

# Gosford Race Club Limited

ABN 26 003 846 124



CENTRAL COAST

## 31<sup>st</sup> Annual Report 2020

## CONTENTS

	Pages
Chairmans Report	3
Directors' Report	8
Auditor's Independence Declaration	11
Statement of a Profit or Loss and Other Comprehensive Income	12
Statement of Financial Position	13
Statement of changes in members' funds	14
Statement of cash flows	15
Notes to the financial statements	16
Directors' declaration	32
Independent auditor's report	33

## **Chairman's Report 2019/2020**

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

The 2019/20 year has been a challenging one. With drought, bushfires and Covid-19 we are all living in a very different world from that to which we had become accustomed. Specifically, for Gosford Race Club, we have endured race meetings ranging from severe heat to flooding plus the 'new normal' of restricted attendances. These factors threatened to severely impact not only this year's result but also future years' ability to keep producing a cash profit.

The 2018/19 year was one of fiscal retraction, one where we and many other clubs were faced with declining TAB wagering, which is our main source of income, plus a general tightening of people's discretionary spending. However, 2019/20 had promised to be an historic one for the Club. We were to run our first ever Standalone race meeting in May 2020 featuring our richest ever race, the \$500,000 'The Coast', the Luux Gosford Gold Cup prizemoney was increased to \$250,000 and Anzac Day fell on a Saturday, which would have ensured a bumper crowd. We were also due to host our first genuine large-scale concert in the infield with a number of international acts, which would have seen a crowd of close to 10,000. All of these highlights were the cumulation of many years of hard work, dating back to 2014 when the Board invested in spectator facilities and re-branded. As the year progressed none of them could be achieved and our focus as a business had to change.

The Board conducts its annual strategy meeting around March each year. Whilst in most years there is a focus on growth and advancement strategies, this year was unfortunately different. We held our meeting just after our Provincial Championships raceday, which was the last raceday that was to be attended by patrons for a number of months. This was a difficult period to navigate. Covid-19 was spreading fast around the world and we had been ordered to close our doors to patrons. With no script to read from we as a Board had to make some difficult decisions to secure the financial viability of the Club. All ancillary spending was halted and all projects that involved future racedays were suspended. During the April-June period our hospitality business (including raceday and non raceday events) suffered dramatically with close to \$670k in lost revenue. The only upside to this was that we qualified for the 'JobKeeper' scheme which enabled a number of staff to remain in employment.

Due to a number of meetings having to be held in a 'closed door' format including our Gold Cup, the decision was made to carry over the current membership period into 2020/21. This means that all 2019/20 members will retain membership until June 2021. Your current cards will continue to work and all rights are retained.

We now find ourselves in a state of semi hibernation with restricted capacity and new rules/policies for on course patrons. Whilst it is positive that we can now see a return of patrons the profitability of our racedays and events is considerably reduced. For example we cannot plan our usual summer activations such as marquees. We have by necessity invoked a fluid planning strategy whereby we will react to any easing or tightening of Covid 19 restrictions. Consequently in the coming year we will run the majority of racedays to our internal capacity only, which is under 500 patrons. During the warmer months we may also allow external only patrons. The decline in income and our reduced ability to generate new business will mean that tight control on cost and spending is paramount to see us through to when we can re-open at full capacity.

These limits have forced us to make the difficult decision to cancel our usually very successful Melbourne Cup and December Picnic meetings in 2020/21. These days are not

funded as per the usual racemeeting model and so a crowd of at least 1,200 patrons is required for them to be profitable.

Notwithstanding the above we believe that with the team we have in place that we are well equipped to be able to move with the ever-changing rules and to commence rebuilding our business.

With regards to year ahead the following features are tentatively in place

**Tuesday 29<sup>th</sup> December 2020**

De Bortoli Wines 'Belle of the Turf Stakes' – Group 3, \$170,000

Sneddon Bros Gosford Guineas – Listed, \$150,000

MJ Cusick Stakes– 4YO+ Class 4, \$60,000

**Saturday 8<sup>th</sup> May 2021**

Luux Gosford Gold Cup – Listed, \$250,000

Gosford RSL 'Takeover Target Stakes' – Listed, \$150,000

The Coast – 1600M 3&4 YO - \$500,000

We are awaiting confirmation from RNSW as to whether the 'The Coast' will be in the format as noted above and what the final prizemoney levels will be.

In review of the racing year, the heats of the 'Provincial Championships' were as usual highly anticipated. Historically we have experienced extremely bad luck with the weather on this day to the extent that prior to this year we had lost two of the three race meetings. To continue this trend, we also lost the 2020 race. The meeting was held as scheduled up until the race before the Provincial Championship Heat, however unfavourable weather hit Gosford shortly thereafter and the race was postponed. It was eventually run at Newcastle five days later, being taken out by the Kris Lees trained 'Asharani' with the eventual winner of the series 'Through The Cracks' trained by Gosford's own Angela Davis finishing second. At this moment I wish to acknowledge Angela's success in the final. Angela is a boutique trainer with a modestly sized stable so to win such a highly prized race against some much larger stables is a truly great accomplishment. It was however unfortunate for Angela, her team and her owners that the final was ultimately run in a closed-door format so the thrill of the win was not fully experienced.

I would like to now address the ongoing issue of training at Gosford. The board has previously announced that its very strong preference is for Gosford to become a centre of training excellence. Since then the Club and Racing NSW have been in continuous discussions to establish an outcome in the best interests of both Gosford and the broader industry. I acknowledge that the time this has taken is immensely frustrating to our existing trainers. However I want to assure everyone that the delay is not due to any lack of enthusiasm on the part of the board. The issue is that the cost of upgrading the existing facilities to a standard that will attract outside trainers and raise the number of Gosford trained starters is in the many millions of dollars. The current Board recognises that the Club must make a significant contribution to this however we cannot ignore our governance obligations and jeopardise the Club's financial independence so assiduously established and nurtured by previous boards. We have already secured a DA for a new training track so when an agreement is reached we are well placed to commence the project. We have also ordered new training gates that will be used for jump outs and educational purposes. In the interim we have made provision to undertake an extensive renovation of the existing fast work track. This was originally planned for the early part of the year, however the only

company that can perform these works to the desired standard is based in Melbourne and has been unable to gain access to NSW. I must stress though that the track is now over fifteen years old and no amount of additional maintenance will bring it to the quality that Gosford trainers desire and deserve. As with most of our business this situation will be continually reviewed and we are hopeful of these remedial works being completed in the near future.

## **Finance**

In 2019/2020 the Gosford Race Club recorded a total comprehensive loss of \$171,290 (2019 \$216,965 loss) after depreciation and amortisation. Profit before depreciation, impairment and finance costs was \$683,970 (2019 \$311,065).

Producing a positive cash result, particularly in the current economic climate is a very pleasing outcome and demonstrates that the club is on the right path to maintaining future sustainability.

It must be noted however that COVID has further added to the current downward trend in the distributions we receive from TAB wagering. In FY18/19 the distributions were down by \$284k compared to the prior year and FY19/20 is down \$148k from last year. Therefore in two years our distributions have reduced by \$432k. As punters migrate to corporate agencies the available funds to distribute to race clubs via the TAB distribution agreement is diminishing. During Covid this was exacerbated by all TAB agencies in the high street and pubs/clubs closing for a period of time. This side of the TAB business generates approximately 50% of their revenue. The Club has little to no influence on this income stream even though it accounts for over half of our actual income. All clubs across NSW have felt this downturn. RNSW has provided financial relief to the industry during the latter part of FY19/20 of which we are appreciative.

## **Racing**

The Gosford Race Club hosts four feature Black Type races each year, and the following tables show the results of these events in 2019/2020.

\$200,000 Listed Luux Gosford Gold Cup  
Another Dollar – G Boss – C Waller

\$170,000 Group 3 Gosford RSL Belle of the Turf Stakes  
Tinkermosa – J Penza – J Sargent

\$120,000 Listed DeBortoli Wines Takeover Target Stakes  
Snitz – T Clark – M Dunn

\$150,000 Listed UTSS Gosford Guineas  
Hightail – H Bowman - P&P Snowden

## **Premierships**

Leading trainer: Kris Lees - 10 wins

Leading jockey: Jason Collett - 8 wins

Leading apprentice: Tom Sherry – 7 wins

Leading Gosford trainer: Greg McFarlane & Adam Duggan – 12 wins each

## **Sponsors**

An important 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.

During the 2019/2020 year we brought on a new sponsor for our Gold Cup, being Luux™ Properties. Whilst Luux™ is a Sydney-based independent property developer, it is steadily making its mark in the Central Coast market with an exciting project located directly opposite the Gosford Race Club on Racecourse Road.

We have many long term and loyal sponsors and corporate members, who we hope will stay with us for many years to come:

BJ Howes Metaland  
Central Coast Council  
Central Coast Granite  
Coca Cola  
DeBortoli Wines  
Erina Juniors Rugby League Club  
EVE Security Services  
Gosford RSL  
Guardian Safety Solutions  
Hit Network  
Industree Group  
Legacy  
Lion Nathan – Tooheys  
Luux™ Properties  
Narara Plumbing  
Pluim Group  
Polytrack  
Signarama Erina/Gosford  
SKY Channel  
Sneddon Bros Maintenance  
Star FM  
Tabcorp  
Tanti Financial Services  
Taperell Rutledge Solicitors  
The Entrance Leagues Club  
Turfcare NSW  
Walker Bros Timber & Building Supplies

## **Internal Staff**

The team continues to be headed by Daniel Lacey, supported by a group of dedicated staff. Over the course of the last year we have undergone a restructure being:

- Kirstie Anders, Cassandra Johnson and Michael Shanahan departed the business.
- Andrea Young joined the club in the role of Hospitality & Events Sales Co-Ordinator. Andrea comes to us from the walkabout park and has a wealth of experience in functions & events. She will also look after Membership.

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 fairness 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 Department of Liquor, Gaming & Racing

Australian Turf Club

All the Provincial Race Clubs

NSW Owners Association NSW Jockeys Association

NSW Bookmakers Co-operative

NSW Trainers Association

NSW Thoroughbred Breeders Association

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

### **Appreciation**

During the year long standing Director and former Vice-Chair Jim MacFadyen retired from his role. The Club then exercised its right to appoint a suitable candidate into the vacant position. Good corporate governance requires that we maintain a 'balanced' board, one that has a mix of experience and with that in mind Mike D'Silva was appointed in February 2020. Mike brings with him a wealth of financial, industry and board knowledge. He has a track record of success, transformation and achievement over a career spanning forty-seven years with Westpac Banking Corporation. He has held senior positions in London and the US, as well as that of Managing Director of Westpac Institutional Bank in Australia. As well as Mike and Jim I once again would like to thank my fellow board Members for their contribution to the club throughout the year. Their dedication, skills and outstanding business knowledge is a major benefit to the club and I feel privileged to be part of such a strong board.

As mentioned in my previous reports 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. We have been lucky to have such stability on the board and this continued during the year. This stability is essential to provide consistency for management and to deliver the strategic plan for the business into the future.

I would like to extend my thanks to my Executive, Michael Griffiths and Stephen McShane, and the rest of the board, Reg Delaney, Andrew Allen, David Hassab and Mike D'Silva 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 navigating these difficult times. 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 new members who have joined over the last twelve months.

May I wish you good health and happiness and look forward to catching up with many of you as and when restrictions allow.

**Michael Cusick**  
**Chairman**

# Gosford Race Club Limited

## Directors' report

### For the year ended 30 June 2020

The directors present their report together with the financial statements of Gosford Race Club Limited (the Company) for the financial year ended 30 June 2020 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-Office Member on all Sub Committees Company Director	Director since August 2009, Elected Chairman 26/10/10
GRIFFITHS, M W Vice Chairman	Finance Sub Committee Company General Manager	Director since October 2010 Elected Vice Chairman 24/10/17
MCSHANE, S Hon. Treasurer	Finance Sub Committee Chartered Accountant	Director since May 2005, Elected Treasurer 14/02/06
ALLEN, A E J Director	Real Estate Agent	Director since May 2006
DELANEY, R C Director	Company Director	Director since October 2003
MACFADYEN, J M Director	Company Director	Director since October 2008 Resigned 18 Feb 2020
DSILVA, M D Director	Company Director	Director since February 2020
HASSAB, D Director	Company General Manager	Director since December 2015

#### 2 Company Secretary

Mr Daniel Lacey was appointed to the position of Company Secretary on 18 February 2016.



# Gosford Race Club Limited

## Directors' report (continued)

For the year ended 30 June 2020

### 3 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	12	11	1	-
J M Macfadyen	7	2	2	3
S McShane	12	12	-	-
A E J Allen	12	11	1	-
D Hassab	12	9	3	-
R C Delaney	12	11	-	1
M W Griffiths	12	12	-	-
M D'Silva	5	5	-	-

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

### 4 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.

### 5 Review of performance

The operating profit of the Company for the year ended 30 June 2020 was \$32,267 (2019: loss \$374,251), after charging \$643,338 (2019: \$672,115) for depreciation and \$8,365 (2019: \$13,201) for net finance income.

# Gosford Race Club Limited

## Directors' report (continued)

**For the year ended 30 June 2020**

### 6 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 2020 and the comparison with the prior year is as follows:

<b>Number of members</b>	<b>2020</b>	<b>2019</b>
General	937	914
Life	11	11
Corporate	10	8
	<u>958</u>	<u>933</u>

As at 30 June 2020, the total amount that members of the Company are liable to contribute if the Company is wound up is \$1,916 (2019: \$1,866).

### 7 Covid-19

The coronavirus COVID-19 has had an impact on the Gosford Race Club's operations and activities and is expected to increasingly affect the Gosford Race Club. It is not possible to accurately determine the nature or extent of the impacts or the time over which the company will be impacted, however it is possible that it will be material to the Gosford Race Club as the effects and consequences are outside the Gosford Race Club's control and are far reaching in Australia and globally. Based on the current available information, the Directors believe that the Gosford Race Club will remain a going concern.

### 8 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.

### 9 Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 5 and forms part of the directors' report for the financial year ended 30 June 2020.

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

*M A Cusick*

\_\_\_\_\_  
M A Cusick  
Chairman

*S McShane*

\_\_\_\_\_  
S McShane  
Director

Dated at Gosford this 23 day of September 2020.



# 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 2020 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

Cameron Roan

Partner

Sydney

23 September 2020

# Gosford Race Club Limited

## Statement of profit or loss and other comprehensive income

For the year ended 30 June 2020

<i>In AUD</i>	<b>Note</b>	<b>2020</b>	<b>2019</b>
Revenue	5	12,117,390	11,861,555
Other income		797,903	405,602
Prize money, trophies and subsidies		(6,618,043)	(6,023,719)
Hospitality and events		(1,174,590)	(1,213,655)
Racecourse maintenance		(1,129,491)	(1,186,294)
Racing expenses		(1,603,386)	(1,861,829)
Administration		(1,423,761)	(1,458,789)
Marketing and promotions		(166,847)	(199,271)
Net (loss)/ gain on disposal of property, plant and equipment		(39,446)	14,545
Net gain/(loss) on sale of investments	11	-	701
Other expenses		(75,759)	(27,782)
<b>Profit before depreciation, impairment and finance costs</b>		<b>683,970</b>	<b>311,065</b>
Depreciation		(643,338)	(672,115)
<b>Results from operating activities</b>		<b>40,632</b>	<b>(361,050)</b>
Finance income		692	1,811
Finance costs		(9,057)	(15,012)
<b>Net finance income</b>	7	<b>(8,365)</b>	<b>(13,201)</b>
<b>Profit/(Loss) before income tax</b>		<b>32,267</b>	<b>(374,251)</b>
Income tax expense		-	-
<b>Profit/(Loss) for the year</b>		<b>32,267</b>	<b>(374,251)</b>
<b>Other comprehensive income</b>			
Net change in fair value of financial assets through other comprehensive income		(203,557)	157,286
<b>Total comprehensive income for the year</b>		<b>(171,290)</b>	<b>(216,965)</b>

The notes on pages 10 to 25 are an integral part of these financial statements.

# Gosford Race Club Limited

## Statement of financial position

As at 30 June 2020

In AUD

	<b>Note</b>	<b>2020</b>	<b>2019</b>
<b>Assets</b>			
Cash and cash equivalents	8	176,750	105,253
Trade and other receivables	9	1,900,619	1,689,225
Inventories	10	37,601	87,950
<b>Total current assets</b>		<u>2,114,970</u>	<u>1,882,428</u>
Investments	11	4,925,810	5,129,370
Property, plant and equipment	12	15,158,464	15,590,964
<b>Total non-current assets</b>		<u>20,084,274</u>	<u>20,720,334</u>
<b>Total assets</b>		<u>22,199,244</u>	<u>22,602,762</u>
<b>Liabilities</b>			
Bank overdraft	8	50,000	340,000
Trade and other payables	13	642,259	522,031
Lease liabilities	14	62,613	64,915
Employee benefits	15	125,788	119,611
Income received in advance		20,184	87,184
<b>Total current liabilities</b>		<u>900,844</u>	<u>1,133,741</u>
Lease liabilities	14	107,556	86,801
Employee benefits	15	53,799	73,886
<b>Total non-current liabilities</b>		<u>161,355</u>	<u>160,687</u>
<b>Total liabilities</b>		<u>1,062,199</u>	<u>1,294,427</u>
<b>Net assets</b>		<u>21,137,045</u>	<u>21,308,335</u>
<b>Members' funds</b>			
Reserves		1,863,711	2,067,268
General funds		19,273,334	19,241,067
<b>Total members' funds</b>		<u>21,137,045</u>	<u>21,308,335</u>

The notes on pages 10 to 25 are an integral part of these financial statements.

# Gosford Race Club Limited

## Statement of changes in members' funds

For the year ended 30 June 2020

<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 2018	598,388	1,447,949	19,478,963	21,525,300
<b>Total comprehensive income for the year</b>				
Loss for the year	-	-	(374,251)	(374,251)
Transfers from available for sale reserves		-		-
Other comprehensive income	157,286	-	-	157,286
<b>Total comprehensive income for the year</b>	157,286	-	(374,251)	(216,965)
Net amount transferred to retained earnings for the derecognition of equity instruments at FVOCI	(136,355)	-	136,355	-
<b>Balance at 30 June 2019</b>	<b>619,319</b>	<b>1,447,949</b>	<b>19,241,067</b>	<b>21,308,335</b>
Balance at 1 July 2019	619,319	1,447,949	19,241,067	21,308,335
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	32,267	32,267
Other comprehensive income	(203,557)	-	-	(203,557)
<b>Total comprehensive income for the year</b>	(203,557)	-	32,267	(171,290)
<b>Balance at 30 June 2020</b>	<b>415,762</b>	<b>1,447,949</b>	<b>19,273,334</b>	<b>21,137,045</b>

The notes on pages 10 to 25 are an integral part of these financial statements.

# Gosford Race Club Limited

## Statement of cash flows

For the year ended 30 June 2020

*In AUD*

	<b>Note</b>	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities</b>			
Cash receipts from customers		12,184,667	12,046,368
Cash paid to suppliers and employees		(11,851,077)	(11,996,161)
Cash generated from operating activities		<u>333,590</u>	<u>50,208</u>
Interest paid		(9,057)	(15,012)
Interest received		692	1,811
<b>Net cash from operating activities</b>		<u><u>325,225</u></u>	<u><u>37,007</u></u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		(39,446)	14,545
Acquisition of property, plant and equipment		(210,834)	(326,691)
Investment income		268,099	234,606
Proceeds from sale of investments		-	1,152,288
Acquisition of investments		-	(1,209,114)
<b>Net cash used in investing activities</b>		<u><u>17,819</u></u>	<u><u>(134,366)</u></u>
<b>Cash flows from financing activities</b>			
Payments of finance lease liabilities		18,453	(6,549)
<b>Net cash used in financing activities</b>		<u><u>18,453</u></u>	<u><u>(6,549)</u></u>
Net increase / (decrease) in cash and cash equivalents		361,497	(103,908)
Cash and cash equivalents at beginning of year		(234,747)	(130,839)
<b>Cash and cash equivalents at end of year</b>	<i>8</i>	<u><u>126,750</u></u>	<u><u>(234,747)</u></u>

The notes on pages 10 to 25 are an integral part of these financial statements.

# Gosford Race Club Limited

## Notes to the financial statements

For the year ended 30 June 2020

### 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 2020.

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 23 September 2020.

#### Adoption of new accounting standards

This is the first set of the Company's financial statements in which AASB 15 Revenue from Contracts with Customers, AASB 1058 Income from Not-for-profit Entities and AASB 16 Leases have been applied. Changes to significant accounting policies are described in Note 3 (X). There has been no impact in the adoption of accounting standard in the financial year.

#### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for fair value through other comprehensive income 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.



# Gosford Race Club Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2020

### 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) Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of a financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

##### (ii) Classification and measurement of financial assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

##### (iii) Subsequent measurement of financial assets

For the purposes of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is

###### (a) Financial assets at amortised cost

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method. The Company's receivables fall into this category of financial instruments.

Receivables comprise cash and cash equivalents, term deposits and trade and other receivables.

###### (b) Financial assets at fair value through profit or loss (FVTPL)

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

###### (c) Equity investment at fair value through other comprehensive income (FVOCI)

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

**3 Significant accounting policies (continued)**

**(a) Financial instruments**

*(iv) Impairment of financial assets*

In relation to the impairment of financial assets, AASB 9 requires an expected credit loss model as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Company has the following types of financial assets that are subject to AASB 9's new expected credit loss model:

*(a) Trade and other receivables and contract assets*

Trade and other receivables and contract assets are 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 includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indicators that a debtor or issuer will enter bankruptcy.

As most of these instruments have a high credit rating, the likelihood of default is deemed to be small. However, at each reporting date the Company assesses whether there has been a significant increase in the credit risk of the instrument. In assessing these risks, the Company relies on readily available information such as the credit ratings issued by the major credit rating agencies for the respective asset. The Company only holds simple financial instruments for which specific credit ratings are usually available. In the unlikely event that there is no or only little information on factors influencing the ratings of the asset available, the Company would aggregate similar instruments into a portfolio to assess on this basis whether there has been a significant increase in credit risk. In addition, the Company considers other indicators such as adverse changes in business, economic or financial conditions that could affect the borrower's ability to meet its debt obligation or unexpected changes in the borrowers operating results. Should any of these indicators imply a significant increase in the instrument's credit risk, the Company recognises for this instrument or class of instruments the lifetime expected credit losses.

*(v) Classification and measurement of financial liabilities*

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Company's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below. The Company's financial liabilities include, trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

**3 Significant accounting policies (continued)**

**(c) 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.

*(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.

**(d) 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.

### 3 Significant accounting policies (continued)

#### (e) 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.

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

**3 Significant accounting policies (continued)**

**(e) Impairment (continued)**

*(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.

**(f) 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.

*(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.

**(g) 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.

# Gosford Race Club Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2020

### 3 Significant accounting policies (continued)

#### (h) 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.

#### (i) Revenue

*Policy applicable from 1 July 2019 to 30 June 2020*

The Company has initially applied AASB 15 from 1 January 2019. Revenue is measured based on the consideration specified in the invoice issued to the customer.

##### *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company identifies the contract with a customer, identifies the performance obligations in the contract, determines the transaction price which takes into account estimates of variable consideration and the time value of money, allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered, and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

#### (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 during the year.

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 2020**

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

#### **(i) 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.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

#### *Policy applicable from 1 July 2018 to 30 June 2019*

##### (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 during the year.

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.

# Gosford Race Club Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2020

### 3 Significant accounting policies (continued)

#### (i) Revenue (continued)

##### (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.

##### (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

#### (j) 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.



# Gosford Race Club Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2020

### 3 Significant accounting policies (continued)

#### (k) Income tax

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

#### (l) 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.

#### (m) Lease

The Company has applied AASB 16 initially from 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

##### *Leases in which the Company is a lessee*

Previously, under AASB 117 for the comparative period, all leases were classified as Hire Purchase liability and were recognised in the Company's statement of financial position. Under AASB 16, the Company recognises new right-of-use assets and lease liabilities for its operating leases of rented premises. The nature of expenses related to those leases has changed because the Company will recognise a depreciation charge for a right-of-use assets and interest expense on lease liabilities. Lease incentives, if relevant, are recognised as part of the measurement of the right-of-use assets and lease liabilities.

##### *Leases in which the Company is a lessor*

All lease contract are treated as operating lease.

#### (n) New accounting policies

##### *AASB 15 Revenue from contracts with customers and AASB 1058 Income of Not-for-profit Entities*

On 1 July 2019 the Company adopted AASB 15 Revenue from contracts with customers. AASB 15 and AASB 1058 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced AASB 118, AASB 111 Construction contracts and related interpretations and AASB 1004 Contributions and related interpretations. No impact was noted on the adoption of AASB 15 and AASB 1058, accordingly, the comparative information presented for 2019 has not been restated.

### 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 2020

### 5 Revenue

<i>In AUD</i>	<b>2020</b>	<b>2019</b>
TAB distributions - net	4,542,232	4,377,488
Racing	4,422,145	3,705,186
Hospitality and events	1,186,329	1,682,979
Sponsorship and broadcast rights	1,342,463	1,415,320
Membership subscriptions	64,785	53,162
Rental income	140,201	152,832
Bookmaker fees	16,567	38,571
Admissions	56,477	101,273
Nominations and acceptances	114,438	94,641
Training Fees	231,753	240,104
	<u>12,117,390</u>	<u>11,861,555</u>

### 6 Personnel expenses

<i>In AUD</i>	<b>2020</b>	<b>2019</b>
Wages and salaries	1,734,148	1,604,575
Contributions to defined contribution plans	143,187	141,578
Other employment expenses	282,377	335,644
	<u>2,159,712</u>	<u>2,081,797</u>

### 7 Finance income and finance costs

<i>In AUD</i>	<b>2020</b>	<b>2019</b>
Interest income	692	1,811
Finance income	<u>692</u>	<u>1,811</u>
Interest expense	(9,057)	(15,012)
Finance costs	<u>(9,057)</u>	<u>(15,012)</u>
Net finance income	<u>(8,365)</u>	<u>(13,201)</u>

# Gosford Race Club Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2020

### 8 Cash and cash equivalents

*In AUD*

	2020	2019
Cash on hand	3,340	4,508
Cash at Bank	173,410	100,745
	<u>176,750</u>	<u>105,253</u>
Bank overdraft*	(50,000)	(340,000)
	<u>126,750</u>	<u>(234,747)</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.

### 9 Trade and other receivables

*In AUD*

	2020	2019
<b>Current</b>		
Trade receivables	66,530	79,145
Accrued income	1,834,089	1,610,080
	<u>1,900,619</u>	<u>1,689,225</u>

### 10 Inventories

*In AUD*

	2020	2019
Bar stock - at cost	34,208	56,738
Food stock - at cost	3,393	31,212
Other stock	-	-
	<u>37,601</u>	<u>87,950</u>

### 11 Investments

*In AUD*

	2020	2019
<b>Non current investments</b>		
Fair value of financial assets through other comprehensive	4,925,810	5,129,370
	<u>4,925,810</u>	<u>5,129,370</u>

Gosford Race Club Limited

Notes to the financial statements (continued)

For the year ended 30 June 2020

12 Property, plant and equipment

<i>In AUD</i>	<i>Note</i>	Land	Buildings	Ground Improvements	Plant and equipment	Motor Vehicles	Right of use Asset	Total
Cost								
Balance at 1 July 2019		3,101,281	14,091,690	2,930,180	5,007,551	167,284	-	25,297,987
Additions		-	90,415	45,285	89,401	52,683	-	277,784
Disposals		-	(110,866)	-	-	(45,703)	-	(156,569)
Transfers to Right of use asset		-	-	-	(52,668)	(174,264)	226,932	-
Balance at 30 June 2020		3,101,281	14,071,239	2,975,465	5,044,284	-	226,932	25,419,201
Depreciation								
Balance at 1 July 2019		-	4,841,357	1,334,540	3,461,354	69,771	-	9,707,022
Depreciation for the year		-	285,526	84,622	230,642	42,548	-	643,338
Disposals		-	(43,920)	-	-	(45,703)	-	(89,623)
Transfers to Right of use asset		-	-	-	(2,195)	(66,616)	68,811	-
Balance at 30 June 2020		-	5,082,963	1,419,162	3,689,801	-	68,811	10,260,737
Carrying amounts								
At 30 June 2019		3,101,281	9,250,333	1,595,640	1,546,197	97,513	-	15,590,964
At 30 June 2020		3,101,281	8,988,276	1,556,303	1,354,483	-	158,121	15,158,464

# Gosford Race Club Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2020

### 13 Trade and other payables

<i>In AUD</i>	2020	2019
<b>Current</b>		
Trade payables	347,483	119,527
Non-trade payables and accrued expenses	199,853	290,558
Goods and services tax payables	94,923	111,946
	<u>642,259</u>	<u>522,031</u>

### 14 Lease liabilities

<i>In AUD</i>	2020	2019
<b>Current liabilities</b>		
Lease liabilities	62,613	64,915
	<u>62,613</u>	<u>64,915</u>
<b>Non-current liabilities</b>		
Lease liabilities	107,556	86,801
	<u>107,556</u>	<u>86,801</u>

<i>In AUD</i>	Future minimum lease payments 2020	Interest 2020	Present value of minimum lease payment s 2020	Future minimum lease payments 2019	Interest 2019	Present value of minimum lease payments 2019
Less than one year	67,824	5,213	62,611	69,259	5,747	63,512
Between one and five yrs	121,837	14,279	107,558	94,776	5,431	89,345
	<u>189,661</u>	<u>19,492</u>	<u>170,169</u>	<u>164,035</u>	<u>11,178</u>	<u>152,857</u>

### 15 Employee benefits

<i>In AUD</i>	2020	2019
<b>Current liabilities</b>		
Annual leave provision	125,788	119,611
	<u>125,788</u>	<u>119,611</u>
<b>Non-current liabilities</b>		
Long service leave provision	53,799	73,886
	<u>53,799</u>	<u>73,886</u>

# Gosford Race Club Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2020

### 16 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**

Auto-pay facility

	<b>2020</b>	<b>2019</b>
	400,000	400,000
	<u>400,000</u>	<u>400,000</u>

### 17 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 Net change in fair value of financial assets through other comprehensive income, until the assets are derecognised or impaired.

### 18 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.

### 19 Covid-19

The coronavirus COVID-19 has had an impact on the Gosford Race Club's operations and activities and is expected to increasingly affect the Gosford Race Club. It is not possible to accurately determine the nature or extent of the impacts or the time over which the company will be impacted, however it is possible that it will be material to the Gosford Race Club as the effects and consequences are outside the Gosford Race Club's control and are far reaching in Australia and globally. Based on the current available information, the Directors believe that the Gosford Race Club will remain a going concern.

# Gosford Race Club Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2020

### 20 Related parties

#### Transactions with key management personnel

Directors received honorariums from the Company during the year totalling \$nil (2019: \$nil).

#### Key management personnel compensation

The key management personnel compensation comprised:

*In AUD*

	<b>2020</b>	<b>2019</b>
Short-term employee benefits	553,507	529,426
Other long-term benefits	5,130	9,168
	<u>558,637</u>	<u>538,594</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 2020.

# 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 6 to 25, 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 2020 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*

---

M A Cusick  
Chairman

*S McShane*

---

S McShane  
Director

Dated at Gosford this 23th day of September 2020.





# 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 2020 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 2020
- 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 in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code)* that are relevant to our audit of the 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 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.

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 and whether the use of the going concern basis of accounting is appropriate. 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

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\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our Auditor's Report.

KPMG

Cameron Roan

*Partner*

Sydney

23 September 2020