

Gosford Race Club Limited

ABN 26 003 846 124



CENTRAL COAST

30th Annual Report 2019

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Chairman's Report 2018/2019

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

The 2018/19 year has been a challenging one for the Australian economy as a whole with people and businesses alike tightening their discretionary spending. We have not been immune to these conditions and a number of our material revenue streams have been adversely affected. It is not all bad news however with the business still evolving both with regards to racing and functions/events.

This year the Board's focus remained on three key areas - racing, training and events. The Club's strategic plan was updated during the early part of 2019, setting out objectives for these areas. We have also continued our investment into the maintenance of our patron facilities, I have noted before that I believe we are presenting the highest standard of spectator and customer facilities outside of the metropolitan area.

It has now been five years since we took on the running of our own catering operation for all race days and events. Our goal was to deliver the highest standard food and service possible and the feedback we regularly receive leads us to believe we are delivering on this objective. The high level of repeat business in our functions business is testament to that. As we gain more experience from running this over time I can only see future improvement and we will continue to strive for excellence in this area.

The year has seen us host a multitude of high profile events for the Central Coast, featuring 'NAIDOC', 'The Scottish Spectacular', 'Comicon' and 'Aussie Night Markets'. The latter regularly attracts in excess of 4,000 patrons at every event. Unfortunately, the weather has been extremely unfavourable on their event days with over 60% being weather affected. During the year the 'Gosford City Farmers Markets' relocated from the racecourse to another venue. However, we have made considerable inroads with regards to outdoor concerts with us playing host to international band UB40 during the year. This was a fantastic event with close to 3,000 people in attendance. Following on from this we have a number of other concerts already booked in for FY19/20 with 'Rock at the Races' scheduled for October 2019 and 'Under the Southern Stars' for April 2020. This show in particular has a number of international bands playing and will be hosted in the centre of the course which has a capacity of up to 10,000 patrons. Our venue is now clearly seen by the tourism, business and hospitality industries as an attractive location due to its facilities, size, accessibility and parking for all types of conferences, events and expos. This is recognition that the journey towards the goal that we originally set back in 2010 remains on track.

On an annual basis the Club's directors conduct a strategy meeting, the object of which is to set management various goals in the short/medium/long term. The results of this year's strategy are summarised into three categories:

Racing

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

Training

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

Events

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

Since the meeting a number of objectives have already been achieved. During the year we reached our self-imposed capacity of 1,000 members and guests which was in place to ensure that we can accommodate Members in the 'Panorama Lounge' (Members' room) without discomfort. As a result we introduced a wait list for potential members. This list will be reviewed periodically when vacancies arise. I cannot stress enough how significant an achievement this is considering we are predominantly a midweek race club. At the time of writing all people who were on the waitlist at the end of August have now been offered membership. However due to the volume of take-up a waitlist for FY 19/20 remains in place.

With regards to racing we had a goal last year to implement a two day event in late November and run the Gold Cup and other feature races on Friday 22nd with a more 'social' focused race day on Saturday 23rd. Whilst we did secure these dates I am sure you are aware by now that we have been awarded for the first time in our recent history a 'Standalone Saturday' meeting. This is probably the most significant announcement that I have made as Chairman and one that will bring an immense amount of awareness and opportunity to not only our Club but to the Central Coast region. The Board and successive CEO's have been working towards this goal since 2011 and to finally achieve this is great reward for the hard work done.

We will be running the Gold Cup on this day and to complement its new home, the Club has increased prizemoney for the race to \$250,000. None of this would have been possible without the support of Mr Peter V'landys AM so it would be remiss of me not to thank him for his show of faith in the Club.

We will still run the two-day event in November however it will have a different flavour than originally planned.

For the 2019/20 racing year the following features are now in place

Friday 27th December 2019

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

Gosford Guineas – Listed, \$150,000

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

Final of the Sky Racing Provincial Series – Class 5, \$150,000

Saturday 9th May 2020

Gosford Gold Cup – Listed, \$250,000

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

During this season the heats of the 'Provincial Championships' were run on a Saturday. Overall there was a significant uplift in oncourse patronage across four of the provincial clubs. As you may remember the Gosford heat was abandoned due to significant rain. Our heat was eventually run at Newcastle Racecourse. This was most unfortunate and we now have lost 2 of the 3 Saturday dates on which this heat has been scheduled to run. We have retained the same Saturday date for the heat in 2020, being the 14th March, and we will be planning for a bumper race day.

As you would be aware, we conduct two picnic meetings per year that are well supported and enjoyed by many in the local community. Our Melbourne Cup picnic meeting continues to be a major event in our calendar. We have now hosted two of these meetings and last year we attracted over 1,500 patrons with more than 800 alone in one of our pre booked hospitality packages. This year is no exception and these packages are close to being sold out, which is a great achievement. In addition, our Christmas Party picnic meeting held in mid-December is always well supported and a great afternoon due to the festive feel of the day. These two days were both part of our long-term strategic plan and it is very satisfying to see them delivering the way we anticipated.

The New Year's Eve race day will again be a highlight for many Central Coast residents. It has been a real event on the region's social calendar over the last 10+ years and we are working hard to ensure this continues. As usual we will be investing heavily, with the support of the Central Coast Council, into family friendly activities and offering free entry to local residents.

The Anzac Day race day was once again a notable event on our racing calendar. This year, Sea FM was the presenting partner with a multitude of on course activities including the 'Sea FM marquee'. The event was well attended as usual. This day will fall on a Saturday in 2020 and so we will be expecting an even larger crowd than usual. Along with New Year's Eve this is a very important day for the club and the loss of either in a given year will have a major impact on our financial performance.

As reported last year it was announced that Gosford would remain as a training venue into the foreseeable future. Since then the club and Racing NSW have been in continuous discussion to establish an outcome which is in the best interests of not only Gosford but the broader industry in NSW. Whilst it is understandable that some people get a little impatient with the time these sorts of decisions take, it is important to understand that bringing Gosford up to a standard whereby we can become a major contributor to starter numbers will require a sizeable financial commitment and therefore not a decision the industry can rush or take lightly. I want to assure you that we continue to work diligently on this and believe we are close to a long term solution that will benefit the Club and the industry. At the time of this report tenders have been received for a new synthetic track and are being analysed by the relevant parties.

The club continues to invest in the upkeep of the Pro-Ride (fast work) track with additional maintenance work occurring. 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. However the club will invest where required to keep the facilities presenting as best they can until a long term announcement is made.

We have set ourselves the goal of being a multi-faceted facility offering a diverse range of events for community interaction. The year 2018/19 shows we continued to move along the path of achieving this and with the current operational team I feel this trend will only continue during 2019/20.

Finance

In 2018/2019 the Gosford Race Club recorded a total comprehensive loss of \$216,965 (2018 \$35,180 profit) after depreciation and amortisation. Profit before depreciation, impairment and finance costs was \$311,065 (2018 \$587,557).

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 there has been a significant downturn in the distributions we receive from TAB wagering of over \$300,000 compared to FY17/18. I have mentioned the possibility of this occurring in previous reports and we can expect this change to wagering to be something the industry must deal with ongoing.

The Club has little to no influence on this income stream even though it accounts for over half of our actual income. If this revenue was in line with last year then the Club would have been posting a very healthy profit. All clubs across NSW have felt this downturn and RNSW and the TAB have been in discussions to address this disturbing trend. Consequently there have been some innovations come to market recently and even more are awaiting activation. Our hope is that these revenue streams reverse course during FY19/20 or all clubs are going to experience financial hardship in the coming years. The fact remains however that the revenue that the Club can actually control is moving in the right direction and with a number of large events planned for 2019/20 we should be in the ascendancy.

Racing

The Gosford Race Club hosts four feature Black Type races each year, and the following tables shows the results of these events in 2018/2019.

Race	Winner	Jockey	Trainer
\$150,000 Listed Gosford Gold Cup	Sir Plush	G Schofield	B Baker
\$150,000 Group 3 Belle of the Turf Stakes	Sexy Eyes	J Ford	C Waller
\$125,000 Listed Takeover Target Stakes	Tactical Advantage	B Avdulla	K Lees
\$150,000 Listed Gosford 3YO Guineas	Military Zone	J McDonald	P&P Snowden

The club's heat of the Provincial Championships was won by 'Golden Tycoon', ridden by S Guymer and trained by G McFarlane.

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

Premierships

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

Leading trainer: Peter & Paul Snowden - 10 wins
Leading jockey: Jason Collett - 15 wins
Leading apprentice: Robbie Dolan – 4 wins

Leading Gosford trainer: Greg McFarlane – 13 wins

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.

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

During the 2018/2019 year support was received from the following sponsors and their co-sponsors:

Gosford Quarries	Lion Nathan – Tooheys
SKY Channel	Tabcorp
Gosford RSL	Central Coast Council
De Bortoli Wines	Coca Cola
Turfcare NSW	Guardian Safety Solutions
Star FM	Pluim Group
SEA FM	E Group Security
Walker Bros Timber & Building Supplies	Broken Bay Catholic Diocese
Men of League Foundation Central Coast	Haven Education Centre
ICU Security Cameras	BJ Howes
Bellbirds Committee	Erina Juniors Rugby League Club
EVE Security Services	Narara Plumbing
Mercedez-Benz Gosford	Taperell Rutledge Solicitors
Vickery Sounds	Prestige Party Hire
Terrigal Wamberal Football Club	The Pandora Committee
Polytrack	

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 slight restructure and made a couple of new appointments:

- Kristina Ayton was promoted to head a new department named 'Commercial' which is responsible for Sales, Marketing, Advertising and Partnerships.

- Kirstie Anders has moved from Operations to support Kristina in this department and assumes the position of sales co-ordinator.
- Jessica Stuart departed the Club during the year and has been replaced by Elizabeth Bennett in the role of reception/administration assistant. Elizabeth brings experience in social media and marketing and so will also assist the Commercial Department.
- Former Finance Manager Jay Sutton left the Club and was replaced by local John Drummond who has a wealth of finance experience in large companies and is an avid racing fan.
- Tracey Bellenger was recruited to the position of 'part time accounts assistant' and will support John.
- Sam Manton departed the Club and has been replaced by Cassandra Johnson in the role of 'Events Assistant'. 'Cass' is a keen and capable person who has a history in working in similar roles in the hospitality industry.
- David Shanahan continues in his role of General Manager – Operations.

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

Once again I 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 valuable 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, Jim Macfadyen, Andrew Allen and David Hassab for their efforts and support throughout this year.

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

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

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

Michael Cusick
Chairman

Gosford Race Club Limited

Directors' report

For the year ended 30 June 2019

The directors present their report together with the financial statements of Gosford Race Club Limited (the Company) for the financial year ended 30 June 2019 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-Offico Member on all Sub Committees Company Director	Director since August 2009, Elected Chariman 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
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 2019

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	10	10	-	-
J M Macfadyen	10	6	1	3
S McShane	10	9	1	-
A E J Allen	10	6	3	1
D Hassab	10	8	2	-
R C Delaney	10	9	-	1
M W Griffiths	10	9	1	-

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 loss of the Company for the year ended 30 June 2019 was \$374,251 (2018: loss \$185,394), after charging \$672,115 (2018: \$695,949) for depreciation, impairment loss of \$nil (2018: \$67,760) and \$13,201 (2018: \$9,242) for net finance costs. In addition, included within profit was a gain on sale of property, plant and equipment of \$14,545 (2018: \$nil) due to the sale of a motor vehicle .

Gosford Race Club Limited

Directors' report (continued)

For the year ended 30 June 2019

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 2019 and the comparison with the prior year is as follows:

Number of members	2019	2018
General	914	877
Life	11	13
Corporate	8	7
	<u>933</u>	<u>897</u>

As at 30 June 2019, the total amount that members of the Company are liable to contribute if the Company is wound up is \$1,866 (2018: \$1,754).

7 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.

8 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 2019.

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



M A Cusick
Chairman

Dated at Gosford this 30th day of September 2019.



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 2019 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

4 October 2019

Gosford Race Club Limited

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2019

<i>In AUD</i>	Note	2019	2018
Revenue	5	11,861,555	11,721,111
Other income		405,602	408,767
Prize money, trophies and subsidies		(6,023,719)	(5,793,000)
Hospitality and events		(1,213,655)	(1,155,181)
Racecourse maintenance		(1,186,294)	(1,160,722)
Racing expenses		(1,861,829)	(1,808,481)
Administration		(1,458,789)	(1,443,929)
Marketing and promotions		(199,271)	(202,742)
Net gain/(loss) on disposal of property, plant and equipment		14,545	-
Net gain/(loss) on sale of investments	11	701	35,779
Other expenses		<u>(27,782)</u>	<u>(14,045)</u>
Profit before depreciation, impairment and finance costs		311,065	587,557
Impairment expense on available for sale investments	11	-	(67,760)
Depreciation		<u>(672,115)</u>	<u>(695,949)</u>
Results from operating activities		<u>(361,050)</u>	<u>(176,152)</u>
Finance income		1,811	2,640
Finance costs		<u>(15,012)</u>	<u>(11,882)</u>
Net finance costs	7	<u>(13,201)</u>	<u>(9,242)</u>
Loss before income tax		(374,251)	(185,394)
Income tax expense		<u>-</u>	<u>-</u>
Loss for the year		(374,251)	(185,394)
Other comprehensive income			
Net change in fair value of financial assets through other comprehensive income / Available-for-sale		157,286	220,574
Total comprehensive income for the year		<u>(216,965)</u>	<u>35,180</u>

The notes on pages 18 to 33 are an integral part of these financial statements.

Gosford Race Club Limited

Statement of financial position

As at 30 June 2019

In AUD

	Note	2019	2018
Assets			
Cash and cash equivalents	8	105,253	98,161
Trade and other receivables	9	1,689,225	1,742,529
Inventories	10	87,950	76,670
Total current assets		<u>1,882,428</u>	<u>1,917,360</u>
Investments	11	5,129,370	4,914,556
Property, plant and equipment	12	15,590,964	15,936,389
Total non-current assets		<u>20,720,334</u>	<u>20,850,945</u>
Total assets		<u>22,602,762</u>	<u>22,768,305</u>
Liabilities			
Bank overdraft	8	340,000	229,000
Trade and other payables	13	522,031	569,713
Hire purchase liabilities	14	64,915	51,799
Employee benefits	15	119,611	98,332
Income received in advance		87,184	126,673
Total current liabilities		<u>1,133,741</u>	<u>1,075,517</u>
Hire purchase liabilities	14	86,801	106,465
Employee benefits	15	73,886	61,023
Total non-current liabilities		<u>160,687</u>	<u>167,488</u>
Total liabilities		<u>1,294,427</u>	<u>1,243,005</u>
Net assets		<u>21,308,335</u>	<u>21,525,300</u>
Members' funds			
Reserves		2,067,268	2,046,337
General funds		19,241,067	19,478,963
Total members' funds		<u>21,308,335</u>	<u>21,525,300</u>

The notes on pages 18 to 33 are an integral part of these financial statements.

Gosford Race Club Limited

Statement of changes in members' funds

For the year ended 30 June 2019

<i>In AUD</i>	Fair value reserve	Capital profit reserve	General funds	Total members' funds
Balance at 1 July 2017	377,814	1,447,949	19,664,357	21,490,120
Total comprehensive income for the year				
Loss for the year	-	-	(185,394)	(185,394)
Transfers from available for sale reserves		-		-
Other comprehensive income	220,574	-	-	220,574
Total comprehensive income for the year	<u>220,574</u>	<u>-</u>	<u>(185,394)</u>	<u>35,180</u>
Balance at 30 June 2018	<u>598,388</u>	<u>1,447,949</u>	<u>19,478,963</u>	<u>21,525,300</u>
Balance at 1 July 2018	598,388	1,447,949	19,478,963	21,525,300
Total comprehensive income for the year				
Loss for the year	-	-	(374,251)	(374,251)
Other comprehensive income	157,286	-	-	157,286
Total comprehensive income for the year	<u>157,286</u>	<u>-</u>	<u>(374,251)</u>	<u>(216,965)</u>
Net amount transferred to retained earnings for the derecognition of equity instruments at FVOCI	(136,355)	-	136,355	-
Balance at 30 June 2019	<u>619,319</u>	<u>1,447,949</u>	<u>19,241,067</u>	<u>21,308,335</u>

The notes on pages 18 to 33 are an integral part of these financial statements.

Gosford Race Club Limited

Statement of cash flows

For the year ended 30 June 2019

In AUD

	Note	2019	2018
Cash flows from operating activities			
Cash receipts from customers		12,046,368	13,001,441
Cash paid to suppliers and employees		(11,996,161)	(12,980,439)
Cash generated from operating activities		50,208	21,002
Interest paid		(15,012)	(11,882)
Interest received		1,811	2,640
Net cash from operating activities		37,007	11,760
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		14,545	-
Acquisition of property, plant and equipment		(326,691)	(389,558)
Investment income		234,606	252,232
Proceeds from sale of investments		1,152,288	1,083,522
Acquisition of investments		(1,209,114)	(1,197,400)
Net cash used in investing activities		(134,366)	(251,204)
Cash flows from financing activities			
Payments of finance lease liabilities		(6,549)	(53,874)
Net cash used in financing activities		(6,549)	(53,874)
Net decrease in cash and cash equivalents		(103,908)	(293,318)
Cash and cash equivalents at beginning of year		(130,839)	162,479
Cash and cash equivalents at end of year	8	(234,747)	(130,839)

The notes on pages 18 to 33 are an integral part of these financial statements.

Gosford Race Club Limited

Notes to the financial statements

For the year ended 30 June 2019

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 2019.

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

2 Basis of preparation

(a) Statement of compliance

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

The financial statements were authorised for issue by the Board of Directors on 19th September 2019.

(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.

Gosford Race Club Limited

Notes to the financial statements (continued)

For the year ended 30 June 2019

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 - Policy applicable before 1 July 2018

(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

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 3e(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.

3 Significant accounting policies (continued)

(a) Financial instruments - Policy applicable before 1 July 2018 (continued)

(ii) Non-derivative financial liabilities (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) Financial instruments - Policy applicable from 1 July 2018

(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.

3 Significant accounting policies (continued)

(a) Financial instruments - Policy applicable from 1 July 2018 (continued)

(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

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

(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

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

(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

(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.

(ii) *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

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.

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

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 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.

(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.

3 Significant accounting policies (continued)

(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.

(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) 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.

3 Significant accounting policies (continued)

(m) New accounting standards for application in future periods

AASB 16 removes the classification of leases as either operating lease or finance leases - for the lessee - effectively treating all leases as finance leases. Short-term leases (less than 12 months) and leases of low-value assets (such as personal computers) are exempt from the lease accounting requirements. There are also changes in accounting over the life of the lease. In particular, companies will recognise a front-loaded pattern of expenses for most leases, even when they pay constant rentals.

AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted where AASB 15 Revenue from Contracts with Customers is adopted at the same time.

The Company has limited arrangements which meet the definition of an operating lease and would require recognition under the new AASB 16 Leases Standard. The Company will continue to monitor the arrangements in place and any new arrangements entered into to ensure they are accounted for in accordance with the new accounting standard from the effective date.

AASB 1058 Income of Not-for-Profit Entities

AASB 1058 provides a more comprehensive model for the accounting of income for not-for-profit entities relating to the recognition of income. Under AASB 1058, the timing of income recognition will depend on whether a transaction gives rise to a performance obligation, liability or contribution by owners. It replaces the existing requirements in AASB 1004 Contributions. AASB 1058 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted for entities that have also adopted AASB 15.

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.

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 2019

5 Revenue

<i>In AUD</i>	2019	2018
TAB distributions - net	4,377,488	4,685,868
Racing	3,705,186	3,346,570
Hospitality and events	1,682,979	1,688,024
Sponsorship and broadcast rights	1,415,320	1,316,094
Membership subscriptions	53,162	44,950
Rental income	152,832	192,735
Bookmaker fees	38,571	37,522
Admissions	101,273	109,131
Nominations and acceptances	94,641	77,610
Training Fees	240,104	222,607
	<u>11,861,555</u>	<u>11,721,111</u>

6 Personnel expenses

<i>In AUD</i>	2019	2018
Wages and salaries	1,604,575	1,601,445
Contributions to defined contribution plans	141,578	142,619
Other employment expenses	335,644	228,170
	<u>2,081,797</u>	<u>1,972,234</u>

7 Finance income and finance costs

<i>In AUD</i>	2019	2018
Interest income	1,811	2,640
Finance income	<u>1,811</u>	<u>2,640</u>
Interest expense	(15,012)	(11,882)
Finance costs	<u>(15,012)</u>	<u>(11,882)</u>
Net finance income	<u>(13,201)</u>	<u>(9,242)</u>

8 Cash and cash equivalents

<i>In AUD</i>	2019	2018
Cash on hand	4,508	46,825
Cash at Bank	<u>100,745</u>	<u>51,336</u>
	<u>105,253</u>	<u>98,161</u>
Bank overdraft*	<u>(340,000)</u>	<u>(229,000)</u>
	<u>(234,747)</u>	<u>(130,839)</u>

Security*

First Registered Mortgage by Gosford Race Club over Non Residential Real Property located at 2 Racecourse Road West Gosford NSW2250.

First Registered Mortgage by Gosford Race Club Ltd over Residential Real Property located at 8 Faunce St, West Gosford NSW2250.

Gosford Race Club Limited

Notes to the financial statements (continued)

For the year ended 30 June 2019

9 Trade and other receivables

<i>In AUD</i>	2019	2018
Current		
Trade receivables	79,145	81,618
Accrued income	1,610,080	1,660,911
	<u>1,689,225</u>	<u>1,742,529</u>

10 Inventories

<i>In AUD</i>	2019	2018
Bar stock - at cost	56,738	56,572
Food stock - at cost	31,212	20,098
Other stock	-	-
	<u>87,950</u>	<u>76,670</u>

11 Investments

<i>In AUD</i>	2019	2018
Non current investments		
Fair value of financial assets through other comprehensive income / Available-for-sale	5,129,370	4,914,556
	<u>5,129,370</u>	<u>4,914,556</u>

The Company has not recognised any impairment losses with respect to the investments during the year ended 30 June 2019 (2018: \$67,760). During the year a gain of \$137,056 (2018:\$35,779 profit) was recognised in respect of the disposal of investment.

Gosford Race Club Limited

Notes to the financial statements (continued)

For the year ended 30 June 2019

12 Property, plant and equipment

<i>In AUD</i>	<i>Note</i>	Land	Buildings	Ground Improvements	Plant and equipment	Motor Vehicles	Total
Cost							
Balance at 1 July 2018		3,101,281	14,084,568	2,912,867	4,758,842	152,988	25,010,546
Additions			7,122	17,313	248,709	53,546	326,690
Disposals						(39,249)	(39,249)
Transfers from capitalised work in progress							-
Balance at 30 June 2019		3,101,281	14,091,690	2,930,180	5,007,551	167,285	25,297,987
Depreciation							
Balance at 1 July 2018		-	4,557,106	1,250,027	3,195,362	71,662	9,074,157
Depreciation for the year		-	284,251	84,513	265,992	37,359	672,115
Disposals		-	-	-	-	(39,249)	(39,249)
Balance at 30 June 2019		-	4,841,357	1,334,540	3,461,354	69,772	9,707,022
Carrying amounts							
At 30 June 2018		3,101,281	9,527,462	1,662,840	1,563,480	81,326	15,936,389
At 30 June 2019		3,101,281	9,250,333	1,595,640	1,546,197	97,513	15,590,964

Gosford Race Club Limited

Notes to the financial statements (continued)

For the year ended 30 June 2019

13 Trade and other payables

In AUD

	2019	2018
Current		
Trade payables	119,527	299,025
Non-trade payables and accrued expenses	290,558	198,839
Goods and services tax payables	111,946	71,849
	<u>522,031</u>	<u>569,713</u>

14 Hire purchase liabilities

In AUD

	2019	2018
Current liabilities		
Hire purchase liabilities	64,915	51,799
	<u>64,915</u>	<u>51,799</u>
Non-current liabilities		
Hire purchase liabilities	86,801	106,465
	<u>86,801</u>	<u>106,465</u>

	Future minimum lease payments 2019	Interest 2019	Present value of minimum lease payments 2019	Future minimum lease payments 2018	Interest 2018	Present value of minimum lease payments 2018
<i>In AUD</i>						
Less than one year	69,259	5,747	63,512	58,175	6,376	51,799
Between one and five yrs	94,776	5,431	89,345	112,370	5,905	106,465
	<u>164,035</u>	<u>11,178</u>	<u>152,857</u>	<u>170,545</u>	<u>12,281</u>	<u>158,264</u>

15 Employee benefits

In AUD

	2019	2018
Current liabilities		
Annual leave provision	119,611	98,332
	<u>119,611</u>	<u>98,332</u>
Non-current liabilities		
Long service leave provision	73,886	61,023
	<u>73,886</u>	<u>61,023</u>

Gosford Race Club Limited

Notes to the financial statements (continued)

For the year ended 30 June 2019

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>	2019	2018
Less than one year	-	12,563
Between one and five years	-	-
More than five years	-	-
	<u>-</u>	<u>12,563</u>

During the year \$152,832 (2018: \$192,735) 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>	2019	2018
Bank guarantees		
Auto-pay facility	<u>400,000</u>	<u>400,000</u>
	<u>400,000</u>	<u>400,000</u>

18 Reserves

Capital profit reserve

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

Fair value reserve

The fair value reserve comprises the cumulative net change in the Net change in fair value of financial assets through other comprehensive income/Available-for-sale, 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.

20 Related parties

Transactions with key management personnel

Directors received honorariums from the Company during the year totalling \$nil (2018: \$nil).

Key management personnel compensation

The key management personnel compensation comprised:

In AUD

	2019	2018
Short-term employee benefits	529,426	503,810
Other long-term benefits	9,168	8,489
	<u>538,594</u>	<u>512,299</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 2019.

Gosford Race Club Limited

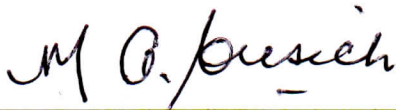
Directors' declaration

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 2019 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

Dated at Gosford this 30th day of September 2019.



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 2019 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 2019
- Statement of profit or loss and other comprehensive income Statement of changes in equity, and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

Basis for opinion

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

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

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

Other Information

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

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 Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 This description forms part of our Auditor's Report.

KPMG

Cameron Roan

Partner

Sydney

4 October 2019