



NEWCASTLE JOCKEY CLUB



ANNUAL REPORT

for the year ended 30th June 2012



Newcastle Jockey Club Limited
(A company limited by guarantee)

ABN 13 000 002 513



Table of Contents

Chairman’s Report..... 2

Chief Executive’s Report 4

Statement of comprehensive income 8

Statement of financial position..... 9

Statement of cash flows..... 10

Notes..... 11

Chairman's Report

Dear Members,

What a year of excitement and turmoil we have had. Whilst not linked directly to the NJC, horses like Pierro, More Joyous and Black Caviar really added to the excitement of Australian racing. Black Caviar's 22 straight wins, including the very controversial finish at Ascot, really placed racing on the front page. The whole country showed an interest in our sport, creating many new fans.

The NJC also had very exciting times with a strong year of racing. NJC feature race winners for the 2011 season were:

Broadmeadow

2011

Patinack Farm Cameron Handicap (Group 3) – Raspberries
(trained by Peter Snowden and ridden by Kerrin McEvoy)

Tooheys New Newcastle Gold Cup (Group 3) – Green Moon
(trained by Robert Hickmott and ridden by Brenton Avdulla)

MGA Insurance Brokers Spring Stakes (Group 3) – Darci Be Good
(trained by Bede Murray and ridden by Glen Boss)

Patinack Farm Tibbie Stakes (Listed) – More Strawberries
(trained by Gai Waterhouse and ridden by Nash Rawiller)

2012

Hunter Sports Group Newmarket Handicap (Group 3) – He's Remarkable
(trained by Roger James and ridden by Corey Brown)

Cessnock

2011

Keno/The Herald Jungle Juice Cup – Youthful King
(trained by Jeremy Sylvester and ridden by apprentice Alison Threadwell)

2012 Tooheys New Cessnock Cup – Beaveroo
(trained by Stephen Schofield and ridden by apprentice Serg Lisnyy)

This time last year we were contemplating the outcome of the course proper, which was closed by Racing NSW stewards due to undulations from the 1200 metre start,

900 metre starting chute and the home turn. Whilst these problems have been in existence for many years, they were considered too dangerous to race on and required immediate repairs. The track re-opened on Boxing Day for racing, however the financial damage was already done. To miss five race meetings in the spring was almost crippling. The loss of earnings from bars and food along with the many refunds for booked functions made it very tough on all.

Without question the biggest windfall for NSW Racing was the winning of the Race Fields Legislation court case. Now all corporate bookmakers throughout Australia pay a 1.5% levy on all bets held on NSW races. This has injected some \$50 million into the NSW Racing industry which will be paid out in prize money and spread back to 10th position and includes the introduction of payments to strappers.

This increases NJC prize money to \$22,000 per race and Wine Country Race Club to \$15,000 per race. These prize money increases of approximately 50% will filter additional money to owners, trainers and jockeys and also ensure other participants stay in the game.

Further to this RNSW collected some \$100 million while the appeals were taking place and this money has been made available for clubs to improve racing and training facilities. This is another huge injection of funding into racing.

I would like to mention and thank past chairman Brian Reardon and director Murray McKeough for their input, which was very much appreciated. Brian Reardon served on the NJC Board for 18 years which included almost 5 years as vice chairman.

To the NJC Board of Directors including vice-chairman Anthony Hall, Allen Hardes, Gary Dowling, Phil Priestley, Bill Moncrieff, Dave Williams, Mike Hadaway, John Waghorn and Rob Dan I extend my appreciation for their support – they help make a great team and as you can see by the improvements now completed all have contributed in many ways to making this club number one in the Provincial Racing Association of NSW.

In addition to the board, many thanks to our CEO Cameron Williams and his management and staff for taking on the track, marketing and financial challenges during this year and for the results achieved. We are working towards making this coming year even better.

Cheers,

A handwritten signature in black ink, appearing to read 'G. Barnett'.

Geoffrey Barnett
Chairman NJC



Chief Executive's Report

Newcastle Jockey Club (NJC) has endured a challenging year and despite this I am pleased to report some very positive news for our members.

The Club got off to a wonderful start for FY2012. By the end of the first quarter, a \$233,429 increase in operating profit had been recorded compared to the same period in FY2011. In the midst of all this, NJC enjoyed a terrific Spring Carnival. Who could forget Green Moon stretching for the line in what was a classic Tooheys New Newcastle Gold Cup.

At the commencement of October however, the Broadmeadow course proper was deemed unsafe for racing by the NSW Jockeys Association due to undulations around sections of the track. This difficult action followed years of concern and compelled a decision by Racing NSW to close the course proper immediately for urgent renovation work. NJC had six race meetings transferred to other racecourses including one meeting transferred to Wine Country Race Club

- Saturday, 29 October 2011 – Wyong Race Club
- Saturday, 5 November 2011 – Gosford Race Club
- Sunday, 13 November 2011 – Scone Race Club
- Saturday, 26 November 2011 – Scone Race Club
- Saturday, 10 December 2011 – Wine Country Race Club, Cessnock
- Wednesday, 14 December 2011 – Illawarra Turf Club (ATC Meeting)

The impact on the Club's operating profit cannot be ignored. In food and beverage revenue alone, the Club lost in excess of \$800,000 in forecast revenue between October and January. On a positive note to this period, 19,000 sqm of surface area was levelled and turfed with racing re-commencing on Boxing Day in near record time.

On 30 March 2012, things came to a head again. Only this time the news was all good with the High Court unanimously upholding the State Government's racefields legislation, which requires corporate bookmakers to pay 1.5 per cent on all bets laid in NSW.

	2011/12	2010/11	2009/10
Net Operating Result before depreciation	\$139,500	\$541,125	[\$368,149]
Depreciation	[\$1,048,180]	[\$976,262]	[\$930,054]
Non-operating items	\$824,840	\$290,450	\$199,556
Profit / [Loss]	[\$83,840]	[\$144,687]	[\$1,098,647]

Financial Performance

Despite being closed to racing throughout our peak period, the Club generated an operating profit before depreciation of \$139,500. After accounting for depreciation an operating loss of \$83,840 was recorded. In an effort to ensure racing at NJC is not closed again, our masterplan provides for the development of two new racetracks in a staged manner.

Key Performance Indicators	2011/12	2010/11
Operating income change (year on year) %	(4.8%)	16%
Working Capital Ratio %	2.54:1	2.01:1
Total revenue derived from racing and training activity %	64%	65%
Food and beverage cost of goods to revenue %	33%	37%
Gross Profit Margin: Bar, Broadmeadow	67%	64%
Gross Profit Margin: Bar, Cessnock	65%	50%
Gross Profit Margin: Catering, Broadmeadow	67%	61%
Gross Profit Margin: Catering, Cessnock	57%	38%

In response to racing closure and in turn decreased operating income, the Management team has kept a very strong focus on operating as efficiently as possible throughout the year as highlighted by improved food and beverage gross margins.

Racing Activity

During the year we witnessed some wonderful racing, some of which I have previously touched on, and further details of which are in the Chairman's report.

NJC has once again contributed strongly to NSW racefields. The five Provincial Race Clubs accounted for 9,141 trained starters for 2012, with NJC providing 3,020 or 33%. During the year, total wagering turnover on Provincial Race meetings was \$192 million. NJC accounted for \$49 million of this total, or 25%.

I would like to congratulate trainer Darren Smith on winning this year's Racing NSW Provincial Trainer of the Year Award and also make a special mention for Gary Harley, a very popular winner of the Racing NSW Provincial Media Award for 2012.

Non Racing Highlights

NJC continues to diversify into new areas and this year hosted events such as the Hunter Regional Schools Cross Country, Newcastle University Exams, Careers Markets, Toy and Hobby Expo, many school formals and parties as well as numerous conferences and training days.

Major Developments

NJC's Pro-Ride synthetic track broke down during 2012 and was deemed irreparable due to substantial flooding in 2007 and ongoing contamination from an adjoining cinders training track. Prior to rebuilding the Pro-Ride track it was necessary to redevelop the old cinders track. This project has been completed and the Club now provides trainers with a new slow work sand track complete with new running rail.

During 2012, a Broadmeadow Racecourse masterplan was developed for NJC. This document outlines the staged redevelopment of NJC tracks, stabling and facilities. Importantly, it also supports the NJC's submission to Racing NSW for funding assistance from racefields fees. The next phase of the Masterplan is the redevelopment of NJC's B-Grass training track into a "No.2 Racetrack" prior to redeveloping the course proper.

Matters Post 30 June

Following the successful defence of Racefields legislation in the High Court, from 1 July 2012 Racing NSW increased minimum prizemoney per race at Broadmeadow from \$14,000 to \$22,000 on a fully funded basis. At Cessnock, Wine Country Race Club also benefitted with minimum prizemoney increasing from \$10,000 to \$15,000.

Following the completion of our new sand track, the Club's Pro-Ride synthetic training track was also redeveloped complete with new drainage system and revised design. The new track is working very well and generating good feedback from our trainers and trackwork riders.

Since then, on 19 September 2012, the Minister for Racing George Souris MP, announced that NJC had received a funding offer of \$11.2 million for redevelopment of racing and training track infrastructure. This is absolutely the news our Club has been waiting for and NJC members will be asked to vote in favour of constitutional amendments to release this funding at the 2012 Annual General Meeting.

Key strategies of NJC for 2013 will include:

- Strive to be a leading Provincial Racing and Training Centre complete with a staged masterplan and facility upgrade program supported by NJC's \$11.2 million funding offer from Racing NSW.
- To operate as a surplus generating enterprise to create cash reserves for future reinvestment into the Club, the Thoroughbred industry and the local community.
- Adopt a business culture that seeks return on investment supported by comprehensive due diligence, risk management and stakeholder engagement.
- Administer all NJC activity in line with contemporary governance practices.

Thank You

I would like to thank our Members for their ongoing support and patronage. The Club's future is now primed for significant enhancement with funding of \$11.2 million on the table and I am sure Members will see their Club benefit greatly as a result.

Thank you to my staff who have remained committed to providing our members, participants and the general public with the best possible experience at NJC throughout the year.

I would like to thank all of our sponsors and in particular Tooheys, Patinack Farm, Schweppes, De Bortoli, MGA Insurance and Smirnoff for their generous support.

During the year Mr Brian Reardon stood down as Chairman of the Board and some months later, Mr Murray McKeough stood down as Director. I would like to thank Brian and Murray for their vision and leadership.

Thank you to Chairman Geoff Barnett and the Board for their guidance and ongoing support with managing the business.

This year we have met our challenges head on, improved the facility significantly, put a master plan in place and secured a funding offer that provides NJC with tremendous opportunity. I look forward to the year ahead with you all, to progressing the Club's masterplan and to a successful 2013 for the NJC.

Yours sincerely



Cameron Williams
Chief Executive Officer



NEWCASTLE JOCKEY CLUB LIMITED
A.C.N. 000 002 513
FOR THE YEAR ENDED 30 JUNE 2012

STATEMENT OF COMPREHENSIVE INCOME

	2012	2011
	\$	\$
Revenue & Other Income		
Revenue from operating activities	15,208,879	15,982,660
Revenue from non-operating activities	<u>824,840</u>	<u>290,450</u>
Total revenue and other income	<u>16,033,719</u>	<u>16,273,110</u>
Cost of Goods Sold	(1,254,901)	(1,663,126)
Operating Expenses		
Advertising & promotion	(1,207,837)	(1,019,064)
Bar expenses	(999,428)	(819,927)
Catering expenses	(1,213,161)	(1,183,278)
Depreciation	(1,048,180)	(976,262)
Racing expenses	(7,018,937)	(7,360,552)
Rental expenses	(179,315)	(172,267)
Track expenses	(1,737,449)	(1,669,237)
General & administration	(1,356,041)	(1,554,084)
Loss on disposal of Investments	<u>(102,310)</u>	<u>-</u>
Total operating expenses	<u>(14,862,657)</u>	<u>(14,754,671)</u>
Profit/(Loss) for the year	<u>(83,840)</u>	<u>(144,687)</u>
Profit/(Loss) attributable to members of the entity	<u><u>(83,840)</u></u>	<u><u>(144,687)</u></u>
Other Comprehensive Income		
Investment (gains)/losses realised during the year	(67,345)	(109,434)
Increase/(Decrease) in fair value of available-for-sale investments	<u>-</u>	<u>42,456</u>
Total Comprehensive Income	<u><u>(151,185)</u></u>	<u><u>(211,665)</u></u>

This information has been extracted from the audited financial report.
 The audited financial report is available to members upon request.

NEWCASTLE JOCKEY CLUB LIMITED

A.C.N. 000 002 513

AS AT 30 JUNE 2012

STATEMENT OF FINANCIAL POSITION

	2012	2011
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	1,775,460	1,693,645
Receivables	1,581,371	2,245,199
Inventories	154,428	185,549
Other	58,775	68,663
	<u>3,570,034</u>	<u>4,193,056</u>
NON-CURRENT ASSETS		
Property, plant and equipment	16,905,892	16,375,811
Investment property	1,100,000	521,307
Other financial assets	72,433	1,243,814
	<u>18,078,325</u>	<u>18,140,932</u>
TOTAL ASSETS	<u>21,648,359</u>	<u>22,333,988</u>
CURRENT LIABILITIES		
Payables	981,353	1,783,000
Interest-bearing liabilities	205,041	63,156
Provisions	218,509	244,761
	<u>1,404,903</u>	<u>2,090,917</u>
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	733,577	587,306
Provisions	26,056	20,758
	<u>759,633</u>	<u>608,064</u>
TOTAL LIABILITIES	<u>2,164,536</u>	<u>2,698,981</u>
NET ASSETS	<u>19,483,823</u>	<u>19,635,007</u>
EQUITY		
Asset revaluation reserve	-	67,345
Retained profits	19,483,823	19,567,662
TOTAL EQUITY	<u>19,483,823</u>	<u>19,635,007</u>

This information has been extracted from the audited financial report.

The audited financial report is available to members upon request.

NEWCASTLE JOCKEY CLUB LIMITED
A.C.N. 000 002 513
FOR THE YEAR ENDED 30 JUNE 2012

STATEMENT OF CASH FLOWS

	2012	2011
	\$	\$
	Inflows	Inflows
	(Outflows)	(Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts in the course of operations	17,641,155	16,838,603
Payments to suppliers and employees	(17,467,338)	(16,335,879)
Borrowing costs	(49,771)	(35,045)
Interest received	<u>268,982</u>	<u>181,016</u>
Net cash provided by / (used in) operating activities	<u>393,027</u>	<u>648,695</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for property, plant & equipment	(1,630,612)	(956,234)
Proceeds from maturity/sale of investments	1,031,243	1,980,899
Purchase of investments	<u>-</u>	<u>(559,999)</u>
Net cash provided by / (used in) investing activities	<u>(599,369)</u>	<u>464,666</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	351,312	-
Repayment of borrowings	<u>(63,156)</u>	<u>(779,991)</u>
Net cash provided by / (used in) financing activities	<u>288,156</u>	<u>(779,991)</u>

This information has been extracted from the audited financial report.
 The audited financial report is available to members upon request.

2012 MAJOR SPONSORS



NEWCASTLE JOCKEY CLUB

P (02) 4961 1573 F (02) 4961 5633
Darling Street, Broadmeadow
PO Box 30 Broadmeadow NSW 2292

www.njc.com.au