

Annual Report 2022



**Gosford Race
Club Limited**

ABN 26 003 846 124

CENTRAL COAST

Gosford Race Club Limited

ABN 26 003 846 124

Chairman's Report

30 June 2022

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

The 2021/22 year like the previous two years has been challenging with many external factors adversely influencing our operations. The Covid-19 pandemic affected businesses not just locally but across the globe. We began the financial year in full lockdown with only closed-door racing occurring, and it wasn't until October that restrictions started to ease. Our first meeting back was on the 28th of October with limited crowds. Thankfully restrictions eased further over the following months, however, it was not until the beginning of 2022 that we saw all restrictions lifted enabling us to operate at full capacity. This being the case our catering and bar revenues both on race days and events were severely impacted over this period.

That being said we were still able to operate some successful days over our summer racing period. The Belle of the Turf day is now firmly cemented in our calendar for between Christmas and New Year and with the Gosford Guineas run on the same day it has become a great lead into the Magic Millions carnival in Queensland a fortnight later. This then leads into our New Year's Eve race day and while this has not hit its previous lofty attendance figures, we are hopeful of good conditions this year as we start to rebuild this. Obviously, this would be enhanced with some support from Council by bringing back the family festival and fireworks on the waterfront that previously supplemented the double header of the Races & Mariners home game. We feel Council has a social responsibility to put on community events such as this and hope they move quickly to restore it.

As the year moved on, we had several other big race days with Anzac Day being again a well-attended meet even given some poor weather. Looming rain did dampen the overall attendance but those who did brave the wet enjoyed a great day out which featured an enhanced military re-enactment to honour our service men and women. Then onto the second running (at Gosford), of The Coast race day. This has quickly etched itself into the local community's event calendar and has done so in a very short space of time. Close to 4,000 patrons filled the course which had over \$1.8m of prizemoney on offer. After 2021 we focused on further enhancing the day and with the support of RNSW, 2022 saw the inaugural running of 'The Thunder Thousand'. The race was met with good support from all including trainers, jockeys and the media and we believe it will become a major feature on the program into the future.

With the recent prizemoney increases announced by RNSW, The Coast Day will have a total prize money purse of over \$2m in 2023.

Governance

The Board conducts its annual strategy meeting in February. This year was a welcome change from the previous two years whereby the Board could concentrate on setting a post-pandemic plan. A plan that focuses on kickstarting our business, diversifying our income streams and enhancing the utilisation of our assets.

It also heralded our first planning day since the change to our constitution in February 2021 which led to the appointment of 3 independent Directors to sit alongside the 4 member elected Directors.

Our new Directors are:

Naseema Sparks AM
Peter Kernan
Mark Holton

It has been an exciting time for the Club as our new Directors bring extensive knowledge in racing administration, marketing, sales, law and finance which is the ideal complement to the expertise we already have on our Board.

I believe this change to the Board further enhances our ability to ensure good governance; an issue as a Board we have always taken very seriously.

Gosford Race Club Limited

ABN 26 003 846 124

Chairman's Report

30 June 2022

From the strategy day came the seeds that will underpin the future of the club and revolved around enhancing spectator facilities, the establishment of a world class training facility and the development of some of our external land holdings.

Constitutional Change

As mentioned above, a major change to the club's constitution was made in February 2021. The voting members of the club unanimously endorsed the adoption of a new constitution, which was a precondition for Racing NSW's contribution to our racing and training expansion. Included in the newly adopted constitution was a change in the election process. Given the Board overhaul and to ensure a period of stability in what was a major shift for the club, no election for Directors will be held in 2022.

Training

The Club and Racing NSW have forged a partnership to deliver a new state-of-the-art training facility with stage one being the installation of a synthetic training track to replace the tired current version. The new 'PolyTrack' was completed in October 2021 at a cost of \$3.4m. This proved to be a very prudent decision given the wet weather that we have endured from Christmas to now. Without this new facility, the training operations would have been severely hampered and perhaps closed altogether for large periods due to flooding.

None of this would be possible without the assistance provided by RNSW and we are very appreciative of this.

Stables

We continue to work with RNSW on planning for stage two which will include up to 200 new stables staged over several years and related training infrastructure. This will lift Gosford to a new level as a Provincial training hub.

These stables will be built by RNSW on the unused land they previously purchased from the Club.

A formal construction time frame has not yet been committed to however, it is my understanding that RNSW is keen to commence these works over the next 12 -18 months and the DA process has already begun with Council.

This additional funding in conjunction with the other recent training upgrades means that for the first time in my tenure there is a solid, clear, and most importantly fully funded plan for Gosford as a stabling and training facility, something that I and the Board have passionately pursued for much of the last decade. To be progressing as we are with this project is the culmination of many years of work.

Capital Works

During the year we also carried out several other capital works to improve our racing facility and experience. These were:

- New Running rail for the Course Proper.
- New running rail for the B Grass training track
- New irrigation system (Completed in 2022/23 year)
- New infield LED big screen.

The new screen particularly has been a big hit with positive feedback from all participants and spectators.

Gosford Race Club Limited

ABN 26 003 846 124

Chairman's Report

30 June 2022

The combined investment into these works approached \$5m showing the commitment of the Board & Management to ensuring Gosford remains at the pinnacle of Provincial racing.

Finance

In 2021/2022 the Gosford Race Club recorded a total comprehensive income of \$1,110,157 compared to \$1,727,709 in the previous year. Profit before depreciation, impairment and finance costs was \$2,441,189 (2021: \$1,951,335).

This is the largest profit seen in recent times, however, there are extraordinary items that have contributed to this result. The first is the \$1.67m of RNSW funding received in the year which was treated as income and included in our financial reports as such. Secondly, the Club's share and investment portfolio was impacted by the adverse financial climate and its performance reduced our comprehensive income due to some realised losses (not cashflow). Nonetheless, the Club produced a positive cash result, which in the current economic climate is a very pleasing outcome.

Cash and cash equivalents have decreased by \$2,802,004 due to the various capital works completed throughout the year.

TAB revenue, the major contributor to our income, was significantly affected during the 2021/22 year. There are several reasons for this with corporate bookmakers, who are continually gaining market share, being one of the major factors. The income from the corporate bookmakers which is generated by the industry flows directly to RNSW and is not distributed to the clubs via traditional means such as is the case with TAB revenue.

It should be noted that TAB has recently demerged its lotteries and wagering businesses which should result in the TAB being a leaner operation and one that will be able to move quickly in a very dynamic trading environment and compete on a more level footing with other wagering competitors.

Racing

Gosford Race Club now hosts five feature races each year, and the following tables show the results of these events in 2021/22.

\$500,000 The Coast

Rustic Steel – J Ford – K Lees

\$250,000 Listed MostynCopper Gosford Gold Cup

Numerian – S Clipperton – A Neasham

\$200,000 Group 3 Gosford RSL Belle of the Turf Stakes

Expat – T Sherry – M Newnham

\$200,000 Listed DeBortoli Wines Takeover Target Stakes

Blondeau – C Schofield – C Waller

\$150,000 Listed Sneddon Bros Gosford Guineas

Bacchanalia – C Schofield – J Cummings

Gosford Race Club Limited

ABN 26 003 846 124

Chairman's Report

30 June 2022

Premierships

During the racing season 2021/22 the following premierships were conducted:

Wins at Gosford

Leading trainer: C Waller - 10 wins

Leading jockey: T Berry - 9 wins

Leading apprentice: D Gibbons – 13 wins

Gosford domiciled trainers – All racetracks

Leading Gosford trainer: Grant Allard – 12 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 race day sponsors and corporate members and these are listed below:

Brook Group	Narara Plumbing
Central Coast Council	Men of League
Central Coast Granite	Pirtek Group
Coca Cola	Pluim Group
DeBortoli Wines	SKY Channel
Donnica Clarke Foundation	Sneddon Bros Maintenance
EVE Security Services	Star FM
EVE Electrical & Communications	Tabcorp
Gosford RSL	Tanti Financial Services
Gosford IT	Taperell Rutledge Solicitors
Industree Group	The Entrance Leagues Club
Legacy	Terrigal Wamberal Sharks
Lion Nathan – Tooheys	Westpac Rescue Helicopter Service
MostynCopper	

Internal Staff

The team continues to be headed by Daniel Lacey, supported by a group of dedicated staff.

Over the course of the last 12 months we have been joined by several new employees:

- Darren Ho commenced with the club in a newly created full-time position of Head Chef. Darren is a multi-award-winning chef at the top of his game and has extensive experience in high-end hotels.
- Jacqueline Marchant commenced with us in the role of accounts assistant. Jackie has a background in finance & administration and will lead the implementation of our new automated payroll system.
- Natalie King who is a long-term casual employee within our hospitality business became a full-time employee in the newly created role of Operations & Hospitality Coordinator. Natalie knows Gosford inside and out and has formed a great relationship with many of our members and stakeholders over the years.

Gosford Race Club Limited

ABN 26 003 846 124

Chairman's Report

30 June 2022

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 a testament to the condition and fairness of the course proper.

Finally, 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 are of great benefit and I feel privileged to be part of such a strong board.

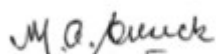
In recent years, the focus has been very much on Board governance by the regulators and I am confident that we have one of the most professional and experienced Boards in racing and are well-positioned to handle any challenges or opportunities the future may present.

I would like to extend my thanks to my Executive, Michael Griffiths and David Hassab, and the rest of the board, Reg Delaney, Naseema Sparks, Mark Holton, and Peter Kernan for their efforts and support throughout this year.

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

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

I wish you good health and happiness and look forward to catching up with many of you over the next year.



Michael Cusick
Chairman

Gosford Race Club Limited

ABN 26 003 846 124

Financial Statements

For the Year Ended 30 June 2022

Gosford Race Club Limited

ABN 26 003 846 124

Contents

For the Year Ended 30 June 2022

	Page
Financial Statements	
Directors' Report	1
Auditor's Independence Declaration	4
Statement of Profit or Loss and Other Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Member's Fund	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Directors' Declaration	23
Independent Audit Report	24

Gosford Race Club Limited

ABN 26 003 846 124

Directors' Report

30 June 2022

The directors present their report on Gosford Race Club Limited for the financial year ended 30 June 2022.

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Name, Qualifications	Experience	Special Responsibility
Cusick, M A Chairman	Ex-Office Member on all Sub Committees Company Director	Director since August 2009 Elected Chairman 26 October 2010
Griffiths, M W Vice Chairman	Property and Development Sub Committee Company General Manager	Director since October 2010 Elected Vice Chairman 24 October 2017
McShane, S Hon. Treasurer	Finance and Remuneration Sub Committee Chartered Accountant	Director since May 2005 Elected Treasurer 14 February 2006 Resigned October 2021
Allen, A E J Director	Real Estate Agent	Director since May 2006 Resigned October 2021
Delaney, R C Director	Membership and Sponsorship Sub Committee	Director since October 2003
Dsilva, M D Director	Company Director	Director since February 2020 Resigned October 2021
Hassab, D Director	Finance and Remuneration Sub Committee Company General Manager	Director since December 2015 Elected Treasurer October 2021
Holton, M Director	Property and Development Sub Committee Finance and Remuneration Sub Committee Fellow Certified Practising Accountant	Director since October 2021
Sparks, N Director	Finance and Remuneration Sub Committee Membership and Sponsorship Sub Committee	Director since October 2021
Kernan, P Director	Property and Development Sub Committee Membership and Sponsorship Sub Committee Lawyer	Director since October 2021

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company secretary

Mr Daniel Lacey has been the company secretary since 18 February 2016.

Gosford Race Club Limited

ABN 26 003 846 124

Directors' Report

30 June 2022

Review of operations

The operating profit of the Company for the year ended 30 June 2022 was \$ 1,700,202 (2021: \$1,278,860), after charging \$737,249 (2021: \$667,406) for depreciation and \$3,738 (2021: \$5,069) for net finance costs.

New Accounting Standards Implemented

The Group has implemented one new Accounting Standard that is applicable for the current reporting period.

AASB 1060: General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities has been applied in the current year, resulting in a change in disclosure form and content when compared to the financial statements presented for the year ended 30 June 2021.

Principal activities

The principal activity of Gosford Race Club Limited during the financial year was the conduct of licensed horse racing. No significant changes in the nature of the Company's activity occurred during the financial year.

Short and long-term objectives

The Company's short term objectives are to:

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.

Performance measures

The Company measures its own performance through the use of both financial and non-financial benchmarks. The benchmarks are used by the Directors to assess the financial sustainability of the Club and whether the Club's short-term and long-term objectives are being achieved. Performance is assessed regularly against previous results, approved budgets and relevant industry benchmarks.

Key performance indicators used include:

- Earnings before interest, tax, depreciation and amortisation;
- Gross profit analysis;
- Solvency tests;
- Wastage benchmarking; and
- Cost centre analysis.

Gosford Race Club Limited

ABN 26 003 846 124

Directors' Report

30 June 2022

Members Guarantee

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 2022 and the comparison with the prior year is as follows:

	2022	2021
Number of members		
General	954	1,065
Life	10	8
Corporate	12	12
Total	976	1,085

As at 30 June 2022, the total amount that members of the Company are liable to contribute if the Company is wound up is \$1,952 (2021: \$2,170).

Meetings of directors

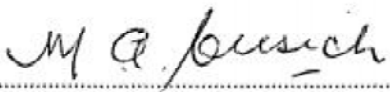
During the financial year, 10 meetings of directors were held. Attendances by each director during the year were as follows:


	Number eligible to attend	Number attended	Apologies	Leave of absence
Cusick, M A	10	8	2	-
Griffiths, M W	10	10	-	-
McShane, S	4	4	-	-
Allen, A E J	4	4	-	-
Delaney, R C	10	10	-	-
Dsilva, M D	4	4	-	-
Hassab, D	10	10	-	-
Holton, M	6	6	-	-
Sparks, N	6	6	-	-
Kernan, P.	6	5	1	-

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2022 has been received and can be found on page 4 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: 
Cusick, M A

Director: 
Hassab, D

01 October 2022

Sydney
Level 11, 309 Kent Street
Sydney NSW 2000
PO Box 20726 World Square NSW 2002
T 02 8262 8700 F 02 8026 8377

Newcastle
Level 2, 175 Scott Street
Newcastle NSW 2300
PO Box 234 Newcastle NSW 2300
T 02 4907 7222 F 02 8026 8376

Brisbane
Level 22, 333 Ann Street
Brisbane QLD 4000
GPO Box 2246 Brisbane QLD 4001
T 07 3839 1755 F 07 3839 1037

T 1300 795 515

W prosperity.com.au

Gosford Race Club Limited

ABN 26 003 846 124

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, during the year ended 30 June 2022, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit;
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit; and
- (iii) no non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

Prosperity Audit Services

PROSPERITY AUDIT SERVICES



ALEX HARDY
Director

01 October 2022
Newcastle

Gosford Race Club Limited

ABN 26 003 846 124

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2022

	Note	2022 \$	2021 \$
Revenue	4	13,201,967	12,865,215
Other income	4	2,321,529	699,149
Prize money, trophies and subsidies		(7,515,140)	(6,883,731)
Hospitality and events		(1,230,753)	(818,604)
Racing expenses		(1,738,668)	(1,598,829)
Administration expenses		(1,612,602)	(1,557,172)
Racecourse maintenance		(847,353)	(1,131,629)
Marketing and promotions		(91,249)	(115,662)
Net (loss)/gain on disposal of property, plant and equipment		-	508,861
Other expenses		(46,542)	(16,263)
Profit before depreciation, impairment and finance costs		2,441,189	1,951,335
Depreciation and amortisation		(737,249)	(667,406)
Results from operating activities		1,703,940	1,283,929
Finance income		457	175
Finance costs		(4,195)	(5,244)
Net finance costs		(3,738)	(5,069)
Profit before income tax		1,700,202	1,278,860
Income tax expense	2(c)	-	-
Profit for the year		1,700,202	1,278,860
Other comprehensive income			
Net increase/(decrease) in fair value of financial assets through other comprehensive income		(590,045)	448,849
Total comprehensive income for the year		1,110,157	1,727,709

The accompanying notes form part of these financial statements.

Gosford Race Club Limited**ABN 26 003 846 124****Statement of Financial Position****As At 30 June 2022**

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	635,948	3,437,952
Trade and other receivables	7	2,240,552	2,005,511
Inventories		71,165	66,034
TOTAL CURRENT ASSETS		2,947,665	5,509,497
NON-CURRENT ASSETS			
Property, plant and equipment	8	17,159,689	13,594,882
Financial assets	13	5,124,581	5,374,660
Right of use assets (motor vehicles)		54,722	104,100
TOTAL NON-CURRENT ASSETS		22,338,992	19,073,642
TOTAL ASSETS		25,286,657	24,583,139
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	830,963	1,277,297
Lease liabilities		33,720	43,273
Employee benefits provisions	10	188,803	151,936
Income received in advance		139,353	105,103
TOTAL CURRENT LIABILITIES		1,192,839	1,577,609
NON-CURRENT LIABILITIES			
Lease liabilities		43,409	81,374
Employee benefits provisions	10	75,498	59,402
TOTAL NON-CURRENT LIABILITIES		118,907	140,776
TOTAL LIABILITIES		1,311,746	1,718,385
NET ASSETS		23,974,911	22,864,754
EQUITY			
Reserves		1,722,515	2,312,560
Retained earnings		22,252,396	20,552,194
TOTAL EQUITY		23,974,911	22,864,754

The accompanying notes form part of these financial statements.

Gosford Race Club Limited

ABN 26 003 846 124

Statement of Changes in Equity

For the Year Ended 30 June 2022

	Fair value reserve	Retained earnings	Total
	\$	\$	\$
Balance at 1 July 2021	864,611	22,000,143	22,864,754
Profit for the year	-	1,700,202	1,700,202
Other comprehensive income	(590,045)	-	(590,045)
Balance at 30 June 2022	274,566	23,700,345	23,974,911

	Fair value reserve	Retained earnings	Total
	\$	\$	\$
Balance at 1 July 2020	415,762	20,721,283	21,137,045
Profit for the year	-	1,278,860	1,278,860
Other comprehensive income	448,849	-	448,849
Balance at 30 June 2021	864,611	22,000,143	22,864,754

The accompanying notes form part of these financial statements.

Gosford Race Club Limited

ABN 26 003 846 124

Statement of Cash Flows
For the Year Ended 30 June 2022

	2022	2021
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	16,929,604	14,246,377
Payments to suppliers and employees	(15,195,306)	(12,420,058)
Interest received	457	175
Interest paid	(4,195)	(5,244)
Net cash provided by/(used in) operating activities	1,730,560	1,821,250
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property, plant and equipment	-	2,000,000
Purchase of property, plant and equipment	(4,252,678)	(699,113)
Receipts from investment income	102,086	251,678
Purchase of investments	(334,455)	-
Net cash provided by/(used in) investing activities	(4,485,047)	1,552,565
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments of principal component of leases	(47,517)	(62,613)
Net cash provided by/(used in) financing activities	(47,517)	(62,613)
Net increase/(decrease) in cash and cash equivalents held	(2,802,004)	3,311,202
Cash and cash equivalents at beginning of year	3,437,952	126,750
Cash and cash equivalents at end of financial year	6 635,948	3,437,952

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2022

Gosford Race Club Limited (the Company) is a not-for-profit company domiciled in Australia as a public company limited by guarantee.

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

1 Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures and the *Corporations Act 2001*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The functional and presentation currency of Gosford Race Club Limited is Australian dollars.

The financial report was authorised for issue by the Directors on the date that the Directors' Declaration was signed.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Grants revenue

When the Company receives operating grant revenue, it assesses whether the contracts is enforceable and has sufficiently specific performance obligations in accordance to AASB 15.

When both these conditions are satisfied, the Company:

- identifies each performance obligation relating to the grant;
- recognises a contract liability for its obligations under the agreement; and
- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Company:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (e.g. AASB 9, AASB 16, AASB 116 and AASB 138);
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the Company recognises income in profit or loss when or as it satisfies its obligations under the contract.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

Revenue and other income

Racing

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.

Racing - NSW prizemoney subsidy

Racing NSW prizemoney subsidy is recognised on an accruals basis.

Bookmaker fees, Nominations and acceptance fees

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

Sponsorship

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

Racing Revenue

Racing revenue comprises of bookmakers' fees, nominations and acceptances fees. These are recognised on an accrual basis based on the performance obligation of holding the race meeting.

Membership Subscriptions

Membership revenue collected in advance and is recognised as revenue in the year in which the membership is held on a straight line basis.

Broadcast Rights

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.

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.

Training Fees

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

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

Revenue and other income

Property

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

All income is stated net of the amount of Goods and Services Tax (GST).

(b) 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.

This is in line with the expected completion of the performance obligation relating to the underlying revenue.

(c) Income Tax

The Company is exempt from income tax under Division 50 of the *Income tax Assessment Act 1997*.

(d) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, cash at bank, term deposits and bank overdrafts.

(e) Receivables

Accounts receivable includes amounts due from customers for goods sold in the ordinary course of business and accrued income from racing distributions. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets. Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. Components of cost include the purchase price and, where applicable, any charges in the delivery of inventories.

(g) Leases

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(g) Leases

- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

Right-of-use asset

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised. The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received. The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

Lease liability

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used. Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term. Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(h) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment.

Items of property, plant and equipment acquired for significantly less than fair value have been recorded at the acquisition date fair value.

Freehold Property

Freehold land and buildings are shown at cost less subsequent depreciation (for buildings) and impairment.

Plant and equipment

Plant and equipment are measured using the cost model. Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(h) Property, plant and equipment

Plant and equipment

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Freehold buildings	2.5% - 10%
Plant and equipment	10% - 40%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(i) Impairment of assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an asset's class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(j) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or the sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense to profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Financial assets

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).

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 three categories:

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.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(j) Financial instruments

Classification and subsequent measurement

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

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

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position. On derecognition of a financial asset or liability measured at amortised cost, the difference between the carrying amount and the sum of the consideration received/paid and receivable/payable is recognised in profit or loss.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires).

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

Impairment

The Company recognises a loss allowance for expected credit losses. Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

Recognition of expected credit losses in financial statements

At each reporting date, the Company recognises the movement in the loss allowance as an impairment gain or loss in the statement of comprehensive income. The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

(k) Accounts payable

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 45 days of recognition of the liability.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(l) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Changes in the measurement of the liability are recognised in profit or loss.

(m) Goods and services tax (GST)

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 Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

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

(n) Provisions

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

(o) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 30 June 2022, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

(p) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(q) New and Amended Accounting Policies Adopted by the Company

AASB 1060: General Purpose Financial Statements – Simplified Disclosures for Not-for-Profit Tier 2 Entities

The Company has adopted AASB 1060: General Purpose Financial Statements – Simplified Disclosures for Not-for-Profit Tier 2 Entities for the first time this reporting period. The Standard, which sets out a new separate disclosure Standard to be applied by all entities that are reporting under Tier 2 of the Differential Reporting Framework in AASB 1053: Application of Tiers of Australian Accounting, replaces the previous Reduced Disclosure Requirements (SD) framework. The application of this standard has resulted in reductions in disclosures for Revenue, Leases and Financial Instruments; however has resulted in new and/or increased disclosures in areas such as Audit Fees and Related Parties.

Notes to the Financial Statements

For the Year Ended 30 June 2022

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgments during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances. These estimates and judgments are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgments made have been described below.

Key estimates - impairment of assets

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. The directors have assessed that no impairment of assets exist at 30 June 2022.

Key judgments - performance obligations

To identify a performance obligation under AASB 15 Revenue from Contracts with Customers, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgments to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/type, cost value, quantity and the period of transfer related to the goods or services promised.

4 Revenue and other income

	2022	2021
	\$	\$
Revenue		
TAB distributions - net	4,671,771	4,994,768
Racing	5,260,469	4,764,943
Sponsorship and broadcast rights	1,482,307	1,377,840
Hospitality and events	1,058,313	1,014,769
Training fees	243,989	326,486
Rental income	148,600	141,325
Nominations and acceptances	141,337	129,021
Admissions	97,906	90,781
Bookmaker fees	13,748	15,287
Membership subscriptions	83,527	9,995
	13,201,967	12,865,215
Other income		
Infrastructure funding	1,668,730	-
Income from investments	254,091	251,678
Jobsaver/Jobkeeper income	271,688	177,162
Other sundry income	127,020	270,309
	2,321,529	699,149

Gosford Race Club Limited

ABN 26 003 846 124

Notes to the Financial Statements

For the Year Ended 30 June 2022

5 Personnel Expenses

	2022	2021
	\$	\$
Wages and salaries	1,670,532	1,800,683
Contributions to defined contribution plans	161,414	152,386
Other employment expenses	253,424	232,460
	<u>2,085,370</u>	<u>2,185,529</u>

6 Cash and cash equivalents

Cash on hand	58,536	186,749
Cash at bank	<u>577,412</u>	<u>3,251,203</u>
	<u>635,948</u>	<u>3,437,952</u>

The company has access to an undrawn Bank loan facility worth \$1,047,867.

7 Trade and other receivables

CURRENT		
Trade receivables	124,576	92,718
Accrued income	<u>2,115,976</u>	<u>1,912,793</u>
	<u>2,240,552</u>	<u>2,005,511</u>

8 Property, plant and equipment

Land		
At cost	<u>1,881,139</u>	<u>1,881,139</u>
	<u>1,881,139</u>	<u>1,881,139</u>
Buildings		
At cost	14,084,512	14,084,512
Accumulated depreciation	<u>(5,657,595)</u>	<u>(5,370,089)</u>
	<u>8,426,917</u>	<u>8,714,423</u>
Ground improvement		
At cost	6,207,192	2,830,008
Accumulated depreciation	<u>(1,655,215)</u>	<u>(1,468,545)</u>
	<u>4,551,977</u>	<u>1,361,463</u>
Plant and equipment		
At cost	6,091,397	5,215,904
Accumulated depreciation	<u>(3,791,741)</u>	<u>(3,578,047)</u>
	<u>2,299,656</u>	<u>1,637,857</u>
Total property, plant and equipment	<u>17,159,689</u>	<u>13,594,882</u>

Notes to the Financial Statements

For the Year Ended 30 June 2022

8 Property, plant and equipment

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land \$	Buildings \$	Ground Improvement \$	Plant and Equipment \$	Total \$
Balance at the beginning of the year	1,881,139	8,714,423	1,361,463	1,637,857	13,594,882
Additions	-	-	3,377,184	875,494	4,252,678
Depreciation	-	(287,506)	(186,670)	(213,695)	(687,871)
Balance at the end of the year	1,881,139	8,426,917	4,551,977	2,299,656	17,159,689

9 Trade and other payables

	2022 \$	2021 \$
CURRENT		
Trade payables	517,456	747,336
Accrued expenses and other payables	202,173	267,899
GST payable	111,334	262,062
	830,963	1,277,297

10 Employee benefits

CURRENT		
Provision for annual leave	153,645	121,613
Provision for long service leave	35,158	30,323
	188,803	151,936
NON-CURRENT		
Provision for long service leave	75,498	59,402
	75,498	59,402

11 Reserves

Fair value reserve

The fair value reserve comprises the cumulative net change in the Net change in fair value of financial assets through other comprehensive income, until the assets are derecognised or impaired.

Notes to the Financial Statements

For the Year Ended 30 June 2022

12 Commitments

At 30 June 2022, the Club had not contractually entered into capital commitments related to the racecourse rejuvenation project but anticipates capital works in the 2023 financial year as follows:

- Irrigation system for the Course Proper - \$320,000
- Jockey's room renovation - \$100,000

13 Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, accounts receivable, financial assets and payable. The carrying amounts for each category of financial instruments, measured in accordance with the accounting policies to these financial statements, are as follows:

	2022 \$	2021 \$
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	635,948	3,437,952
Trade and other receivables	2,240,551	2,005,511
Total financial assets measured at amortised cost	2,876,499	5,443,463
Investments in equity instruments designated as at fair value through other comprehensive income:		
Listed investments	5,124,581	5,374,660
Total financial assets measured at fair value through other comprehensive income	5,124,581	5,374,660
Total financial assets	8,001,080	10,818,123
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables	830,963	1,277,297
Total financial liabilities measured at amortised cost	830,963	1,277,297
Total financial liabilities	830,963	1,277,297

14 Related Parties

(a) Transactions with key management personnel

Directors did not receive honorariums from the Company during the year (2021: \$nil).

Notes to the Financial Statements

For the Year Ended 30 June 2022

14 Related Parties

(b) Key management personnel compensation

The key management personnel compensation comprised:

	2022	2021
	\$	\$
Short-term employee benefits	553,778	505,644
Other long-term benefits	12,531	7,251
	<u>566,309</u>	<u>512,895</u>

(c) Other key management personnel compensation

During 2021/22, a business controlled by a Director of the Company, provided catering services amounting to \$516.

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 routine 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.

15 Auditors' Remuneration

Audit of financial report	27,490	21,950
Audit of infrastructure grant acquittal	1,000	-
Tax compilation and advisory services	5,645	-
Time and attendance system advisory services	9,000	-
	<u>43,135</u>	<u>21,950</u>

16 Contingencies

(a) Infrastructure upgrade works

During the year, funding was provided to the company by way of an interest free, interminable loan from Racing NSW as part of the infrastructure upgrade works on the racecourse. This loan is only repayable if one of the following conditions is triggered:

- The company conducts business activities in such a manner that it becomes financially unstable or insolvent;
- The company ceases to operate as a race club;
- The company disposes of land or other freehold property without the agreement of Racing NSW;
- The company merges, amalgamates or otherwise associates with any other race club;
- The company amends its governance structure; or
- The company is in material breach of any of its obligations, duties and functions under the funding agreement.

Notes to the Financial Statements

For the Year Ended 30 June 2022

16 Contingencies

(a) Infrastructure upgrade works

The Directors are of the opinion that the circumstances outlined above are unlikely to occur in the ordinary course of business and accordingly, no liability has been recorded in the financial report.

The maximum contingent liability at the reporting date in respect of this loan amounts to \$1,750,000.

(b) Other Contingencies

There were no other contingent assets or liabilities at the reporting date.

17 Economic dependency

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

18 Events after the end of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

19 Statutory Information

The registered office and principal place of business of the company is:

Gosford Race Club Limited

4 Racecourse Rd, West Gosford NSW 2250

Gosford Race Club Limited

ABN 26 003 846 124

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 22, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards (Simplified Disclosures); and
 - b. give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director
M. G. Cusick
Cusick, M A

Director
D. Hassab
Hassab, D

01 October 2022

Sydney
Level 11, 309 Kent Street
Sydney NSW 2000
PO Box 20726 World Square NSW 2002
T 02 8262 8700 **F** 02 8026 8377

Newcastle
Level 2, 175 Scott Street
Newcastle NSW 2300
PO Box 234 Newcastle NSW 2300
T 02 4907 7222 **F** 02 8026 8376

Brisbane
Level 22, 333 Ann Street
Brisbane QLD 4000
GPO Box 2246 Brisbane QLD 4001
T 07 3839 1755 **F** 07 3839 1037

T 1300 795 515
W prosperity.com.au

Gosford Race Club Limited

Independent Audit Report to the members of Gosford Race Club Limited

Report on the Audit of the Financial Report

Opinion

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 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company 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 2022 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards (Simplified Disclosures) and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 auditor independence requirements of 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 (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Gosford Race Club Limited

Independent Audit Report to the members of Gosford Race Club Limited

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors 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 (Simplified Disclosures) 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

Gosford Race Club Limited**Independent Audit Report to the members of Gosford Race Club Limited**

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Prosperity Audit Services

PROSPERITY AUDIT SERVICES

ALEX HARDY
Director

Newcastle
01 October 2022