

Gosford Race Club Limited

ABN 26 003 846 124



CENTRAL COAST

27th Annual Report 2016

GOSFORD RACE CLUB LIMITED

**GOSFORD RACE CLUB LIMITED
ABN 26 003 846 124**

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2016

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, NW Cowell, 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

Registered Office

Racecourse Road, West Gosford NSW 2250

Auditor

KPMG

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the twenty seventh 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 24th October 2016 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 sixth Annual General Meeting of Gosford Race Club Limited held 26th October 2015.
- 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 2016/17 Financial Year.
- 5.** To elect two (2) members to serve on the Board of Directors of the Club. Current Directors of the Board M Griffiths & J Macfadyen 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 26th September 2016 at the Club's registered office.

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

By Order of the Board 12th September 2016

Daniel Lacey

Chief Executive Officer

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Chairman's Report 2015/2016

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

I would like to start off by saying that 2015/16 was a bittersweet year, whilst the Club achieved many highs it also sustained the loss of one of its most loyal and passionate supporters, William "Bill" Rutledge AM. Bill's career in the thoroughbred industry is nearly unsurpassed he gave so much of his personal time for the sport he loved, the Club and the entire industry are worse off for his passing.

The year has really been about the further implementation and consolidation of our Strategic Plan post the major revamp to the facilities in 2014. We have seen further upgrades throughout the year, which I will detail later in the report, which has clearly added to our reputation of having the best spectator precinct outside of the metropolitan area.

We have continued to push further into non race day events to supplement the clubs income and this has seen many "hits" but as with any new venture a few "misses" as well. This was to be expected and I have commented on this in previous reports that the building of a truly integrated entertainment precinct would take time and involve a degree of trial and error. The positive is that the successes are becoming more frequent and most importantly the facility is being used much more frequently one of the key pillars of the plan.

The year has seen us host a multitude of high profile events for the Central Coast, 'Toast the Coast', 'Operation Blackhawk' and 'Star 104.5 live' concerts to name but a few. Perhaps one of the most pleasing was the NAIDOC event which really enabled us to showcase ourselves as a viable conference and convention venue, an area we all believe has enormous upside for on the Central Coast given its proximity to Sydney.

On an annual basis the Club's board of directors conduct a strategy meeting, the outcomes of which is 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 lobby Racing NSW (RNSW) to increase our allocation of Saturday race meets and to upgrade the current Gosford Quarries Gosford Gold Cup meeting to standalone status.
- To work with RNSW on a long term plan for training on the Central Coast by way of a upgrade to our facilities to an acceptable standard or the creation of a viable alternative locally.

Events

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

Facilities

- Maintain and enhance our facilities to current patron expectations.

Since this strategy has been initiated a number of outcomes have already been achieved. The Riverdale Bar underwent a renovation in February 2016. The room is our most frequented in our entire facility and turns over the most sales, prior to the works it was also the most 'dated' room at our venue. The Riverdale now offers all patrons of Gosford Race Club a new, comfortable and modern facility to utilise both on race days and for functions.

The club have recently sold a small portion of land near the 1200m chute, to McDonalds to enable them to expand their car park. This land was unused and all funds from the sale have been redirected for capital enhancement projects at the Club, the most notable being:

- The Riverdale Courtyard – Subsidised from a community grant, these works will rejuvenate the current courtyard and provide additional area for the weekly Gosford City Farmers markets to expand into.
- LED Sign – Located in the vicinity of the 1200m chute. The sign was recently approved by Central Coast Council, and it will enable the Club to better promote upcoming races and events to the passing traffic on Central Coast highway.
- Starting Barriers – The current starting barriers are nearing the end of their useful life and will be replaced in the near future.

The club is poised for another growth year with a number of large scale events planned, we will host our fourth Star 104.5 concert on the 19th November and Toast the Coast is scheduled for April 1st 2017. In addition there is planning underway for several other key events, concerts and the like which we hope to announce soon.

After many years work we are also extremely pleased that we were able to secure a picnic meeting for Melbourne Cup. We are extremely grateful to Racing NSW for granting us the chance to present another event for the Central Coast. Star FM have come on board as our presenting partner for two years and we look forward to their presence on course.

The 2015/16 summer series of racing was again a great success with high attendances seen on all days. Unfortunately the last day of the series was abandoned due to extreme weather conditions. The Club's strategy in recent years has been to focus the marketing energies into the summer series of racing and this will continue. To ensure we were heading in the right direction with this during this year the Club surveyed our members to ascertain the preferred racing programme over this time. We have taken this feedback on board and as such we have modified this series to accommodate the overriding preference of our members'.

Summer Series 2016/17

Date	Race	Gates Open	First Race Approx
Thursday 1st December 2016	Haven Education Raceday	12:00	13:30
Saturday 17 th December 2016	Christmas Party Picnic Race Day	12:00	13:00
Thursday 29th December 2016	Country Music Race Day	13:00	15:00
Saturday 31st December 2016	New Year's Eve / Central Coast Council Race Day	12:00	13:30
Friday 13th January 2017	Gosford Quarries Gosford Gold Cup Race Day	12:00	13:30
Thursday 19th January 2017	Gosford Race Day	13:00	15:00

The New Year's Eve Race Day will again be a highlight for many Central Coast residents. It has become a real event on the social calendar of the area over the last 7 to 10 years and we are working hard to ensure this continues. Regrettably due to the merger of Wyong and Gosford Councils the free entry tickets that are sent out in the former Gosford City Council's rates notice will not be sent this year. The free tickets will however be available for all Central Coast residents at selected Council run public buildings for example libraries, town hall's etc.

The Anzac Day Race Day was once again a major 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 and luckily we experienced a beautiful sunny day, warmer than one would normally expect for that late in April. 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 Club retains its focus on our attempts to bring a greater number of Saturday meetings to Gosford. We believe with our facilities and the fact that Gosford generates on average the highest wagering turnover of any Provincial Club (excluding standalone turnover), which is a glowing endorsement of our racing surface and the conduciveness of our circuit to competitive racing. It is in the best interests of the racing industry to increase Gosford's allocation of Saturday racing. I can assure all members the Board and Management will persist with this initiative and will continue to also push for standalone status for the Gold Cup and hopefully a selection of other "secondary" Saturday meetings.

The issue of Training has obviously been a prominent one throughout the year and one that I have spoken about at every AGM since I became Chairman. We maintain our position that the solution for training needs to be a State wide one and industry funded to ensure this life blood of the industry has a long term sustainable future. If as an industry we just patch up facilities continually at numerous clubs, while providing short term relief for those affected does not achieve the much needed long term position. The industry must use its funds wisely and "splashing cash" on band aids is not doing this and is not consistent with RNSW own strategic plan on its vision for training. This is why we have maintained the position that for training to continue at Gosford and for it to be viable in the long term it involves a significant upgrade. I know that both we and RNSW are in agreement on this.

I appreciate that this is an emotive issue but some of the distortion of the facts and misreporting on this issue have been deeply concerning for all of us at the Club. Let me be very clear the Board and Management of the Club are 100% supportive of training and the continuation of it at Gosford, but not in its current form. We can't hide from the fact that at Gosford we provide just over half the number of starters per year than the next lowest Provincial club provides and RNSW has previously stated that "there is no business case" for the simple remediation of the facility here and agree in principal with our view that you either bring it up to a standard whereby you could attract new trainers or you close the facility.

Since 2013 we have been in constant consultation with RNSW on the issue and have gone back with several sets of plans and options of staging construction to potentially achieve this goal. We have presented strong evidence why geographically we would be an ideal location for such a facility, and that we do have the space to accommodate it with room for growth in the future. Ultimately however RNSW has to look at the global picture and decide where the industry monies are best spent strategically and for the overall good of the industry and we fully appreciate the difficult job they have in this area. We will continue to work with them and stand ready to accommodate a major redevelopment should that be the decision. The overall cost of a project of this nature based on our most recent plans and costing estimates (from

June 2016) is between \$4.5 and \$6 million. This is a total cost and the overall project can be staged if required.

As a result of these discussions RNSW have generously paid for remediation works to the Pro-Ride track that will enable the current operation to continue until December 2017. Without further investment the facility will however close at that time. If this comes to pass we will work closely with RNSW, the Trainers Association and affected stakeholders to try and make this difficult transition as smooth as possible.

This has been an extremely difficult decision for the Board and absolutely not one arrived at lightly, hence the reason we have worked so hard on a solution for the past three years. Ultimately however we are responsible for the financial welfare of the Club and it would not be a prudent decision to invest in a simple patch up that does not facilitate significant growth possibilities just as RNSW could not see a business case themselves in this sort of investment. We are already committed to having to spend a significant amount of money in coming years on racing infrastructure and are simply not in a position to fund both.

Overall as a business we are confident of hitting the targets we set ourselves when the remodelling of the business and the facility commenced. We have been very consistent in our message over the last few years, and I feel we are well on the way to achieving our main goal of being a multi-faceted facility offering a diverse range of events for community interaction. The more often we interact with a cross section of the community the more likely they will in turn interact with us in the future.

We still have much work to do, however I am proud of what we have achieved so far on this journey to future sustainability.

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

Sale of Corner Block

Currently there are some external works on the corner of Racecourse Road and Central Coast highway. The Club owns this land on the intersection and approx. 1,000sqm was compulsory acquired by the RMS in 2015 in order to build a slip lane into Racecourse Road. The club have subsequently leased the remaining portion of the land to the RMS for their construction site during the project, which is due for completion in early 2017.

We are currently evaluating the best path forward for the Club with this site and I acknowledge the total site is a valuable asset to the Club and we will ensure we recoup full value for any development that occurs on this site in the future.

Finance

In the 2015/2016 season the Gosford Race Club recorded an operating profit of \$466,341 after depreciation and amortisation and impairment losses on investments. Without these adjustments at a cash level the profit is \$1,333,677.

This is a very pleasing result and demonstrates that the Club is headed on the right path to achieve future sustainability.

Racing

The Gosford Race Club hosts four feature Black Type races each year, and the following tables shows the results of these events in 2015/2016.

Race	Winner	Jockey	Trainer
\$150,000 Listed Gosford Gold Cup	Destiny's Kiss	J R Collett	J Pride
\$125,000 Group 3 Belle of the Turf Stakes	Ammirata	S Clipperton	J Pride
\$100,000 Listed Takeover Target Stakes	Howmuchdoyouloveme	Ms S Clenton	C Karakatsanis
\$150,000 Listed Gosford 3YO Guineas	Lady Sniper	J R Collett	B Baker

On Gosford Guineas Race day, the Club also hosted a heat in the Provincial Championships. The \$100,000 heat was won by Zestful, ridden by K McEvoy and trained by Kris Lees.

The Gosford Race Club congratulates Racing NSW on this wonderful initiative, now in its second year the race have 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: Bjorn Baker (14)
 Leading Jockey: Brenton Avdulla (16)
 Leading Apprentice: Winona Costin (10)

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 2015/2016 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

Lion Nathan – Tooheys
 Tabcorp
 Central Coast Council
 Schweppes
 Guardian Safety Solutions
 Pluim Group
 E Group Security
 Broken Bay Catholic Diocese
 Narara Plumbing

Internal Staff

During the year the Club lost its long serving CEO James Heddo who was offered and accepted a senior management position with the Australian Turf Club. On behalf of the Board I want to thank James for his efforts over the previous 8 years and the role he played in the repositioning of the Club and the journey we have commenced in recent years. Personally I would like to thank him for his support in my role as Chairman.

Approximately 18 months before James's departure the Club had identified the need to look at "growing" a successor for the role of CEO and we appointed Daniel Lacey into the role of Chief Operating Officer. In line with this strategy Daniel was subsequently appointed as CEO in February 2016. In addition to serving as James' deputy Daniel had also worked at the Australian Turf Club for nearly six years and previous to this had a variety of financial roles within the media/publishing sector.

Due to the increase in events conducted and to safeguard business continuity the board approved the new position of Hospitality and Events assistant. This role is filled by Ben Stephens, Ben brings a wealth of experience in the hospitality industry and will be a valuable asset in years to come.

With the entire world of marketing changing so rapidly from its historical form the Club saw the need to create a new Marketing Manager position to ensure the Club maximises its exposure. After a thorough recruitment process Hannah Klomp was appointed into the role. Hannah's expertise is particularly within social media strategies and the compilation and implementation of marketing plans. We now are able to promote Gosford on a more regular basis and are better placed to advertise in the local marketplace.

Gosford is also a grateful recipient of an initiative from Racing NSW whereby we are provided with an apprentice track hand.

I have 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. The 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.

To ensure this continued late in 2015 we advertised for a vacant board members position and were pleasantly surprised by the absolute high calibre of the applications received. From this process we appointed David Hassab onto the board. He will initially serve the balance of the term Bill Rutledge was elected to in 2014. David has been a breath of fresh air into the organisation and brings a wealth of racing knowledge and business acumen that the club will benefit from into the future.

To those unsuccessful applicants, thank you for your interest in serving the Club and it is reassuring to know with potential candidates such as you out there the Club has a very bright future whatever the makeup of the Board.

To my Executive Jim Mcfadyen and Stephen McShane and the rest of the board, Reg Delaney, Michael Griffiths, Andrew Allen and David Hassab please accept my thanks for your efforts and support throughout this year.

The board has a tremendous working relationship with our new 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 recent months 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 12 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 2016

The directors present their report together with the financial statements of Gosford Race Club Limited (the Company) for the financial year ended 30 June 2016 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:

Name, qualifications	Experience	Special responsibility
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
RUTLEDGE, W H Director	Finance Sub Committee Solicitor	Director since November 2003, deceased 13 October 2015
HASSAB, D Director	Company General Manager	Director since December 2015

Gosford Race Club Limited

Directors' report (continued)

For the year ended 30 June 2016

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	11	9	2	-
J M Macfadyen	11	11	-	-
S McShane	11	11	-	-
A E J Allen	11	10	1	-
D Hassab	5	4	-	-
R C Delaney	11	11	1	-
M W Griffiths	11	7	1	3
W H Rutledge	3	3	-	-

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.
- Continue to lobby Racing NSW (RNSW) to increase allocation of Saturday race meets and to upgrade the current Gosford Quarries Gosford Gold Cup meeting to standalone status.

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 2016

4 Review of performance

The operating profit of the Company for the year ended 30 June 2016 was \$466,341 (2015: \$61,198), after charging \$650,070 (2015: \$524,698) for depreciation, \$218,379 for impairment losses on investments (2015: nil) and \$2,887, (2015: \$7,399) for net finance costs. In addition, included within profit was a gain on sale of property, plant and equipment of \$542,919 due to the sale of land to RMS (2014: loss \$254,741).

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 2016 and the comparison with the prior year is as follows:

Number of members	2016	2015
General	756	893
Life	14	14
Corporate	17	10
	<u>787</u>	<u>917</u>

As at 30 June 2016, the total amount that members of the Company are liable to contribute if the Company is wound up is \$1,514 (2015: \$1,786).

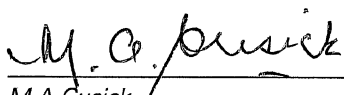
6 Events subsequent to reporting date


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 14 and forms part of the directors' report for the financial year ended 30 June 2016.

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


M A Cusick
Chairman


S McShane
Director

Dated at Gosford this 27th day of September 2016.



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 for the financial year ended 30 June 2016, 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.

A handwritten signature in black ink that reads 'KPMG'.

KPMG

A handwritten signature in black ink, appearing to be 'Tony Nimac'.

Tony Nimac
Partner

Sydney

27th September 2016

Gosford Race Club Limited

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2016

<i>In AUD</i>	Note	2016	2015
Revenue	5	9,691,894	9,707,327
Other income		318,331	212,409
Prize money, trophies and subsidies		(4,174,637)	(3,976,385)
Hospitality and events		(807,396)	(865,210)
Racecourse maintenance		(1,026,536)	(931,770)
Racing expenses		(1,640,656)	(1,459,457)
Administration		(1,421,087)	(1,543,195)
Marketing and promotions		(113,324)	(150,424)
Sponsorship costs		-	(130,685)
Net gain/(loss) on disposal of property, plant and equipment		542,919	(254,741)
Other expenses		(31,831)	(14,574)
Profit before depreciation, impairment and finance costs		1,337,677	593,295
Impairment expense on available for sale investments		(218,379)	-
Depreciation		(650,070)	(524,698)
Results from operating activities		469,228	68,597
Finance income		6,297	-
Finance costs		(9,184)	(7,399)
Net finance costs	7	(2,887)	(7,399)
Profit before income tax		466,341	61,198
Income tax expense		-	-
Profit for the year		466,341	61,198
Other comprehensive income			
Available-for-sale financial assets - net change in fair value		(84,754)	86,362
Total comprehensive income for the year		381,587	147,560

The notes on pages 19 to 32 are an integral part of these financial statements.

Gosford Race Club Limited

Statement of financial position

As at 30 June 2016

In AUD

	Note	2016	2015
Assets			
Cash and cash equivalents	8	39,945	4,665
Trade and other receivables	9	1,483,151	1,227,157
Inventories	10	79,090	75,426
Prepayments		-	13,748
Total current assets		1,602,186	1,320,996
Investments	11	4,227,627	4,510,403
Property, plant and equipment	12	16,248,171	16,043,305
Total non-current assets		20,475,798	20,553,708
Total assets		22,077,984	21,874,704
Liabilities			
Bank overdraft	8	70,000	429,990
Trade and other payables	13	679,279	557,806
Hire purchase liabilities	14	38,859	23,640
Employee benefits	15	93,937	89,040
Income received in advance		28,520	22,971
Total current liabilities		910,595	1,123,447
Hire purchase liabilities	14	137,898	89,240
Employee benefits	15	74,311	88,424
Total non-current liabilities		212,209	177,664
Total liabilities		1,122,804	1,301,111
Net assets		20,955,180	20,573,593
Members' funds			
Reserves		1,581,268	1,666,022
General funds		19,373,912	18,907,571
Total members' funds		20,955,180	20,573,593

The notes on pages 19 to 32 are an integral part of these financial statements.

Gosford Race Club Limited

Statement of changes in members' funds

For the year ended 30 June 2016

<i>In AUD</i>	Fair value reserve	Capital profit reserve	General funds	Total members' funds
Balance at 1 July 2014	131,711	1,447,949	18,846,373	20,294,322
Total comprehensive income for the year				
Profit for the year	-	-	61,198	61,198
Other comprehensive income	86,362	-	-	86,362
Total comprehensive income for the year	86,632	-	61,198	147,560
Balance at 30 June 2015	218,073	1,447,949	18,907,571	20,573,593
Balance at 1 July 2015	218,073	1,447,949	18,907,571	20,573,593
Total comprehensive income for the year				
Profit for the year	-	-	466,341	466,341
Other comprehensive income	(84,754)	-	-	(84,754)
Total comprehensive income for the year	(84,754)	-	466,341	381,587
Balance at 30 June 2016	133,319	1,447,949	19,373,912	20,955,180

The notes on pages 19 to 32 are an integral part of these financial statements.

Gosford Race Club Limited

Statement of cash flows

For the year ended 30 June 2016

In AUD

	Note	2016	Restated * 2015
Cash flows from operating activities			
Cash receipts from customers		10,464,133	9,759,462
Cash paid to suppliers and employees		(10,126,276)	(10,250,410)
Cash generated from operating activities		337,857	(490,948)
Interest paid		(9,184)	(7,399)
Interest received		6,297	-
Net cash from/ (used in) operating activities		334,970	(498,347)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		617,425	-
Acquisition of property, plant and equipment		(841,925)	(4,216,209)
Investment income		308,440	194,790
Proceeds from sale of investments		-	3,303,809
Net cash used in investing activities		83,940	(717,610)
Cash flows from financing activities			
Payments of finance lease liabilities		(23,640)	-
Net cash used in financing activities		(23,640)	-
Net increase/ (decrease) in cash and cash equivalents		395,270	(1,215,957)
Cash and cash equivalents at beginning of year		(425,325)	790,632
Cash and cash equivalents at end of year	8	(30,055)	(425,325)

* Refer to note 22

The notes on pages 19 to 32 are an integral part of these financial statements.

Gosford Race Club Limited

Notes to the financial statements

For the year ended 30 June 2016

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 2016.

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 27th September 2016.

(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.

Gosford Race Club Limited

Notes to the financial statements (continued)

For the year ended 30 June 2016

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.

Notes to the financial statements (continued)

For the year ended 30 June 2016

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.

Notes to the financial statements (continued)

For the year ended 30 June 2016

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 2016

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 2016

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 2016.

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 2016

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 2016

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 2016

5 Revenue

In AUD

	2016	2015
TAB distributions - net	4,503,469	4,978,040
Racing	1,798,123	1,573,829
Hospitality and events	1,425,462	1,327,991
Sponsorship and broadcast rights	1,355,549	1,399,699
Membership subscriptions	49,982	50,880
Rental income	147,717	60,789
Bookmaker fees	39,070	40,738
Admissions	101,166	100,236
Nominations and acceptances	100,245	75,097
Training Fees	171,111	100,028
	<u>9,691,894</u>	<u>9,707,327</u>

6 Personnel expenses

In AUD

	2016	2015
Wages and salaries	1,519,910	1,426,817
Contributions to defined contribution plans	123,858	113,685
Other employment expenses	93,230	126,405
	<u>1,736,998</u>	<u>1,666,907</u>

7 Finance income and finance costs

In AUD

	2016	2015
Interest income	6,297	-
Finance income	<u>6,297</u>	<u>-</u>
Interest expense	(9,184)	(7,399)
Finance costs	<u>(9,184)</u>	<u>(7,399)</u>
Net finance income	<u>(2,887)</u>	<u>(7,399)</u>

8 Cash and cash equivalents

In AUD

	2016	2015
Cash on hand	13,421	3,270
Bank balances	<u>26,524</u>	<u>1,395</u>
	<u>39,945</u>	<u>4,665</u>
Bank overdraft*	(70,000)	(429,990)
	<u>(30,055)</u>	<u>(425,325)</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 2016

9 Trade and other receivables

In AUD

	2016	2015
Current		
Trade receivables	41,898	49,793
Accrued income	1,441,253	1,177,364
	<u>1,483,151</u>	<u>1,227,157</u>

The Company's has not recognised any impairment losses with respect to financial assets in the year ended 30 June 2016 (2015: Nil).

10 Inventories

In AUD

	2016	2015
Bar stock - at cost	62,681	60,182
Food stock - at cost	16,409	15,244
	<u>79,090</u>	<u>75,426</u>

11 Investments

In AUD

	2016	2015
Non current investments		
Available-for-sale investments	4,446,006	4,510,403
Provision for impairment of available-for-sale assets	(218,379)	-
	<u>4,227,627</u>	<u>4,510,403</u>

The Company's has recognised impairment losses with respect to Available-for-sale investments in the year ended 30 June 2016 to the amount of \$218,379 (2015: Nil).

Gosford Race Club Limited

Notes to the financial statements (continued)

For the year ended 30 June 2016

12 Property, plant and equipment

<i>In AUD</i>	<i>Note</i>	Land	Buildings	Ground Improvements	Plant and equipment	Motor Vehicles	Capitalised work in progress	Total
Cost								
Balance at 1 July 2015		3,154,988	13,142,680	2,826,240	3,939,918	99,181	-	23,163,007
Additions		-	677,715	-	206,023	45,704	-	929,442
Disposals		(52,467)	-	-	-	(42,165)	-	(94,632)
Transfers from capitalised work in progress		-	-	-	-	-	-	-
Balance at 30 June 2016		3,102,521	13,820,395	2,826,240	4,145,941	102,720	-	23,997,817
Depreciation								
Balance at 1 July 2015		-	3,726,895	1,005,729	2,348,957	38,121	-	7,119,702
Depreciation for the year		-	270,696	80,340	274,798	24,236	-	650,070
Disposals		-	-	-	-	(20,126)	-	(20,126)
Balance at 30 June 2016		-	3,997,591	1,086,069	2,623,755	42,231	-	7,749,646
Carrying amounts								
At 30 June 2015		3,154,988	9,415,785	1,820,511	1,590,961	61,060	-	16,043,305
At 30 June 2016		3,102,521	9,822,804	1,740,171	1,522,186	60,489	-	16,248,171

Gosford Race Club Limited

Notes to the financial statements (continued)

For the year ended 30 June 2016

13 Trade and other payables

In AUD

2016 **2015**

Current

Trade payables	396,195	502,978
Non-trade payables and accrued expenses	282,731	54,576
Goods and services tax payables	353	252
	<u>679,279</u>	<u>557,806</u>

14 Hire purchase liabilities

In AUD

2016 **2015**

Current liabilities

Hire purchase liabilities	38,859	23,640
	<u>38,859</u>	<u>23,640</u>

Non-current liabilities

Hire purchase liabilities	137,898	89,240
	<u>137,898</u>	<u>89,240</u>

	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
<i>In AUD</i>	2016	2016	2016	2015	2015	2015
Less than one year	47,857	8,998	38,859	32,638	8,998	23,640
Between one and five yrs	150,374	12,476	137,898	106,135	16,895	89,240
	<u>198,231</u>	<u>21,474</u>	<u>176,757</u>	<u>138,773</u>	<u>25,893</u>	<u>112,880</u>

15 Employee benefits

In AUD

2016 **2015**

Current liabilities

Annual leave provision	93,937	89,040
	<u>93,937</u>	<u>89,040</u>

Non-current liabilities

Long service leave provision	74,311	88,424
	<u>74,311</u>	<u>88,424</u>

Gosford Race Club Limited

Notes to the financial statements (continued)

For the year ended 30 June 2016

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:

<i>In AUD</i>	2016	2015
Less than one year	92,400	58,800
Between one and five years	-	92,400
More than five years	-	-
	<u>92,400</u>	<u>151,200</u>

During the year \$147,717 (2015: \$60,789) 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.

<i>In AUD</i>	2016	2015
Bank guarantees		
Auto-pay facility	400,000	120,000
	<u>400,000</u>	<u>120,000</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 2016

20 Related parties

Transactions with key management personnel

Directors received honorariums from the Company during the year totalling \$nil (2015: \$nil).

Key management personnel compensation

The key management personnel compensation comprised:

In AUD

	2016	2015
Short-term employee benefits	469,410	444,586
Other long-term benefits	6,180	5,861
	<u>475,590</u>	<u>450,447</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 2016.

22 Restatement

The financial statements for 30 June 2015 had incorrectly classified cash payments/receipts between operating activities, investing activities and financing activities. This has resulted in a restatement being made between various line items in the statement of cash flows for the year ended 30 June 2015.

The following table summarises the financial statement lines affected by the restatement.

Statement of cash flows

	Previously reported	2015 adjustment	2015 restated
Cash receipts from customers	9,726,747	32,715	9,759,462
Cash paid to suppliers and employees	(9,920,122)	(330,288)	(10,250,410)
Cash generated from operating activities	(193,375)	(297,573)	(490,948)
Interest received	194,790	(194,790)	-
Interest paid	-	(7,399)	(7,399)
Net cash from/ (used in) operating activities	1,415	(499,762)	(498,347)
Acquisition of property, plant and equipment	(4,521,181)	304,972	(4,216,209)
Investment income	-	194,790	194,790
Proceeds from settlement of derivatives	3,303,809	-	3,303,809
Net cash used in Investing activities	(1,217,372)	499,762	(717,610)


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 15 to 32, 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 2016 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 27th day of September 2016.



Independent audit report to the members of Gosford Race Club Limited

Report on the financial report

We have audited the accompanying financial report of Gosford Race Club Limited (the Company), which comprises the statement of financial position as at 30 June 2016, and statement of profit or loss and other comprehensive income, statement of changes in members' funds and statement of cash flows for the year ended on that date, notes 1 to 22 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards - Reduced Disclosure Requirements, a true and fair view which is consistent with our understanding of the Company's financial position and of its performance.

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



Independent audit report to the members of Gosford Race Club Limited (continued)

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Gosford Race Club Limited on 27 September 2016, would be in the same terms if given to the directors as at the time of this auditor's report.

Auditor's opinion

In our opinion:

the financial report of the Gosford Race Club Limited is 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 2016 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001.

KPMG

Tony Nimac
Partner

Sydney

30th September 2016