehensive income</b>			
Available-for-sale financial assets - net change in fair value		344,198	(84,754)
<b>Total comprehensive income for the year</b>		<b>534,940</b>	<b>381,587</b>

The notes on pages 18 to 31 are an integral part of these financial statements.

# Gosford Race Club Limited

## Statement of financial position

**As at 30 June 2017**

*In AUD*

	<b>Note</b>	<b>2017</b>	<b>2016</b>
<b>Assets</b>			
Cash and cash equivalents	8	162,479	39,945
Trade and other receivables	9	1,666,206	1,483,151
Inventories	10	65,215	79,090
<b>Total current assets</b>		<b>1,893,900</b>	<b>1,602,186</b>
Investments	11	4,612,085	4,227,627
Property, plant and equipment	12	16,168,811	16,248,171
<b>Total non-current assets</b>		<b>20,780,896</b>	<b>20,475,798</b>
<b>Total assets</b>		<b>22,674,796</b>	<b>22,077,984</b>
<b>Liabilities</b>			
Bank overdraft	8	-	70,000
Trade and other payables	13	787,415	587,907
Hire purchase liabilities	14	50,740	38,859
Employee benefits	15	78,443	93,937
Income received in advance		114,319	119,892
<b>Total current liabilities</b>		<b>1,030,917</b>	<b>910,595</b>
Hire purchase liabilities	14	87,164	137,898
Employee benefits	15	66,595	74,311
<b>Total non-current liabilities</b>		<b>153,759</b>	<b>212,209</b>
<b>Total liabilities</b>		<b>1,184,676</b>	<b>1,122,804</b>
<b>Net assets</b>		<b>21,490,120</b>	<b>20,955,180</b>
<b>Members' funds</b>			
Reserves		1,825,763	1,581,268
General funds		19,664,357	19,373,912
<b>Total members' funds</b>		<b>21,490,120</b>	<b>20,955,180</b>

The notes on pages 18 to 31 are an integral part of these financial statements.



# Gosford Race Club Limited

## Statement of changes in members' funds

For the year ended 30 June 2017

<i>In AUD</i>	<b>Fair value reserve</b>	<b>Capital profit reserve</b>	<b>General funds</b>	<b>Total members' funds</b>
Balance at 1 July 2015	218,073	1,447,949	18,907,571	20,573,593
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	466,341	466,341
Other comprehensive income	(84,754)	-	-	(84,754)
<b>Total comprehensive income for the year</b>	(84,754)	-	466,341	381,587
<b>Balance at 30 June 2016</b>	<b>133,319</b>	<b>1,447,949</b>	<b>19,373,912</b>	<b>20,955,180</b>
Balance at 1 July 2016	133,319	1,447,949	19,373,912	20,955,180
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	190,742	190,742
Transfers from available for sale reserves	(99,703)	-	99,703	-
Other comprehensive income	344,198	-	-	344,198
<b>Total comprehensive income for the year</b>	<b>244,495</b>	<b>-</b>	<b>290,445</b>	<b>534,940</b>
<b>Balance at 30 June 2017</b>	<b>377,814</b>	<b>1,447,949</b>	<b>19,664,357</b>	<b>21,490,120</b>

The notes on pages 18 to 31 are an integral part of these financial statements.

# Gosford Race Club Limited

## Statement of cash flows

For the year ended 30 June 2017

*In AUD*

	<b>Note</b>	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities</b>			
Cash receipts from customers		12,034,086	10,464,133
Cash paid to suppliers and employees		(11,561,753)	(10,126,276)
Cash generated from operating activities		472,333	337,857
Interest paid		(10,344)	(9,184)
Interest received		1,711	6,297
<b>Net cash from operating activities</b>		<b>463,700</b>	<b>334,970</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		192,412	617,425
Acquisition of property, plant and equipment		(592,165)	(841,925)
Investment income		262,517	308,440
Proceeds from sale of investments		1,611,355	-
Acquisition of investments		(1,706,432)	-
<b>Net cash (used in)/from investing activities</b>		<b>(232,313)</b>	<b>83,940</b>
<b>Cash flows from financing activities</b>			
Payments of finance lease liabilities		(38,853)	(23,640)
<b>Net cash used in financing activities</b>		<b>(38,853)</b>	<b>(23,640)</b>
Net increase/ (decrease) in cash and cash equivalents		192,534	395,270
Cash and cash equivalents at beginning of year		(30,055)	(425,325)
<b>Cash and cash equivalents at end of year</b>	<b>8</b>	<b>162,479</b>	<b>(30,055)</b>

The notes on pages 18 to 31 are an integral part of these financial statements.

# Gosford Race Club Limited

## Notes to the financial statements

**For the year ended 30 June 2017**

### **1 Reporting entity**

Gosford Race Club Limited (the Company) is a not-for-profit company domiciled in Australia as a public company limited by guarantee. The address of the Company's registered office is Racecourse Road, West Gosford NSW 2250. The financial statements are as at and for the year ended 30 June 2017.

The principal activities of the Company during the course of the financial year were the conduct of licensed horse racing.

### **2 Basis of preparation**

#### **(a) Statement of compliance**

In the opinion of the directors, the Company is not publicly accountable. The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board and the Corporations Act 2001. These financial statements comply with Australian Accounting Standards – Reduced Disclosure Requirements.

The financial statements were authorised for issue by the Board of Directors on 19th September 2017.

#### **(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis, except for available-for-sale financial assets which are measured at fair value.

#### **(c) Functional and presentation currency**

These financial statements are presented in Australian dollars, which is the Company's functional currency.

#### **(d) Use of estimates and judgements**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no judgements made by management in the application of Australian Accounting Standards that have a significant effect on the financial report or estimates with a significant risk of material adjustment in the next year.

#### **(e) New accounting standards for application in future periods**

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company has decided not to early adopt any of the new and amended pronouncements. None of these are expected to have a significant impact on the financial statements of the Company.

##### *AASB 15 Revenue from Contracts with Customers*

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 18 Revenue, AASB 111 Construction Contracts and AASB Interpretation 13 Customer Loyalty Programmes. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 15.

##### *AASB 9 Financial instruments (2014)*

AASB 9, approved in December 2014, replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 9.

# Gosford Race Club Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2017

### 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. Certain comparative amounts have been reclassified to conform with the current year's presentation.

#### (a) Financial instruments

##### (i) *Non-derivative financial assets*

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets: loans and receivables and available-for-sale assets.

##### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

##### *Trade and other receivables*

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. Trade receivables are generally due for settlement within 30 days.

##### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3d(ii)), are recognised in other comprehensive income and presented in the investment revaluation reserve in members' funds. When an investment is derecognised, the cumulative gain or loss in members' funds is transferred to profit or loss.

The Company's investments in equity securities are classified as available-for-sale financial assets. The fair value of equity securities is determined by reference to their quoted closing bid price at the reporting date.

##### (ii) *Non-derivative financial liabilities*

Financial liabilities are recognised initially on the date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

# Gosford Race Club Limited

## Notes to the financial statements (continued)

**For the year ended 30 June 2017**

### **3 Significant accounting policies (continued)**

#### **(a) Financial instruments (continued)**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

The Company classified non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables.

##### *Trade and other payables*

These amounts represent liabilities for goods and services provided to the Company to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

#### **(b) Property, plant and equipment**

##### *(i) Recognition and measurement*

###### *Property, plant and equipment*

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net in profit or loss.

##### *(ii) Subsequent costs*

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

# Gosford Race Club Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2017

### 3 Significant accounting policies (continued)

#### (b) Property, plant and equipment (continued)

##### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Land is not depreciated.

The depreciation rates for the current and comparative years are as follows:

- |                       |            |
|-----------------------|------------|
| • freehold buildings  | 2.5% - 10% |
| • plant and equipment | 10% - 40%  |

Depreciation methods, depreciation rates and residual values are reviewed at each reporting date and adjusted if appropriate.

#### (c) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

#### (d) Impairment

##### (i) Non-derivative financial assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or economic conditions that correlate with defaults.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

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 asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes to the financial statements (continued)

For the year ended 30 June 2017

**3 Significant accounting policies (continued)**

**(d) Impairment (continued)**

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The cumulative loss that is reclassified from the fair value reserve to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale asset increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

*(ii) Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Depreciated replacement cost is used to determine value in use. Depreciated replacement cost is the current replacement cost of the item less, where applicable, accumulated depreciation to date, calculated on the basis of such cost. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets the "cash-generating unit" or "CGU".

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(e) Employee benefits**

*(i) Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

# Gosford Race Club Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2017

### 3 Significant accounting policies (continued)

#### (e) Employee benefits (continued)

##### (ii) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

##### (iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

#### (f) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability.

#### (g) Income received in advance

Membership fees, nomination and acceptance fees and other revenues of the Company which have been received in the reporting period, but which relate to a subsequent accounting period, have been deferred in the statement of financial position and will be brought to account as revenue during the period to which they relate.

#### (h) Revenue

Revenue is recognised at the fair value of the consideration received or receivable.

##### (i) TAB distributions

The TAB distributions include distributions paid or owed by Tabcorp Holdings Limited (Tabcorp) to the racing industry for the supply of racing for the year ended 30 June 2017.

The TAB / racing industry agreements set out a formula under which distributions to the NSW racing industry, and amongst various stakeholders are made. Those agreements stipulate that each stakeholder will receive an amount determined after the deduction of industry related expenses such as administration costs associated with running NSW racing's regulatory bodies. The Company recognises this income on a net income basis.

##### (ii) Commercial

###### *Sponsorship and Broadcast rights*

Sponsorship revenue is recognised based on contractual invoice dates and the fulfilment of sponsor race day requirements and sponsorship activity.

Broadcast revenue is recognised on an accruals basis over the life of the contract with any amounts received upfront as base rights deferred and recognised over the life of the contract.

###### *Membership subscriptions*

Membership revenue collected in advance is recognised equally throughout each month of the year. Membership revenue collected throughout the period is recognised equally in the remaining months of the year.

###### *Hospitality and events*

Hospitality and events revenue comprises venue hire, food and beverage sales for race day and non-race day events. These are recognised when the race day or events occur.



# Gosford Race Club Limited

## Notes to the financial statements (continued)

**For the year ended 30 June 2017**

### **3 Significant accounting policies (continued)**

#### **(h) Revenue (continued)**

(iii) *Racing - NSW prizemoney subsidy*

RacingNSW prizemoney subsidy is recognised on an accruals basis.

(iv) *Bookmaker fees, Nominations and acceptance fees*

Bookmakers fees, nominations and acceptances fees are recognised on an accrual basis.

(v) *Training fees*

Training fees are recognised at the time the training services are provided.

(vi) *Rental income*

Rental income is the rental income from property and is recognised in the statement of profit or loss and other comprehensive income on a straight-line basis over the term of the lease.

#### **(i) Finance income and finance costs**

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and bank charges.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

#### **(j) Income tax**

The company is exempt from taxation under section 50-45 of the Income Tax Assessment Act (1997).

# Gosford Race Club Limited

## Notes to the financial statements (continued)

**For the year ended 30 June 2017**

### **3 Significant accounting policies (continued)**

#### **(k) Goods and service tax**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

### **4 Determination of fair values**

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Where applicable, further information about the assumptions made in determining fair values is disclosed in the accounting policies and notes specific to that asset or liability.

# Gosford Race Club Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2017

### 5 Revenue

*In AUD*

	2017	2016
TAB distributions - net	4,556,209	4,503,469
Racing	3,012,303	1,798,123
Hospitality and events	1,416,823	1,425,462
Sponsorship and broadcast rights	1,237,476	1,355,549
Membership subscriptions	44,164	49,982
Rental income	227,620	147,717
Bookmaker fees	29,097	39,070
Admissions	92,785	101,166
Nominations and acceptances	99,972	100,245
Training Fees	191,353	171,111
	<u>10,907,802</u>	<u>9,691,894</u>

### 6 Personnel expenses

*In AUD*

	2017	2016
Wages and salaries	1,482,281	1,519,910
Contributions to defined contribution plans	130,318	123,858
Other employment expenses	204,880	93,230
	<u>1,817,479</u>	<u>1,736,998</u>

### 7 Finance income and finance costs

*In AUD*

	2017	2016
Interest income	1,711	6,297
Finance income	<u>1,711</u>	<u>6,297</u>
Interest expense	(10,344)	(9,184)
Finance costs	<u>(10,344)</u>	<u>(9,184)</u>
Net finance income	<u>(8,633)</u>	<u>(2,887)</u>

### 8 Cash and cash equivalents

*In AUD*

	2017	2016
Cash on hand	2,654	13,421
Bank balances	<u>159,825</u>	<u>26,524</u>
	<u>162,479</u>	<u>39,945</u>
Bank overdraft*	-	(70,000)
	<u>162,479</u>	<u>(30,055)</u>

#### Security\*

First Registered Mortgage by Gosford Race Club over Non Residential Real Property located at 2 Racecourse Road West Gosford NSW 2250.

First Registered Mortgage by Gosford Race Club Ltd over Residential Real Property located at 8 Faunce St, West Gosford NSW 2250.

# Gosford Race Club Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2017

### 9 Trade and other receivables

*In AUD*

**2017**

**2016**

#### **Current**

Trade receivables

75,652

41,898

Accrued income

1,590,554

1,441,253

1,666,206

1,483,151

The Company's has not recognised any impairment losses with respect to trade and other receivables in the year ended 30 June 2017 (2016: Nil).

### 10 Inventories

*In AUD*

**2017**

**2016**

Bar stock - at cost

47,215

62,681

Food stock - at cost

18,000

16,409

65,215

79,090

### 11 Investments

*In AUD*

**2017**

**2016**

#### **Non current investments**

Available-for-sale investments

4,612,085

4,227,627

4,612,085

4,227,627

The Company's has recognised impairment losses with respect to Available for sale investments in the year ended 30 June 2017 to the amount of \$nil (2016: \$218,379). During the year a net loss of \$56,470 (2016:\$nil) was recognised on investment sold.

# Gosford Race Club Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2017

### 12 Property, plant and equipment

<i>In AUD</i>	<i>Note</i>	<b>Land</b>	<b>Buildings</b>	<b>Ground Improvements</b>	<b>Plant and equipment</b>	<b>Motor Vehicles</b>	<b>Capitalised work in progress</b>	<b>Total</b>
<b>Cost</b>								
Balance at 1 July 2016		3,102,521	13,820,395	2,826,240	4,145,941	102,720	-	23,997,817
Additions		-	70,956	8,964	512,244	-	-	592,164
Disposals		(1,240)	-	-	-	-	-	(1,240)
Transfers from capitalised work in progress		-	-	-	-	-	-	-
Balance at 30 June 2017		3,101,281	13,891,351	2,835,204	4,658,185	102,720	-	24,588,741
<b>Depreciation</b>								
Balance at 1 July 2016		-	3,997,591	1,086,069	2,623,755	42,231	-	7,749,646
Depreciation for the year		-	279,227	80,638	289,181	21,238	-	670,284
Disposals		-	-	-	-	-	-	-
Balance at 30 June 2017		-	4,276,818	1,166,707	2,912,936	63,469	-	8,419,930
<b>Carrying amounts</b>								
At 30 June 2016		3,102,521	9,822,804	1,740,171	1,522,186	60,489	-	16,248,171
At 30 June 2017		3,101,281	9,614,533	1,668,497	1,745,249	39,251	-	16,168,811

# Gosford Race Club Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2017

### 13 Trade and other payables

In AUD

	2017	2016
<b>Current</b>		
Trade payables	663,258	396,195
Non-trade payables and accrued expenses	53,572	101,565
Goods and services tax payables	70,585	90,147
	<u>787,415</u>	<u>587,907</u>

### 14 Hire purchase liabilities

In AUD

	2017	2016
<b>Current liabilities</b>		
Hire purchase liabilities	<u>50,740</u>	<u>38,859</u>
	<u>50,740</u>	<u>38,859</u>
<b>Non-current liabilities</b>		
Hire purchase liabilities	<u>87,164</u>	<u>137,898</u>
	<u>87,164</u>	<u>137,898</u>

	Future minimum lease payments 2017	Interest 2017	Present value of minimum lease payments 2017	Future minimum lease payments 2016	Interest 2016	Present value of minimum lease payments 2016
In AUD						
Less than one year	57,430	6,690	50,740	47,857	8,998	38,859
Between one and five yrs	99,640	12,476	87,164	150,374	12,476	137,898
	<u>157,070</u>	<u>19,166</u>	<u>137,904</u>	<u>198,231</u>	<u>21,474</u>	<u>116,430</u>

### 15 Employee benefits

In AUD

	2017	2016
<b>Current liabilities</b>		
Annual leave provision	<u>78,443</u>	<u>93,937</u>
	<u>78,443</u>	<u>93,937</u>
<b>Non-current liabilities</b>		
Long service leave provision	<u>66,595</u>	<u>74,311</u>
	<u>66,595</u>	<u>74,311</u>

# Gosford Race Club Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2017

### 16 Operating leases

#### Leases as lessor

The Company leases out its property held under operating leases. The future expected lease payments under non-cancellable leases are as follows:

*In AUD*

	2017	2016
Less than one year	55,440	92,400
Between one and five years	-	-
More than five years	-	-
	<u>55,440</u>	<u>92,400</u>

During the year \$227,620 (2016: \$147,717) was recognised as rental income in profit or loss statement.

### 17 Contingencies

The directors are of the opinion that provisions are not required in respect of those matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

*In AUD*

#### Bank guarantees

	2017	2016
Auto-pay facility	400,000	400,000
	<u>400,000</u>	<u>400,000</u>

### 18 Reserves

#### Capital profit reserve

The amount represents the balance of the revaluation reserve at 1 July 2004 in respect of assets that were measured on the basis of deemed cost on transition to AIFRSs.

#### Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets, until the assets are derecognised or impaired.

### 19 Economic dependency

Significant levels of revenue are sourced from RacingNSW. The financial viability of the Company is highly dependant on this source of funds, with no other major source being immediately available should RacingNSW reduce the revenue.

# Gosford Race Club Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2017

### 20 Related parties

#### Transactions with key management personnel

Directors received honorariums from the Company during the year totalling \$nil (2016: \$nil).

#### Key management personnel compensation

The key management personnel compensation comprised:

*In AUD*

	2017	2016
Short-term employee benefits	488,456	469,410
Other long-term benefits	8,919	6,180
	<u>497,375</u>	<u>475,590</u>

#### Other key management personnel compensation

From time to time, directors of the Company may purchase goods from the Company or participate in other Club activities. These purchases and participations are on the same terms and conditions as those entered into by other Company employees or customers and are trivial or domestic in nature.

Apart from the details disclosed above in this note, no other director has entered into a material contract with the Company during the year or since the end of the previous financial year and there were no material contracts involving other directors' interests existing at year-end.

### 21 Subsequent events

There have been no events subsequent to the reporting date which would have a material effect on the Company's financial statements at 30 June 2017.



# Gosford Race Club Limited

## Directors' declaration

In the opinion of the directors of Gosford Race Club Limited (the Company):

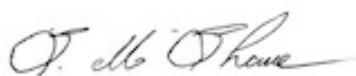
- (a) the financial statements and notes, set out on pages 14 to 31, are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.



---

*M A Cusick*  
Chairman



---

*S McShane*  
Director

Dated at Gosford this 19th day of September 2017.



# Independent Auditor's Report

To the members of Gosford Race Club Limited

## Opinion

We have audited the **Financial Report** of Gosford Race Club Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards- Reduced Disclosure Requirements* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2017
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

## Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Company in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

## Other Information

Other Information is financial and non-financial information in Gosford Race Club Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the *Chairmans' report and Directors' report*.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

## Independent Auditor's Report (continued)

### Other Information (continued)

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

### Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards - Reduced Disclosure Requirements* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar7.pdf](http://www.auasb.gov.au/auditors_files/ar7.pdf). This description forms part of our Auditor's Report.



Cameron Roan

Partner

Sydney

19 September 2017



KPMG