



NEWCASTLE JOCKEY CLUB

A large, semi-transparent profile of a jockey wearing a helmet and goggles, looking towards the left, serves as a background for the central text.

# 2013

## ANNUAL REPORT

for the year ended 30<sup>th</sup> June 2013



Newcastle Jockey Club Limited  
(A company limited by guarantee)  
ABN 13 000 002 513

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## Chairman's Report

Dear NJC Members,

On behalf of the Board of Directors of the Newcastle Jockey Club I take pleasure in reporting on our operations for the 2012/2013 Racing year.

Many thanks to all our owners, trainers, jockeys and strappers that make this place successful and to the excellent staff that provides the service, maintenance and administration to the NJC.

I congratulate our CEO, Cameron Williams on managing the affairs of the NJC.

His influence in rebuilding the course proper and employing Peter Birch to maintain our facilities, along with creating and submitting the proposal that has secured the Racing NSW funding, are only some of his recent achievements since he joined the company.

You will see more improvements, influenced by Cameron, in the future.

During the year there have been many changes within the NJC including huge changes to the constitution and the restructure of the Board of Directors.

This came about by instructions from our Governing Body, Racing NSW, to allow the club to receive funding of \$11.2 million for major track upgrades. The changes were voted on at a members meeting in February, and 96% cast their vote in favour of the changes.

From that meeting newly appointed Directors Helen Wild (1st ever lady board member), Paul Leaming and Richard Sonnichsen joined elected members Bill Moncrieff, Mike Hadaway, Rob Dan and myself on the Board.

These changes allowed the NJC to proceed with the design and construction of a new number 2 race track together with a rebuild of the course proper. The project is being fully funded by Racing NSW and our contractual agreement will see payments made to the NJC on a progressive basis as works are completed.

We have already received some \$1.32 million for an offset against the new Pro-Ride track which was constructed in the later part of 2012. The Pro-Ride track along with the new sand track now satisfies our trainers' needs to produce winners throughout the industry.

A special thanks for their service goes to past Directors Anthony Hall, Phil Priestley, Gary Dowling, Allen Hades, Dave Williams, John Waghorn and Alan Walker. Our thanks also go to Racing Manager John Curtis who retired from the NJC after 20 plus years of service. We wish them well for the future.

Financially we still have some way to go before the NJC is back into the black however, we have set a new business plan with a tough budget and expect to reach that milestone this current financial year. Racing income has been dormant for the past few years and any new monies received via Racing NSW have been added to prize money.

Our Spring Racing Carnivals have been exceptional in 2012 and 2013. The number of quality horses racing during this time has been top class. We can be very proud of this newfound success which is to do partly with our track and racing at Broadmeadow being back to where it used to be, the leading Provincial track in Australia.

## Our Group 3 winners and placegetters for 2013:

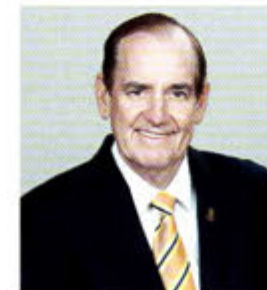
Newcastle Gold Cup (G3)	1st - Winning Glory	Nash Rawiller	David Payne
	2nd - Lucripetous		
	3rd - Peal of Bells		
Cameron Handicap (G3)	1st - Toydini	Blake Shin	Guy Walter
	2nd - High Esteem		
	3rd - Scream Machine		
Spring Stakes (G3)	1st - Savvy Nature	James McDonald	John O'Shea
	2nd - Wordplay		
	3rd - Happy Clapper		
Tibbie Stakes (G3)	1st - Vaquera (NZ)	Tommy Berry	Gai Waterhouse
	2nd - Gold Epona		
	3rd - Cameo		
2013 Newmarket Hcp (G3)	Bello	Jason Collett	Peter Snowden

The NJC Board, Management and staff look forward to continuing improvements at Broadmeadow, and thank all our members for their support during the construction and track upgrades. The City of Newcastle deserves an excellent racecourse and that is what we plan to deliver.

Yours sincerely,



Geoffrey Barnett.  
Chairman



## Chief Executive Officer's Report

Having endured a challenging 2011/12 including closure of the Broadmeadow course proper for urgent renovations, Newcastle Jockey Club has had a far more progressive year during 2012/13.



*Broadmeadow Racecourse, in the Heart of Newcastle*

While NJC's 2012 winter racing program was in full swing, the Club was hard at work preparing a submission to Racing NSW for funding assistance derived from Racefields fees for upgrade works to the B-Grass and Course Proper at Broadmeadow. This funding submission also sought an allocation of \$1 million for upgrade works to Wine Country Race Club.

In August 2012, NJC received wonderful news of approved funding in the amount of \$11.2 million specific to Broadmeadow Racecourse, from a total initial allocation of \$18 million to the five Provincial Clubs. As members will clearly remember, the funding was conditional and required amendment to the Club's Constitution and to the existing governance model.

This in turn required a restructure of the Board which was unanimously supported by the 2011/12 Board presiding at the November 2012 Annual General Meeting (AGM). The November 2012 AGM was attended by a very strong crowd of 230 voting members who supported the required resolutions for change to the Club's governance model with a minimum vote in favour of 96%. I would again like to thank NJC members for their committed support of the resolutions passed that night and the faith they have shown in their Club's Board and Management.

Financial highlights for the year include a \$421,206 improvement in Total Comprehensive Income attributable to members and a \$278,530 improvement in Total Comprehensive Income before Property Revaluations and after Transfers (to) / from Reserves. The latter is considered to be an appropriate measure of the Club's underlying performance by the Directors as it excludes the impact of capital works funding received from Racing NSW and property revaluations. The capital works funding I refer to relates to \$1.32 million currently drawn down from a total allocation of \$11.2 million approved by Racing NSW.

Additional property revaluation recorded under Other Comprehensive Income has been triggered for the 2012/13 year by property at Darling Street, Broadmeadow being leased to the open market as an initiative to gain additional income.

Financial Summary	2012/13	2011/12
Profit / (Loss) Before Depreciation and Other Income, Excluding Property Revaluations	\$291,197	\$139,500
Depreciation	(\$779,058)	(\$1,048,180)
Other Income <ul style="list-style-type: none"> <li>• Investment Income</li> <li>• Racecourse Development Funding</li> </ul>	\$34,598 \$1,320,000	\$268,982
Profit / (Loss) Attributable to Members Excluding Property Revaluations	\$866,737	(\$639,698)
Transfers (to)/ from Reserves	(1,295,250)	(\$67,345)
Total Comprehensive Income Before Investment Property Revaluations	(\$428,513)	(\$707,043)
Investment Property Revaluations	\$698,533	\$555,858
Total Comprehensive Income Attributable to Members	\$270,020	(\$151,185)



*Racing Action, Broadmeadow Racecourse 2012*

## Financial Performance

Newcastle Jockey Club has recorded a Profit / (Loss) Before Depreciation and Other Income, Excluding Property Revaluations of \$291,197 for 2012/13 compared to \$139,500 for 2011/12.

During 2011/12 and 2012/13, the Club recorded a number of transactions that are not considered by the Directors to reflect the underlying performance of the Club's operations. These include:

- The annual revaluation of existing Investment Residential Property in 2011/12 in the amount of \$555,858;
- The receipt of Racecourse Development Funding in 2012/13 in the amount of \$1.32 million; and
- The 2012/13 revaluation of property located at Darling Street, Broadmeadow in the amount of \$698,533.

The Directors therefore consider Total Comprehensive Income before Investment Property Revaluations, and after Transfers to Reserves, to be an appropriate measure of the Club's underlying performance. The Club recorded Total Comprehensive Income before Investment Property Revaluation, and after Transfers to Reserves, for 2012/13 of (\$428,513) compared to (\$707,043) for 2011/12.

The underlying performance of the Club for 2012/13 was impacted by a number of material items including:

- A reduction in depreciation expense in the amount of \$269,122 primarily due to the reassessment of useful lives of some assets.
- A reduction in interest income earned in the amount of (\$234,384) as a result of a disposal of the Club's investment portfolio to fund new training surfaces at Broadmeadow during 2012.

Notwithstanding the impact of these items, the Club still recorded an improved underlying performance year on year. After accounting for property revaluations NJC has recorded Total Comprehensive Income attributable to Members of \$270,020 for 2012/13.



Broadmeadow Racecourse, Spring Racing Crowd 2012

NJC financing initiatives include the following:

- \$11.2 million in approved funding with Racing NSW for racetrack capital works of which \$1.32 million has been drawn to pay down debt incurred to fund NJC's training track upgrade program.
- \$1.3 million debt facility with National Australia Bank available for development purposes, previously used to assist with NJC's training track upgrade program. This facility is currently undrawn.
- NJC has paid down \$367,203 in debt secured to investment property at Lowe Street, Broadmeadow to a nil balance.
- NJC removed all term deposits from previous debt security arrangements.

The Club measures its own performance through the use of both quantitative and qualitative 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.

Net Cash provided by Operating Activities grew from \$393,027 in 2011/12 to \$580,000 for 2012/13. This is supported by a 15.4% growth in year on year revenue and ongoing improvement in combined food and beverage gross margins from 63% to 68% from 2011 to 2013.



Members' Grandstand, Spring Carnival 2012

Key Performance Indicators	2013	2012	2011
Total revenue change (year on year)	15.4%	-4.8%	16.0%
Total expense change (year on year)	12.3%	0.7%	7.6%
Working Capital Ratio	1.95:1	2.54:1	2.01:1
Debt to Equity Ratio	0.09:1	0.11:1	0.14:1
Total revenue derived from Racecourse operations	71%	66%	65%
Food and beverage cost of goods to F&B revenue	32%	33%	37%
Gross profit margin: Bar, Broadmeadow	67%	68%	65%
Gross profit margin: Bar, Cessnock	59%	61%	50%
Gross profit margin: Catering, Broadmeadow	69%	68%	61%
Gross profit margin: Catering, Cessnock	58%	65%	39%

Key Performance Indicators, 2011 to 2013

The Club has maintained a very healthy working capital ratio 1.95:1 indicating that there is approximately \$1.95 of available current assets on balance sheet for every \$1 of current liabilities. Furthermore, as a result of paying down debt during the year, NJC is currently operating with its lowest debt to equity ratio in three years.

Revenue derived from Racecourse operations has increased, and is supported by the receipt of ongoing industry funding for increased minimum prizemoney.

Gross profit margins within the hospitality side of the business have remained consistent over the past two years and well above 2010/11 levels. Management is currently investigating alternative catering methods for Wine Country Race Club, including an outsourced roster to local charities and not-for-profit organisations on non-feature race days.



Enjoying the Races in the Broadmeadow Racecourse Members Lounge



Broadmeadow Racecourse Parade Ring, Spring Carnival 2012

Major Revenue Streams	2013 (\$m)	2012 (\$m)	Variance
Broadmeadow Racing	10.329	8.431	23%
Broadmeadow Bar	1.999	1.807	11%
Broadmeadow Catering	2.025	1.826	11%
Cessnock Racing	1.487	1.168	27%
Cessnock Bar and Catering	0.122	0.215	(43%)
Combined Advertising and Promotion	0.707	0.944	(25%)

Major Revenue Streams, 2012 to 2013

Movement in the Club's major revenue streams was positive for racing activity at both Broadmeadow and Cessnock. This positive gain was largely reflective of funding received by Racing NSW for increased minimum prizemoney at both venues.

Increased bar and catering revenue at Broadmeadow racecourse was assisted by a full racing calendar. By comparison, the Club's racing activity had been transferred for a 6 week period during 2011/12 while the course proper was being renovated. Combined bar and catering revenue at Broadmeadow racecourse improved by 11% year on year, while combined bar and catering expenses were contained to a 2% increase.

Combined bar and catering revenue at Cessnock fell by 43%, as a result of:

- Having one less scheduled TAB meeting in 2012/13 compared to the previous year;
- Cessnock Cup day scheduled for Monday 3rd June being washed out;
- Inflated catering results for 2011/12 at Cessnock following the transfer of a Saturday meeting from Broadmeadow while the Newcastle course proper was closed for renovation.

Racing expenditure at Broadmeadow and Cessnock reflects additional prizemoney paid for the period. Reduced advertising and promotion revenue was largely offset by reduced expenditure. Bar and Catering expenditure savings were realised at Cessnock as a result of having less meetings year on year, however these savings were negatively impacted by raceday set-up costs.

Major Expenditure	2013 (\$m)	2012 (\$m)	Variance
Broadmeadow Racing	(7.986)	(6.003)	(33%)
Broadmeadow Bar	(0.937)	(0.946)	1%
Broadmeadow Catering	(1.089)	(1.121)	3%
Cessnock Racing	(1.327)	(1.018)	(30%)
Cessnock Bar and Catering	(0.102)	(0.145)	30%
Combined Advertising and Promotion	(0.971)	(1.208)	20%

Major Expenditure Categories, 2012 to 2013



Spring Fashion, 2012

## Racing Activity – Broadmeadow Racecourse

Newcastle Jockey Club has witnessed another wonderful year of racing at Broadmeadow and continues to perform as a leading Provincial Racing Club in New South Wales.

Year on year, total race meetings, races run and total starters were consistent, as were prizemoney paid and turnover generated. Many members may not be aware that wagering activity on their Club's race meetings at Broadmeadow exceeds \$47 million annually.

In 2011/12, NJC provided a third of all provincially trained starters in NSW. In 2012/13 the total number of provincially trained starters in NSW increased by 182 or 2% to 9,323. In the same period NJC trained starters increased by 306 or 10% to 3,326. The Club's redeveloped training tracks at Broadmeadow including a redesigned Pro-Ride synthetic surface and a new slow work sand surface are assisting Novocastrian trainers to prepare fit and sound horses.

Statistics	2011/12	Provincial Total	% of Provincial Total
Race Meetings	29	121	24%
Races	232	941	25%
Starters	2,362	9,235	26%
Trained Starters	3,020	9,141	33%
Prizemoney	\$4.024m	\$ 17.073m	24%
Wagering Turnover	\$48.828m	\$191.902m	25%

Broadmeadow Racecourse Racing Statistics, 2012

Statistics	2012/13	Provincial Total	% of Provincial Total
Race Meetings	29	123	24%
Races	229	927	25%
Starters	2,312	9,204	25%
Trained Starters	3,326	9,323	36%
Prizemoney	\$ 5.691m	\$ 23.136m	25%
Wagering Turnover	\$47.310m	\$191.745m	25%

Broadmeadow Racecourse Racing Statistics, 2013



*Jason Collett is all smiles on board Bello, winner of the 2013 Group 3 Enviropacific Newmarket Handicap (1400m)*

The 2012/13 Newmarket Race Day held again in March was proudly supported by first time sponsor, Enviropacific. Enviropacific is a national environmental engineering and petrochemical services business with a locally based head office in Newcastle. I extend my sincere appreciation to Matt Fensom and his team for their generous contribution to Thoroughbred racing. This year, the Group 3 Enviropacific Newmarket Handicap was taken out by Darley gelding, Bello who later went on to score a second place behind Malavio in the Group 3 Tramway Stakes at Royal Randwick.

One of the highlights during NJC's 2012 Spring Carnival was the Group 3 Coca-Cola Spring Stakes, won by Gai Waterhouse trained Proisir. Proisir followed this win with a second place at Royal Randwick in the Group 1 Spring Champion Stakes. Subsequent placings included a third in the Group 2 Hobartville Stakes behind Pierro and a second in the Group 1 Royal Randwick Guineas behind It's A Dundee. The Spring Stakes was supported by first time sponsor Coca-Cola. NJC has forged a strong relationship with Michael Porter and the team at Coca-Cola. We are greatly appreciative of the support we have received and the enthusiasm Coca-Cola has brought to Thoroughbred racing in Newcastle.



*2012 Tooheys New Newcastle Gold Cup (Group 3) Trophy Presentation*

Glencadam Gold took out the 2012 Group 3 Tooheys New Newcastle Gold Cup. This horse, again trained by Gai Waterhouse has since scored a sixth in the 2012 Melbourne Cup and second in the Group 2 Barcardi Hill Stakes at Royal Randwick. We are all indebted to Jamie Smith and his team at Tooheys, who are NJC's major sponsor, for their ongoing support of our Club.

Rolling Pin took line honours in the 2012 Patinack Farm Cameron Handicap (G3) with Christian Reith on board and backed up next start at Rosehill with another win in the Group 2 Shannon Stakes piloted on that occasion by Corey Brown. The Listed 2012 Patinack Farm Tibbie Stakes was won by Chris Waller trained Nocturnelle, who also went on to score back to back wins by taking line honours in the Angst Stakes (Listed) at Rosehill next start. NJC extends its appreciation to Patinack Farm for their generous support of both the Cameron and the Tibbie.

## Racing Activity – Wine Country Race Club (WCRC), Cessnock



Wine Country Race Club

To give some perspective on the sheer scale of Thoroughbred Racing in Country NSW, there were 517 race meetings run by Country Clubs during 2012/13 including 382 TAB race meetings and a total of 36,430 starters. TAB turnover exceeded \$299 million and Fixed Odds came in at \$78 million or 26%.

In addition to 1 Non-TAB meeting, Wine Country Race Club ran 9 TAB meetings with 810 starters at an average of 10.95 per race. Average turnover per TAB meeting including fixed odds was \$1.13 million.

Race Club	Total TAB Meetings	Average Field Size per Race	Average Turnover per Meeting (\$)
Wine Country Race Club	9	10.95	1,133,165
Armidale	9	10.69	655,152
Ballina	17	10.99	821,285
Bathurst	11	9.71	914,701
Dubbo	11	10.85	1,013,912
Goulburn	19	10.02	1,243,266
Muswellbrook	18	11.30	1,113,200
Orange	8	10.64	1,087,342
Tamworth	18	10.77	988,728

## Non Racing Highlights

This past year has seen our Non-Race Day events grow from strength to strength with some great events being held at the Club. November saw one of the biggest Melbourne Cup events held at the NJC, with 1,000 guests through the gates, 600 of those pre-booked into function areas.

A brand new phenomenon that took Australia by storm in 2012/13 was the "Swisse Color Run". It was Newcastle's turn in May with the event supporting the Make a Wish Foundation. Over 10,000 participants took part in a five kilometre run at the Club, in what can only be described as a sea of colour and family fun.

Other events included the Hawthorne and Westpac Rescue Helicopter Luncheon and a Career Links Expo with 5,000 students plus Exhibitors. We were also very proud to host the annual Hunter Medical Research Institute (HMRI) Ball in June. This event is well known due to the number of guests it attracts and the amount of money HMRI are able to raise during the evening. This year, HMRI raised over \$100,000.



"Swisse Color Run", Broadmeadow Racecourse, May 2013



Livestock and Bulk Carriers Association Conference and Expo (Broadmeadow Racecourse Betting Ring) – March 2013

## Major Developments

### Training Tracks

NJC's original Pro-Ride synthetic track reached the end of its useful life during 2012 and was deemed irreparable. Prior to rebuilding the Pro-Ride track it was considered necessary to redevelop the adjacent cinders training track into a sand based surface to avoid contamination of the new synthetic track. This project has been completed and the Club now provides trainers with a slow work sand track complete with new running rails as well as one of the best performing all weather synthetic tracks in NSW.



*Early Morning Test Gallop on NJC's New Pro-Ride Synthetic Track – August 2012*

### Race Tracks

During 2012 a new masterplan for Newcastle Jockey Club was developed that provides vision for the Club to race on two surfaces rather than one alone. A report to Racing NSW seeking funding assistance for the proposed racetrack re-development work was submitted. As members are well aware, our Club was subsequently granted \$11.2 million in approved funding by Racing NSW in what was a clear demonstration of Racing NSW's vision for Broadmeadow Racecourse to become a leading Provincial racing and training venue.

The milestone many of us will fondly remember was the overwhelming show of support by NJC Members to undertake change to the Club's corporate governance model in order to meet various conditions of funding.



*Newcastle Jockey Club Masterplan, 2012*

## Corporate Governance

### Board restructure

On Tuesday 27th November 2012, Newcastle Jockey Club members were asked to vote on a number of special resolutions at the 2012 Annual General Meeting. These resolutions paved the way for a restructure of the Board from a total of ten to a total of seven comprising of four member elected Directors and three nominated Directors chosen via selection panel. All three resolutions were passed with a minimum of 96% in favour.



*Newcastle Jockey Club, Board of Directors and CEO.*

*Standing (left to right): Mr C. Williams (CEO), Mr P. Leaming, Ms H. Wild, Mr R. Dan and Mr R. Sonnichsen  
Seated (left to right): Mr B. Moncreiff (Vice Chairman), Mr G. Barnett (Chairman), Mr M. Hadaway*

I would like to thank the outgoing Directors for the leadership they provided during their tenure on the Board, and also note the unanimous position these gentlemen provided in support of new governance requirements passed at the 2012 AGM.

### Governance Plan and Funding Documentation

Over the course of 2013, NJC has been in consultation with Racing NSW regarding the development of various documents for the Broadmeadow racetrack redevelopment program. These included a detailed Governance Plan and more recently, an Infrastructure Funding Deed that clearly outlines how progress claims are to be administered between Contractors, NJC and Racing NSW. The Infrastructure Funding Deed provides for Racing NSW to release funding on a certified draw down basis rather than NJC bankrolling contractor payments and in turn seeking reimbursement. This documentation has taken considerable time to develop, however the Club and Racing NSW are far better served by having it in place prior to the commencement of any capital works.

During 2013 we have also concluded an Expressions of Interest campaign in respect of the racetrack project with particular focus on project management and principal contractor appointments. NJC received interest from businesses from as far afield as China and Singapore and very strong interest locally.

## Matters Post 30 June

Having signed and executed an Infrastructure Funding Deed with Racing NSW in August 2013, Newcastle Jockey Club is now effectively "out of the gates". We have completed a tender program for the role of Project Manager and subsequently signed APP Corporation (APP). APP is a global consulting business with very strong local representation in Newcastle.

With APP on board we have completed development of a detailed risk management plan and are now progressing due diligence and early design work prior to going to tender for a Principal Contractor. Rygate Surveyors (Surveying), Douglas Partners (Geotechnical Engineering) and RPS Australia East (Quantity Surveying and Statutory Planning) have all been appointed to assist with Tender preparation.

We envisage that a Principal Contract will be awarded in the New Year with construction commencing on the B-Grass prior to Easter 2014.

### All Sports Club

I am pleased to report that NJC has signed a ten year lease with Rumpus Room Children's Centres Pty Limited over property previously known as the All Sports Club at Broadmeadow Racecourse. The ex-bowling club facility is being redeveloped as a child care centre and is scheduled to open for business in the New Year.

### Newcastle Jockey Club Racing Awards

The 2012/13 racing season was a year for local trainer Darren Smith to proudly remember. Darren took out the Broadmeadow Trainer of the Year, the Max Lees Medal and the 2012/13 Racing Achiever Awards.

Paul Perry shared in the success by training the NJC 2 Year Old Horse of the Year, Wouldnt It Be Nice, a Choisir bred colt that scored two wins, a second and a third place from 8 starts for the year.

Paul also trained NJC Horse of the Year, Hidden Warrior which scored 4 wins and a second place from 8 starts for the year. This made back to back awards for Hidden Warrior, having previously taken out the 2011/12 NJC 2 Year Old Horse of the Year.



Hidden Warrior on his way to winning the \$150,000, Group 3 Telstra Phonewords Stakes at Moonee Valley on 27 October 2012

In a tightly fought tussle, Kris Lees and Jeremy Sylvester shared the Cessnock trainer's award. Lester Grace and Rachel Murray shared the Broadmeadow Apprentice Jockey's award. And in a family affair, Dale Spriggs won the Bill Wade Jockey's Medal while son Blake won the Cessnock Apprentice Jockey's award.

### Spring Carnival 2013

NJC's Spring Carnival continues to go from strength to strength. We saw 190 starters over the two day event, being a 17% increase above 2012. We also recorded a 33% increase in wagering turnover for the Spring Stakes, a 27% increase for the Cameron Handicap, a 14% increase for the Tibbie Stakes and a 20% increase for the Newcastle Cup. All in all, our feature race turnover for 2013, excluding fixed odds betting and support races, was up by approximately \$397,000 over the previous year.

I would like to again thank Tooheys for their support of the 2013 XXXX Gold Newcastle Cup and the Summer Bright Lager Cameron Handicap, Coca-Cola for their support of the Coca-Cola Spring Stakes and make special mention of Tallwoods Golf Course who sponsored the Tallwoods Tibbie Stakes for the first time. And what a race it was, being elevated to Group 3 status during 2013, the race was won by Vacquera which gave first time sponsor Tim Ford the opportunity to meet Australia's first lady of racing, Gai Waterhouse during the trophy presentations.

Thoroughbred racing in Newcastle wouldn't be the success story it is without support we receive from local business and the community. I would like to sincerely thank Spring Carnival sponsors Australian Bloodstock, Macca's Sand and Soil Supplies, Pro Ride, NBN, Prime 7, Quality Hotel Noahs on the Beach, NSW Color TV, oOh! Media and Coates Hire for their contribution to making NJC's Spring Carnival a success. Spring Racing and Fashions in the Field go hand in hand, but not without the amazing support we received from Merrin Wiggins Travelmanagers, Paspaley, Westfield Kotara and Singapore Airlines.

Sponsorship is a key component of NJC's business model which extends well beyond our feature race days. I'd finally like to thank all race day sponsors and individual race sponsors for their ongoing support of our Club during the year.



Trophy Presentation following Savvy Nature's Win in the 2013 Group 3 Coca-Cola Spring Stakes



*Trophy Presentation following Vacquera's win in the 2013 Group 3 Tallwoods Tibbie Stakes*

## Closing Remarks

I have had the privilege of managing NJC for just over two years now. In that time at Broadmeadow the Club has completed urgent refurbishment to the course proper, rebuilt the cinders track into a new sand track, fully redesigned and rebuilt our all-weather synthetic track, obtained significant funding to redevelop the remaining turf tracks into industry leading racing surfaces, paid down all previous long term loans to zero, reconstituted the Club's governance model and restructured the Board, continued to broaden NJC's revenue streams with new third party lease arrangements and seen our racing product improve year on year. At Cessnock we have made numerous improvements as well including a new female jockeys room, ongoing upgrade works to the WCRC sand training surface and the installation of a new irrigation unit, all while maintaining above average racefields and wagering turnover figures within NSW Country racing.

On the financial side, we have worked very hard to return the Club to being a surplus generating enterprise. For the 2012/13 year we recorded a \$421,206 improvement in Total Comprehensive Income attributable to members and a \$278,530 improvement in Total Comprehensive Income before Investment Property Revaluations and after Transfers (to) / from Reserves. Financial performance of the business is certainly heading in the right direction.

I would like to thank our Members for their patronage throughout the year. Thank you also for your feedback, your ideas and your overwhelming support of numerous initiatives we have brought to the table.

Thank you to the media for their ongoing support of NJC and ensuring we are "in the news". I make special mention of Geoff Wilson at the Newcastle Herald, Nat Wallace and Mitch Hughes at NBN TV, Greg Radley, Andrew Bensley and the team from Sky media and last but by no means least, Newcastle's very own Gary Harley for his unrelenting commitment to NJC Thoroughbred racing week in, week out.

I thank all industry stakeholders who participated with NJC, from the punters and bookmakers to owners, trainers, jockeys and strappers for putting together some of the best Provincial and Country racing in NSW.



*Achieving Results*

Thank you to all at Racing NSW who assist with running Thoroughbred racing. I would like to note the work carried out by the Stewards, in particular Sam Woolaston and Danny Greer and the guidance provided by Deputy Chairman of Stewards, Greg Rudolph.

Thank you to my staff for their dedication and commitment to providing our members, industry participants and the general public with the best possible experience at NJC.

Thank you to Chairman Geoff Barnett and the Board for their guidance and ongoing support with managing the business through a period of substantial change. I also offer my appreciation to the Board for their assistance and expertise in relation to the development of a rigorous 2014 business plan and the implementation of best practice governance procedures.

What an exciting year 2014 promises to be with NJC's racetrack redevelopment program progressing towards construction, with our masterplan moving to the next phase and with the staging of an even more enjoyable racing season.

I look forward to seeing you at the races.

Yours sincerely



Cameron Williams  
Chief Executive Officer



Appendix A -  
Financial Report

**NEWCASTLE JOCKEY CLUB LIMITED**  
**A.C.N. 000 002 513**

**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2013**

NEWCASTLE JOCKEY CLUB LIMITED  
A.C.N. 000 002 513

FINANCIAL REPORT

30 JUNE 2013

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NEWCASTLE JOCKEY CLUB LIMITED  
A.C.N. 000 002 513  
FOR THE YEAR ENDED 30 JUNE 2013

DIRECTORS' REPORT

Your Directors present their report on the Company for the financial year ended 30 June 2013.

DIRECTORS

The names of Directors in office at any time during or since the end of the year are:

Name	Experience	Committee Member	Board Member Since
Geoffrey Barnett (Chairman)	Managing Director for Mining Equipment Firm	Racetrack Development, Finance and Risk	22/10/1999
William Moncrieff (Vice-Chairman)	Managing Director Steel Fabrication Company		25/10/2005
Anthony Hall *	Company Director	Finance and Risk	22/10/2002
Allen Hardes **	Business Proprietor		17/10/1997
Gary Dowling *	Real Estate Principle		17/10/1997
Phillip Priestley *	Ex-Managing Director for Electrical Company		17/10/1997
David Williams *	Ex-Regional Manager for Liquor Company	Finance and Risk	29/05/2008
Michael Hadaway	Regional Manager for Security Company	Racetrack Development, Finance and Risk	24/06/2011
John Waghorn *	Retired Local Government Officer	Finance and Risk	28/11/2011
Robert Dan	Educator (Retired)		20/05/2012
Paul Leaming	Ex-Chief Financial Officer for AMP and Macquarie Bank	Finance and Risk	22/03/2013
Helen Wild	Company Secretary and Manager of Corporate Services for Newcastle Airport	Racetrack Development, Finance and Risk	22/03/2013
Richard Sonnichsen	Building and Property Manager at Darley	Racetrack Development	22/03/2013
Mr Alan Walker *	Consultant		27/11/2012

\* Resigned as Director of the Board as of 15/02/2013.

\*\* Resigned as Director of the Board as of 27/11/2012.

The Company Secretary is Mr Cameron Williams. Mr Williams was appointed to this position on 2 May 2011.

## DIRECTORS' REPORT

### DIRECTORS' MEETINGS

The number of meetings attended by each of the Directors of the Company during the financial year are:

Director	Eligible	Attended
Geoffrey Barnett (Chairman) *	15	15
William Moncrieff (Vice-Chairman) *	15	15
Anthony Hall *	8	8
Allen Hardes *	5	5
Gary Dowling *	8	8
Phillip Priestley *	8	7
David Williams *	8	7
Michael Hadaway *	15	13
John Waghorn *	8	8
Robert Dan *	15	15
Paul Leaming	5	5
Helen Wild	5	1
Richard Sonnichsen	5	5
Alan Walker	3	2

\* Directors further attended the annual general meeting held on the 27 November 2012.

### PRINCIPAL ACTIVITIES

The principal activities of the Company during the course of the financial year were: -

- the carrying on of the business of a race club at all of its branches; and
- the provision of a racecourse or racecourses at Newcastle (Broadmeadow) and at Cessnock and to provide training facilities for horses.

There were no significant changes in the nature of those activities during the year. These activities, in the opinion of the Directors, will assist in achieving the Company's objectives.

### REVIEW AND RESULTS OF OPERATIONS

The Newcastle Jockey Club has recorded a Profit / (Loss) of \$866,737 for 2012/13 compared to (\$83,841) for 2011/12. After accounting for Other Comprehensive Income, the Club recorded Total Comprehensive Income attributable to members of \$270,020 compared to (\$151,185) for the previous corresponding period.

During 2011/12 and 2012/13, the Club recorded a number of transactions that are not considered by the Directors to reflect the underlying performance of the Club's operations. These include:

- The annual revaluation of Investment Residential Property in 2011/12 in the amount of \$555,858;
- The receipt of Racecourse Development Funding in 2012/13 in the amount of \$1.32 million; and
- The 2012/13 revaluation of the Club's Darling Street, Broadmeadow residence in the amount of \$698,533.

## DIRECTORS' REPORT

The Directors therefore consider Total Comprehensive Income before Property Revaluations, and after Transfers to Reserves, to be an appropriate measure of the Club's underlying performance. The Club recorded Total Comprehensive Income before Property Revaluation, and after Transfers to Reserves, for 2012/13 of (\$428,513) compared to (\$707,043) for 2011/12.

The underlying performance of the Club for 2012/13 was impacted by a number of material items including:

- The reduction in depreciation expense in the amount of \$269,122 primarily due to the reassessment of useful lives of some assets as set out in Note 1 of the Financial Report.
- A reduction in interest income earned in the amount of (\$234,384) as a result of a disposal of the Club's investment portfolio.

Notwithstanding the impact of these items, the Club still recorded an improved underlying performance year on year.

The Club also has a number of initiatives currently in place that will further improve profitability and the Directors believe that the Club will achieve a positive profit position on an underlying basis within the next 24 months.

### COMPANY OBJECTIVES

The Company's primary objective is to be a premier Thoroughbred racing and entertainment destination.

#### Short Term Objectives:

Provide a modern and appealing facility centred on the sport of Thoroughbred racing for members of the Club, industry stakeholders and visitors.

#### Long Term Objectives:

Create a superior, multi-purpose venue that maintains a leadership position for provincial Thoroughbred racing and non-racing events. Maintain a sustainable business model underpinned by qualified vision, sound financial management, industry collaboration and diligent corporate governance.

### STRATEGIES

The principal strategies of the Company include:

- Operate as a surplus generating enterprise to create cash reserves for reinvestment into the Club, the Thoroughbred industry and the local community. In doing so, adopt a business culture that seeks return on investment supported by comprehensive due diligence, risk management and stakeholder engagement.
- Strive to be a leading Provincial Race Club complete with an integrated master plan, facility upgrade program and self sufficient funding model.
- Administer all Club activity in line with contemporary governance practices.

NEWCASTLE JOCKEY CLUB LIMITED  
A.C.N: 000 002 513  
FOR THE YEAR ENDED 30 JUNE 2013

DIRECTORS' REPORT

	Broadmeadow		Cessnock		Total	
	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$
<b>Revenue &amp; Other Income</b>						
Advertising & Promo.	697,550	899,241	9,035	44,623	706,585	943,863
Bar	1,998,898	1,807,294	69,942	120,680	2,068,840	1,927,974
Catering	2,024,530	1,825,879	51,441	95,062	2,075,971	1,920,940
Racing	10,328,657	8,430,609	1,486,590	1,168,360	11,815,247	9,598,969
Rental	342,192	295,041	1,500	1,480	343,692	296,521
Track	153,011	131,649	95,910	48,519	248,921	180,168
General & Admin.	293,482	341,923	-	-	293,482	341,923
Investment Income	34,598	268,982	-	-	34,598	268,982
Racecourse Development Funding	1,320,000	-	-	-	1,320,000	-
<b>Total Revenue &amp; Other Income ^</b>	<b>17,192,918</b>	<b>14,000,617</b>	<b>1,714,418</b>	<b>1,478,723</b>	<b>18,907,336</b>	<b>15,479,341</b>
<b>Cost of Goods</b>						
Bar	(659,936)	(585,279)	(28,934)	(47,632)	(688,870)	(632,911)
Catering	(636,278)	(589,107)	(21,363)	(32,883)	(657,641)	(621,990)
<b>Total Cost of Goods</b>	<b>(1,296,214)</b>	<b>(1,174,386)</b>	<b>(50,297)</b>	<b>(80,515)</b>	<b>(1,346,511)</b>	<b>(1,254,901)</b>
<b>Expenditure</b>						
Advertising & Promo.	(958,213)	(1,130,078)	(13,363)	(77,760)	(971,576)	(1,207,837)
Bar	(936,986)	(946,346)	(45,238)	(53,081)	(982,224)	(999,428)
Catering	(1,089,020)	(1,120,787)	(56,838)	(92,374)	(1,145,858)	(1,213,161)
Depreciation	(719,338)	(973,081)	(59,720)	(75,099)	(779,058)	(1,048,180)
Racing	(7,986,278)	(6,002,606)	(1,327,089)	(1,017,811)	(9,313,367)	(7,020,417)
Rental	(200,913)	(179,315)	-	-	(200,913)	(179,315)
Track	(1,563,578)	(1,529,301)	(259,679)	(208,148)	(1,823,257)	(1,737,449)
General & Admin.	(1,444,646)	(1,356,041)	-	-	(1,444,646)	(1,356,041)
Loss on Sale of Investments	(33,189)	(102,310)	-	-	(33,189)	(102,310)
<b>Total Expenditure</b>	<b>(14,932,161)</b>	<b>(13,339,864)</b>	<b>(1,761,927)</b>	<b>(1,524,273)</b>	<b>(16,694,088)</b>	<b>(14,864,137)</b>
<b>Profit/(Loss) ^</b>	<b>964,543</b>	<b>(513,633)</b>	<b>(97,806)</b>	<b>(126,065)</b>	<b>866,737</b>	<b>(639,698)</b>
<b>Transfers (to)/from Reserves</b>						
Transfer of Funding to the Racecourse Development Reserve					(1,320,000)	-
Transfer of Capital Asset Depreciation from the Racecourse Development Reserve					24,750	-
Transfer of Investment Gains from the Financial Asset Revaluation Reserve					-	(67,345)
<b>Total Comprehensive Income before Investment Property Revaluations *</b>					<b>(428,513)</b>	<b>(707,043)</b>
<b>Investment Property Revaluations</b>						
Revaluation Increment - Existing Properties					-	555,858
Revaluation Increment - Property Transferred from Property, Plant & Equipment					698,533	-
<b>Total Comprehensive Income Attributable to Members</b>					<b>270,020</b>	<b>(151,185)</b>

^ Excluding Investment Property Revaluations. \$555,858 included in Other Income in the 2012 financial year.

\* The Directors consider Total Comprehensive Income before Investment Property Revaluations and after Transfers (to)/from Reserves, to be an appropriate measure of the Club's underlying performance for the year.

NEWCASTLE JOCKEY CLUB LIMITED  
A.C.N. 000 002 513  
FOR THE YEAR ENDED 30 JUNE 2013

DIRECTORS' REPORT

PERFORMANCE MEASUREMENT AND KEY PERFORMANCE INDICATORS

The Company measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the Directors to assess the financial sustainability of the Company and whether the Company'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	2013	2012	2011
Total revenue change (year on year)	15.4%	-4.8%	16.0%
Total expense change (year on year)	12.3%	0.7%	7.6%
Working Capital Ratio	1.95:1	2.54:1	2.01:1
Debt to Equity Ratio	0.09:1	0.11:1	0.14:1
Total revenue derived from Racecourse operations	71%	66%	65%
Food and beverage cost of goods to F&B revenue	32%	33%	37%
Gross profit margin: Bar, Broadmeadow	67%	68%	65%
Gross profit margin: Bar, Cessnock	59%	61%	50%
Gross profit margin: Catering, Broadmeadow	69%	68%	61%
Gross profit margin: Catering, Cessnock	58%	65%	39%

Net Cash provided by Operating Activities grew from \$393,027 in 2011/12 to \$580,000 for 2012/13. This is supported by a 15.4% growth in year on year revenue and ongoing improvement in food and beverage gross margins from 63% to 68% from 2011 to 2013.

DIRECTORS INTERESTS AND BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with a director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest other than as disclosed in Note 18.

INDEMNIFICATION AND INSURANCE OF OFFICERS OF THE COMPANY

Clause 23 of the Company's Constitution states "Every Officer, Auditor and Secretary for the time being of the Company shall be indemnified out of the assets of the Company against any liability arising out of the execution of the duties of his/her office which is incurred by him/her in defending any proceedings, whether civil or criminal, in which judgement is given in his/her favour or in which he/she is acquitted or in connection with an application, in relation to such proceedings, in which the court grants relief to him/her under the Corporations Act 2001 or as otherwise permitted under the Act."

During the financial year, the Company has paid, or has agreed to pay a premium in respect of a contract of insurance insuring the Directors and Officers, former Directors and Officers (and any persons who are Directors and Officers in the future) against certain liabilities incurred in that capacity. Disclosure of the total amount of the premiums paid and the nature of the liabilities in respect of such insurance is prohibited by the contract of insurance.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since 30 June 2013 that have significantly affected or may significantly affect the operations, results or state of affairs of the Company.

NEWCASTLE JOCKEY CLUB LIMITED  
A.C.N. 000 002 513  
FOR THE YEAR ENDED 30 JUNE 2013

DIRECTORS' REPORT

LIKELY DEVELOPMENTS

Newcastle Jockey Club and Racing NSW have entered into a Funding Deed in respect to \$11.2 million in funding for racetrack redevelopment work. This project is expected to progress to the awarding of a Head Contract followed by redevelopment of the Club's B-Grass surface in the second half of 2013/14.

During the first quarter of 2013/14, Newcastle Jockey Club has entered into a lease over the All Sports Club on Darling Street, Broadmeadow in respect to a proposed redevelopment of that facility into a Child Care Centre.

There are no other significant likely new developments not otherwise stated in the financial report.

DIVIDENDS PAID OR RECOMMENDED

As the Company is limited by guarantee, it is prohibited from paying dividends.

LIMITATION OF MEMBER'S LIABILITY

If the Company is wound up, the Company's Constitution states that each member is required to contribute a maximum of \$2 each towards meeting any outstanding obligations of the Company.

Membership Category	Number	Maximum Liability
Full Member	1,259	\$2,518
Complimentary Member	168	\$336
Honorary Member	53	\$106
Life Member	7	\$14
<b>Total</b>	<b>1,487</b>	<b>\$2,974</b>

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2013, as required under section 307C of the *Corporations Act 2001*, has been received and can be found on page 7.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

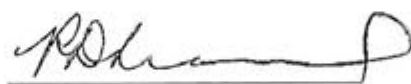
The Company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Directors:



Geoffrey Barnett  
Chairman of the Board

3 October 2013



Paul Leaming  
Chairman of the Finance and Risk Committee

AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF NEWCASTLE JOCKEY CLUB LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2013 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

PROSPERITY AUDIT SERVICES



LUKE MALONE  
Partner

3 October 2013

Newcastle

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Prosperity Audit Services  
ABN 87 879 283 831

NEWCASTLE JOCKEY CLUB LIMITED  
A.C.N. 000 002 513  
FOR THE YEAR ENDED 30 JUNE 2013

STATEMENT OF COMPREHENSIVE INCOME

	Note	2013 \$	2012 \$
<b>Revenue</b>	2	17,552,738	15,210,358
Other income	2	1,354,598	824,840
<b>Cost of Goods Sold</b>		(1,346,511)	(1,254,901)
<b>Expenses</b>			
Advertising & promotion		(971,576)	(1,207,837)
Bar expenses		(982,224)	(999,428)
Catering expenses		(1,145,858)	(1,213,161)
Depreciation		(779,058)	(1,048,180)
Racing expenses		(9,313,367)	(7,020,417)
Rental		(200,913)	(179,315)
Track expenses		(1,823,257)	(1,737,449)
General & administration		(1,444,646)	(1,356,041)
Loss on disposal of investments		(33,189)	(102,310)
Total expenses		(16,694,088)	(14,864,137)
Profit/(Loss) for the year	3	866,737	(83,841)
<b>Profit/(Loss) attributable to members</b>		<u>866,737</u>	<u>(83,841)</u>
<b>Other Comprehensive Income</b>			
<i>Items that will not be reclassified subsequently to profit or loss when specific conditions are met:</i>			
Revaluation of property transferred to investment property		698,533	-
Transfer to Racecourse Development Reserve		(1,320,000)	-
Transfer from Racecourse Development Reserve		24,750	-
<i>Items that have been reclassified to profit or loss</i>			
Investment (gains)/losses realised during the year		-	(67,345)
<b>Total Comprehensive Income attributable to members</b>		<u>270,020</u>	<u>(151,186)</u>

The accompanying notes form part of these financial statements.

NEWCASTLE JOCKEY CLUB LIMITED  
A.C.N. 000 002 513  
AS AT 30 JUNE 2013

STATEMENT OF FINANCIAL POSITION

	Note	2013 \$	2012 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	1,143,759	1,775,460
Accounts receivables and other debtors	5	1,620,062	1,581,371
Inventories on hand	6	165,504	154,428
Other current assets	7	38,618	58,775
Total Current Assets		<u>2,967,943</u>	<u>3,570,034</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	18,172,409	16,905,892
Investment property	9	1,850,000	1,100,000
Financial assets	10	26,372	72,433
Total Non-Current Assets		<u>20,048,781</u>	<u>18,078,325</u>
<b>TOTAL ASSETS</b>		<u>23,016,724</u>	<u>21,648,359</u>
<b>CURRENT LIABILITIES</b>			
Accounts payable and other payables	11	1,154,464	981,353
Interest-bearing liabilities	12	110,191	205,041
Employee provisions	13	260,593	218,509
Total Current Liabilities		<u>1,525,248</u>	<u>1,404,903</u>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing liabilities	12	380,810	733,577
Employee provisions	13	61,572	26,056
Total Non-Current Liabilities		<u>442,382</u>	<u>759,633</u>
<b>TOTAL LIABILITIES</b>		<u>1,967,630</u>	<u>2,164,536</u>
<b>NET ASSETS</b>		<u>21,049,092</u>	<u>19,483,822</u>
<b>EQUITY</b>			
Reserve - Property Revaluation		698,533	-
Reserve - Racecourse Redevelopment		1,295,250	-
Retained profits		19,055,309	19,483,822
<b>TOTAL EQUITY</b>		<u>21,049,092</u>	<u>19,483,822</u>

The accompanying notes form part of these financial statements.

NEWCASTLE JOCKEY CLUB LIMITED  
A.C.N. 000 002 513  
FOR THE YEAR ENDED 30 JUNE 2013

STATEMENT OF CHANGES IN EQUITY

	Financial Asset Revaluation Reserve \$	Property Revaluation Reserve \$	Racecourse Redevelopment Reserve \$	Retained Earnings \$	Total \$
<b>BALANCE AT 1 JULY 2011</b>	67,345	-	-	19,567,662	19,635,007
Loss for the year	-	-	-	(83,841)	(83,841)
Other comprehensive income	(67,345)	-	-	-	(67,345)
<b>BALANCE AT 30 JUNE 2012</b>	-	-	-	19,483,822	19,483,822
Profit for the year	-	-	-	866,737	866,737
Other comprehensive income	-	698,533	1,295,250	(1,295,250)	698,533
<b>BALANCE AT 30 JUNE 2013</b>	-	698,533	1,295,250	19,055,309	21,049,092

The accompanying notes form part of these financial statements.

NEWCASTLE JOCKEY CLUB LIMITED  
A.C.N. 000 002 513  
FOR THE YEAR ENDED 30 JUNE 2013

STATEMENT OF CASH FLOWS

	Note	2013 \$ Inflows (Outflows)	2012 \$ Inflows (Outflows)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers and other sources		17,666,169	17,641,155
Payments to suppliers and employees		(17,091,127)	(17,467,338)
Interest received		34,598	268,982
Borrowing costs		(29,640)	(49,771)
Net cash provided by operating activities	17(b)	580,000	393,027
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant & equipment		(2,113,523)	(1,630,612)
Proceeds from maturity/sale of investments		29,438	1,031,243
Net cash provided by / (used in) investing activities		(2,084,085)	(599,369)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash receipts from grant funding		1,320,000	-
Proceeds from borrowings		46,323	351,312
Repayment of borrowings		(493,939)	(63,156)
Net cash provided by / (used in) financing activities		872,384	288,156
Net increase / (decrease) in cash held		(631,701)	81,814
Cash and cash equivalents at beginning of financial year		1,775,460	1,693,645
Cash and cash equivalents at end of financial year	17(a)	1,143,759	1,775,460

The accompanying notes form part of these financial statements.

NEWCASTLE JOCKEY CLUB LIMITED  
A.C.N. 000 002 513  
FOR THE YEAR ENDED 30 JUNE 2013

NOTES TO THE FINANCIAL STATEMENTS

The financial statements are for Newcastle Jockey Club Limited as an individual entity, incorporated and domiciled in Australia. Newcastle Jockey Club Limited is a company limited by guarantee.

The financial statements were authorised for issue on the date that the Directors' Declaration was signed.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

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.

Accounting Policies

a) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, rebates, trade allowances and amounts collected on behalf of third parties.

Rendering of Services

Revenue from the rendering of services is recognised upon the delivery of the service. This revenue includes:

- **TAB Distribution**  
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.
- **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.
- **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.
- **Television Rights**  
Television rights are recognised on an accruals basis.
- **Property**  
Property revenue is the rental income from investment property, it is recognised in the statement of comprehensive income on a straight-line basis over the term of the lease.

NEWCASTLE JOCKEY CLUB LIMITED  
A.C.N. 000 002 513  
FOR THE YEAR ENDED 30 JUNE 2013

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Sale of Goods*

Sales revenue comprises bar and catering revenue and is recognised upon the delivery of goods to customers.

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

b) Grant Funding and Other Income

*Grant Funding*

The company received funding from Racing NSW to fund a significant ongoing infrastructure project (the race course redevelopment) during the year. As these payments are outside of the ordinary course of business, they have been recorded as other income in the statement of comprehensive income. The income is recognised upon receipt. Refer to note 20 for additional information on the grant funding.

*Gain or Loss on Sale of Assets*

The profit or loss on disposal of assets is brought to account at the date an unconditional contract of sale is signed or the transaction is carried out, whichever is the former.

*Interest Income*

Interest income is the income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

*Sundry Income*

Sundry income is recognised as it accrues.

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

c) Income Tax

The Company does not provide for income tax as it is currently exempt under Section 50.45 of the *Income Tax Assessment Act (1997)*.

d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits at call, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the balance sheet.

e) Receivables

Accounts receivable and other debtors include amounts due from customers for goods sold in the ordinary course of business. 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 or net realisable value. Components of cost include the purchase price and, where applicable, any charges in the delivery of inventories.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Property, Plant and Equipment

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

**Freehold Property**

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

**Property, Plant & Equipment**

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.

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**

The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is available for use. The depreciation rates used for each class of asset are as follows:

Asset Class	Depreciation Rate
Buildings	2%
Plant and Equipment	2% to 40%
Motor Vehicles	15% to 25%
Racecourse Improvements	2% to 20%

h) Investment Property

Investment property, comprising residential housing, is held to generate long-term rental yields. All tenant leases are on an arm's length basis. Investment property is initially measured at cost and subsequently measured at fair value.

The fair value of an investment property is the amount for which the asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. Fair value of investment properties is determined annually based on a valuation by an independent valuer who has recognised and appropriate professional qualifications and recent experience in the location and category of investment property being valued. Fair values are determined by the valuer using market information, including prices for similar properties in comparable locations.

Changes to fair values of investment properties are recognised in profit or loss in the period in which they occur.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Impairment of Assets

At the end of each reporting period, the entity reviews the carrying amounts of its tangible and intangible 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.

j) Financial Instruments

**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments 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 recognised as expenses in profit or loss immediately.

**Classification and subsequent measurement**

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at "fair value through profit or loss" when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) *Available-for-sale investments*

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) *Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

**Impairment**

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets will be deemed to be impaired if, and only if, there is objective evidence of impairment as a result of the occurrence of one or more events (a "loss event"), which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors, or a group of debtors, are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter into bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having undertaken all possible measures of recovery, if the management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

**Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**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.

**l) Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated over their estimated useful lives where it is likely that the entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

**m) Employee Provisions**

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 provisions that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee provisions payable later than one year 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 not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee provisions.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

n) Provisions

Provisions are recognised when the entity 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. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

p) Comparative Figures

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

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

q) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key Estimates

*Impairment*

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. The Directors have assessed that no impairment of assets exist at 30 June 2013.

The company maintains a portfolio of securities with a carrying amount of \$26,372 at the end of the reporting period. Certain individual investments have previously declined in value by up to 25% and an impairment loss was recognised to reduce the value of the investments to their recoverable amount. The Directors have assessed that no further impairment of investments exist at 30 June 2013.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Useful Lives of Property, Plant and Equipment*

The Directors have reassessed the useful lives of property, plant and equipment assets at 30 June 2013 and identified a number of assets which will be used over a longer economic life than previously advised. These assets include various plant and equipment assets capitalised in previous financial years. The total impact of the revised useful lives is \$399,619 which has been accounted for prospectively and written-back against depreciation in the current year. The future impact is expected to be a net reduction to depreciation expense in future years of \$167,933.

Key judgments

*Racecourse Redevelopment Funding*

During the year, funding was provided to the Company by way of an interest free, interminable loan from Racing NSW for the purposes of funding the racecourse redevelopment project. The Directors believe that the economic substance of the funding resembles grant income rather than the legal form of a loan. This is primarily due to the absence of a future repayment schedule and the funding being provided for a specific purpose on an interest free basis.

Accordingly, the funding has been recognised as other income upon receipt. Further detail on the funding arrangements have been included in Note 20.

r) New Australian Accounting Standards

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. The Company's assessment of the new and amended pronouncements that are relevant to the Company but applicable in future reporting periods is set out below:

*AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (applicable for annual reporting periods commencing on or after 1 July 2013).*

- AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:
  - Tier 1: Australian Accounting Standards; and
  - Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.
- Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.
- Since the Company is a not-for-profit private sector entity, it qualifies for the reduced disclosure requirements for Tier 2 entities. The Company will consider adoption of Tier 2 reporting in 2014.

*AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).*

- AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.
- AASB 13 requires:
  - inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
  - enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

NEWCASTLE JOCKEY CLUB LIMITED  
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FOR THE YEAR ENDED 30 JUNE 2013

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- These Standards are expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the Company's financial statements.

AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle (applicable for annual reporting periods commencing on or after 1 January 2013).

- This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of Annual Improvements to IFRSs 2009-2011 Cycle by the International Accounting Standards Board, including:
  - AASB 1: First-time Adoption of Australian Accounting Standards to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;
  - AASB 101: Presentation of Financial Statements and AASB 134: Interim Financial Reporting to clarify the requirements for presenting comparative information;
  - AASB 116: Property, Plant and Equipment to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;
  - AASB 132 and Interpretation 2: Members' Shares in Company Entities and Similar Instruments to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and
  - AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.
- This Standard is not expected to significantly impact the Company's financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

	2013 \$	2012 \$
<b>2 REVENUE &amp; OTHER INCOME</b>		
Revenue:		
Advertising and promotion	706,585	943,863
Bar	2,068,840	1,927,974
Catering	2,075,971	1,920,940
Racing	11,815,247	9,598,969
Rental	343,692	296,521
Track	248,921	180,168
General and administration	293,482	341,923
	<u>17,552,738</u>	<u>15,210,358</u>
Other income:		
Interest and investment distributions received	34,598	268,982
Grant funding received - Racing NSW	1,320,000	-
Revaluation of investment properties	-	555,858
	<u>1,354,598</u>	<u>824,840</u>

3 PROFIT FOR THE YEAR

Profit for the year has been determined after:

a) Expenses

Interest expense on financial liabilities	37,916	49,529
Bad and doubtful debts	(42,687)	42,263
Rental expense on operating leases	48,310	57,328

Depreciation of non-current assets:

Buildings	265,773	302,011
Plant & equipment	237,477	497,394
Motor vehicles	17,874	21,498
Racecourse improvements	257,935	227,277

Total Depreciation for the year	<u>779,058</u>	<u>1,048,180</u>
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b) Gains or (losses) realised	<u>(33,189)</u>	<u>(102,310)</u>
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NEWCASTLE JOCKEY CLUB LIMITED  
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FOR THE YEAR ENDED 30 JUNE 2013

NOTES TO THE FINANCIAL STATEMENTS

	2013 \$	2012 \$
<b>4 CASH AND CASH EQUIVALENTS</b>		
Cash at bank, on deposit and on hand	<u>1,143,759</u>	<u>1,775,460</u>
<b>5 RECEIVABLES</b>		
CURRENT		
Trade debtors	159,445	304,841
Provision for doubtful debts	<u>(4,187)</u>	<u>(51,473)</u>
	155,258	253,368
NSW TRB debtor	1,386,219	1,173,336
NSW CRC debtor	55,764	96,601
Other debtors	18,649	35,867
Accrued interest	<u>4,172</u>	<u>22,200</u>
	<u>1,464,804</u>	<u>1,328,003</u>
	<u>1,620,062</u>	<u>1,581,371</u>

The company does not have any significant debts considered "past due". Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the company and the counterparty to the transaction.

**6 INVENTORIES**

CURRENT		
Bar stock - at cost	117,136	107,699
Catering stock - at cost	<u>48,368</u>	<u>46,729</u>
	<u>165,504</u>	<u>154,428</u>

**7 OTHER ASSETS**

CURRENT		
Prepayments	<u>38,618</u>	<u>58,775</u>
	<u>38,618</u>	<u>58,775</u>

NEWCASTLE JOCKEY CLUB LIMITED  
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NOTES TO THE FINANCIAL STATEMENTS

	2013 \$	2012 \$
<b>8 PROPERTY, PLANT &amp; EQUIPMENT</b>		
Freehold land and buildings - at cost	11,383,020	11,403,219
Less: Accumulated depreciation	<u>(842,695)</u>	<u>(581,374)</u>
	<u>10,540,325</u>	<u>10,821,845</u>
Plant and Equipment - at cost	3,105,581	2,982,225
Less: Accumulated depreciation	<u>(1,233,325)</u>	<u>(998,925)</u>
	<u>1,872,256</u>	<u>1,983,300</u>
Motor Vehicles - at cost	91,895	122,957
Less: Accumulated depreciation	<u>(43,909)</u>	<u>(41,049)</u>
	<u>47,986</u>	<u>81,908</u>
Racecourse - at cost	6,240,478	4,314,592
Less: Accumulated depreciation	<u>(625,907)</u>	<u>(367,972)</u>
	<u>5,614,571</u>	<u>3,946,619</u>
Capital work in progress	<u>97,271</u>	<u>72,219</u>
Total property, plant & equipment	<u>18,172,409</u>	<u>16,905,892</u>

(a) Transfer of freehold land and buildings to investment property

The Company owns a number of residential properties that are owner-occupied dwellings and classified as property, plant and equipment (freehold land and buildings) on the statement of financial position. During the year, a previously owner-occupied property (recognised as property, plant and equipment) was leased to external tenants on market terms for the first time. In accordance with the requirements of Australian Accounting Standard AASB140 Investment Properties, this property was subject to a market valuation and the revaluation surplus recognised in a revaluation reserve prior to transferring the property from property, plant and equipment to investment properties. Refer note 9 for further detail.

NEWCASTLE JOCKEY CLUB LIMITED  
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NOTES TO THE FINANCIAL STATEMENTS

8 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Movements in Carrying Amounts

Reconciliations of the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are set out below:

For the financial year ended 30 June 2013:

	Balance at 1 July \$	Additions \$	Disposals \$	Revaluation \$	Transfers \$	Depreciation expense \$	Balance at 30 June \$
Land and buildings	10,821,845	33,745	-	698,533	(748,025)	(265,773)	10,540,325
Plant and equipment	1,983,300	128,840	(431)	-	(1,975)	(237,477)	1,872,256
Motor vehicles	81,908	-	(16,048)	-	-	(17,874)	47,986
Racecourse	3,946,619	1,925,886	-	-	-	(257,935)	5,614,571
Work in progress	72,219	25,052	-	-	-	-	97,271
<b>Total</b>	<b>16,905,891</b>	<b>2,113,523</b>	<b>(16,479)</b>	<b>698,533</b>	<b>(750,000)</b>	<b>(779,059)</b>	<b>18,172,409</b>

For the financial year ended 30 June 2012:

	Balance at 1 July \$	Additions \$	Disposals \$	Revaluation \$	Transfers \$	Depreciation expense \$	Balance at 30 June \$
Land and buildings	10,946,921	176,936	-	-	-	(302,011)	10,821,845
Plant and equipment	2,257,920	231,909	(9,135)	-	-	(497,394)	1,983,300
Motor vehicles	102,164	1,242	-	-	-	(21,498)	81,908
Racecourse	3,031,827	1,185,285	(43,216)	-	-	(227,277)	3,946,619
Work in progress	36,979	35,240	-	-	-	-	72,219
<b>Total</b>	<b>16,375,811</b>	<b>1,630,612</b>	<b>(52,351)</b>	<b>-</b>	<b>-</b>	<b>(1,048,180)</b>	<b>16,905,892</b>

NEWCASTLE JOCKEY CLUB LIMITED  
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NOTES TO THE FINANCIAL STATEMENTS

9 INVESTMENT PROPERTY

	2013 \$	2012 \$
Balance at the beginning of the year	1,100,000	521,307
Transfer of property to investment property	750,000	-
Market value adjustments	-	555,858
Balance at the end of the year	<u>1,850,000</u>	<u>1,100,000</u>

The company's investment properties were revalued at 30 June 2013 by an independent valuer, A.D. Magin of Baker & Magin Valuers (Valuer Registration No. 2568). Valuations were made on the basis of market value. There was no revaluation surplus recognised in the 2013 financial year as the market value of the two properties remained consistent with the 30 June 2012 valuation.

During the year, a previously owner-occupied property (recognised as property, plant and equipment) was leased to external tenants on market terms for the first time. In accordance with the requirements of Australian Accounting Standard AASB140 Investment Properties, this property was subject to a market valuation and the revaluation surplus recognised in a revaluation reserve prior to transferring the property from property, plant and equipment to investment properties. The property was valued at \$750,000 by A.D. Magin of Baker & Magin Valuers (Valuer Registration No. 2568).

For the year ended 30 June 2012, two investment properties were revalued by an independent valuer, A.D. Magin of Baker & Magin Valuers (Valuer Registration No. 2568). Valuations were made on the basis of market value. These two properties were classified as investment properties from the time the Club first reported under Australian Equivalents to International Financial Reporting Standards in 30 June 2005 and accordingly, a revaluation surplus of \$555,858 was recognised in other income in the 2012 financial year.

10 OTHER FINANCIAL ASSETS

NON-CURRENT

Balance at the beginning of the year	72,433	1,243,814
Investment purchases	-	-
Movement in market value	(16,623)	87,847
Investment disposals	(29,438)	(1,083,534)
Balance at the end of the year	<u>26,372</u>	<u>72,433</u>

All investments are valued at market value and are classified as available for sale.

11 PAYABLES

CURRENT

Trade creditors and accruals	1,009,726	640,936
Income received in advance	144,738	340,417
	<u>1,154,464</u>	<u>981,353</u>

NEWCASTLE JOCKEY CLUB LIMITED  
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NOTES TO THE FINANCIAL STATEMENTS

	2013 \$	2012 \$
<b>12 INTEREST BEARING LIABILITIES</b>		
<b>CURRENT</b>		
Hire purchase liability	110,191	163,441
National Australia Bank loan	-	41,600
	<u>110,191</u>	<u>205,041</u>
<b>NON-CURRENT</b>		
Hire purchase liability	380,810	407,974
National Australia Bank loan	-	325,603
	<u>380,810</u>	<u>733,577</u>
<b>13 PROVISIONS</b>		
<b>CURRENT</b>		
Provision for annual leave	150,980	141,420
Provision for long service leave	109,613	77,089
	<u>260,593</u>	<u>218,509</u>
<b>NON-CURRENT</b>		
Provision for long service leave	<u>61,572</u>	<u>26,056</u>
a) Aggregate employee entitlements liability	322,165	244,564

The current portion for employee provisions includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

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NOTES TO THE FINANCIAL STATEMENTS

	2013 \$	2012 \$
<b>14 RESERVES</b>		
(a) Financial Asset Revaluation Reserve		
The financial assets reserve records revaluation of financial assets.		
(b) Property Revaluation Reserve		
The property reserve records revaluations of non-current property, plant and equipment assets.		
(c) Racecourse Redevelopment Reserve		
The racecourse redevelopment reserve records the amount received from Racing NSW for the racecourse redevelopment project. These amounts are reduced by the depreciation charge for applicable capital assets purchased with the funding each year.		
<b>15 AUDITOR'S REMUNERATION</b>		
Remuneration of auditor for auditing the financial report	24,500	23,225
Other services	<u>56,809</u>	<u>160,485</u>
	<u>81,309</u>	<u>183,710</u>
Other services provided by the Prosperity Advisers group during the 2013 year were:		
(a) Interim review of management and Board reporting.		
(b) Payroll compliance and compilation services.		
(c) Taxation compliance and advisory services.		
Other services provided by the Prosperity Advisers group during the 2012 year were:		
(a) Agreed upon procedure engagements with respect to internal processes.		
(b) Payroll compliance and compilation services.		
(c) Taxation compliance and advisory services.		
(d) Financial information compilation for Board meeting reporting.		
<b>16 CAPITAL AND LEASING COMMITMENTS</b>		
(a) Finance leasing and hire purchase commitments payable:		
Not later than one year	149,345	163,441
Later than one year but not later than five	439,083	512,550
Later than five years	<u>5,215</u>	<u>28,251</u>
Minimum lease payments	593,643	704,242
Less: future finance charges	<u>(102,642)</u>	<u>(132,827)</u>
Total lease liability	<u>491,001</u>	<u>571,415</u>
(b) Capital expenditure projects		

During the 2013 financial year, the Company did not enter into contracts to purchase property, plant and equipment (with the exception of hire purchase agreements noted above). Subsequent to year end, the Company has appointed a Project Manager for the Racecourse Development project. No contracts to purchase property, plant and equipment in relation to this project have been entered into at the date of this financial report.

NEWCASTLE JOCKEY CLUB LIMITED  
A.C.N. 000 002 513  
FOR THE YEAR ENDED 30 JUNE 2013

NOTES TO THE FINANCIAL STATEMENTS

	2013 \$	2012 \$
<b>17 CASH FLOW INFORMATION</b>		
(a) Reconciliation of cash		
For the purpose of the statement of cash flows, cash includes cash on hand and in banks, including term deposits. Cash at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:		
Cash at bank and on hand	<u>1,143,759</u>	<u>1,775,460</u>
(b) Reconciliation of cash flow from operations with Profit / (Loss)		
Profit / (Loss) for the year	866,737	(83,841)
Non-Cashflows and Non-Operating Cashflows in profit / (loss) for the year:		
Depreciation	779,058	1,048,180
Fair value movement in investments realised in current year	16,623	102,310
Revaluation of investment properties	-	(555,858)
Cash receipts from grant funding	(1,320,000)	-
Loss on disposal of fixed assets	<u>16,479</u>	<u>-</u>
	<u>358,897</u>	<u>510,791</u>
Change in assets and liabilities:		
Decrease/(Increase) in trade debtors	98,110	28,467
Decrease/(Increase) in other debtors	(136,801)	635,361
Decrease/(Increase) in prepayments	20,157	9,888
Decrease/(Increase) in inventories	(11,076)	31,121
Increase/(Decrease) in trade creditors	368,790	(721,825)
Increase/(Decrease) in income received in advance	(195,679)	(79,822)
Increase/(Decrease) in provision for employee entitlements	<u>77,601</u>	<u>(20,955)</u>
Cash flow from operations	<u>580,000</u>	<u>393,026</u>
(c) Finance Facilities		
Loan and hire purchase facilities	1,791,001	938,618
Amount utilised	<u>(491,001)</u>	<u>(938,618)</u>
Unused loan facilities	<u>1,300,000</u>	<u>-</u>
The Company has an unused finance facility with the National Australia Bank of \$1,300,000.		
(d) Non cash financing and investing activities		

During the year the entity acquired plant and equipment with an aggregate value of \$36,784 (2012: \$242,720) by means of hire purchase agreements. These acquisitions are not reflected in the statement of cash flows.

NEWCASTLE JOCKEY CLUB LIMITED  
A.C.N. 000 002 513  
FOR THE YEAR ENDED 30 JUNE 2013

NOTES TO THE FINANCIAL STATEMENTS

	2013 \$	2012 \$
<b>18 RELATED PARTY TRANSACTIONS</b>		
(a) Key Management Personnel Compensation		
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel. Key management personnel compensation:		
<b>Short term benefits</b>		
Salaries, wages and allowances	600,172	705,392
Superannuation	62,464	119,701
Non-cash benefits	73,744	91,287
<b>Long term benefits</b>		
Termination benefits	133,273	-
Other	<u>-</u>	<u>23,410</u>
Total compensation	<u>869,653</u>	<u>939,790</u>
(b) Other Related Parties		
Mr A J Hardes (Director, resigned 27/11/2012) is an employee of Punter's Mate, which provided betting services to the Club. The value of transactions during the year were \$2,971 (2012: \$2,420). Mr A J Hardes (Director, resigned 27/11/2012) is also a partner in "From the Track" magazine in which the Club advertised throughout the year. The value of advertising expenditure during the year was \$3,520 (2012: \$1,925).		
Mr R Sonnichsen (Director, appointed 22/03/2013) is a Director of Richard Sonnichsen Consulting, which provided consulting services to the Club in relation to the construction of the Pro-Ride track and review of the Expression of Interest campaign for the racetrack redevelopment project. The value of transactions during the year were \$24,900 (2012: \$8,250). All services were provided prior to Mr R Sonnichsen's appointment to the Board.		
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.		
There were no other related party transactions during the 2013 financial year.		

NEWCASTLE JOCKEY CLUB LIMITED  
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FOR THE YEAR ENDED 30 JUNE 2013

NOTES TO THE FINANCIAL STATEMENTS

19 FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. Financial risk management is managed by the Chief Executive Officer under policies approved by the Board.

(a) Market Risk

(i) Foreign Currency Risk

The Company is not exposed to any significant foreign currency risk.

(ii) Price Risk

The Company is not exposed to any significant price risk.

(iii) Interest Rate Risk

The Company's financial assets which are subject to interest rate risk comprise cash at bank and on call, term deposits which are generally short term and are held to maturity, non current loans and finance leases. Therefore the Company does not consider that a reasonably possible change in risk variable (interest) would have a significant effect on profit or equity. The following table summarises the sensitivity of the Company's financial assets and financial liabilities at reporting date to interest rate risk.

				+ 10%		- 10%	
	+ 10%	- 10%	Carrying Amount	Profit	Equity	Profit	Equity
Year ended 30 June 2013							
<i>Financial Assets</i>							
Cash	2.6%	2.9%	2.4%	1,143,759	2,994	2,994	(2,994)
<i>Financial Liabilities</i>							
Lease Liabilities	8.9%	9.8%	8.0%	491,001	(4,375)	(4,375)	4,375
Year ended 30 June 2012							
<i>Financial Assets</i>							
Cash	3.7%	4.0%	3.3%	1,775,460	6,489	6,489	(6,489)
<i>Financial Liabilities</i>							
Lease Liabilities	9.0%	9.9%	8.1%	571,415	(5,120)	(5,120)	5,120
Loans	7.5%	8.2%	6.7%	367,203	(2,739)	(2,739)	2,739

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. This is managed through prudent cash flow management.

NEWCASTLE JOCKEY CLUB LIMITED  
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FOR THE YEAR ENDED 30 JUNE 2013

NOTES TO THE FINANCIAL STATEMENTS

19 FINANCIAL INSTRUMENTS (CONT'D)

(c) Credit Risk

The credit risk on financial assets, excluding investments, of the company which have been recognised on the Statement of Financial Position is the carrying amount, net of any provision for doubtful debts.

The Company has a concentration of credit risk on trade debtors due from TABCorp under a contract administered by Racing NSW. The company is materially exposed to TABCorp in terms of revenue and trade debtors. However, all debtors are expected to be realised in the ordinary course of business within 12 months of reporting date.

(d) Fair Value

The financial assets and liabilities in the Statement of Financial Position are carried at amounts assumed to approximate their net fair values with the exception of property, plant and equipment (which is carried at cost).

(e) Remaining Contractual Maturities

The following table details the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. They include both interest and principal cash flows and therefore, these totals may differ from their carrying amount in the statement of financial position. They are all classified as non-derivative financial instruments.

	Weighted Average Interest Rate	1 year or less	1-5 years	Over 5 years	Total
<b>Year ended 30 June 2013</b>					
Trade creditors and accruals	0.0%	1,009,726	-	-	1,009,726
Lease liabilities	8.9%	149,345	439,083	5,215	593,643
		1,159,071	439,083	5,215	1,603,369
<b>Year ended 30 June 2012</b>					
Trade creditors and accruals	0.0%	640,936	-	-	640,936
Lease liabilities	9.0%	163,441	512,550	28,251	704,242
		804,377	512,550	28,251	1,345,178

NEWCASTLE JOCKEY CLUB LIMITED  
A.C.N. 000 002 513  
FOR THE YEAR ENDED 30 JUNE 2013

NOTES TO THE FINANCIAL STATEMENTS

20 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

(a) Racecourse Development Project

During the year, funding was provided to the company by way of an interest free, interminable loan from Racing NSW for the purposes of the Racecourse Development project. 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.

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 made in the financial report at 30 June 2013. The maximum contingent liability at 30 June 2013 in respect of this loan amounts to \$1,320,000.

(b) Other Contingencies

The company is currently performing a review of award interpretations to determine the most suitable coverage for the company's employees. This review includes obtaining professional advice on any potential liability that may arise.

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

21 EVENTS AFTER REPORTING DATE

No matters or circumstances have arisen since 30 June 2013 that have significantly affected or may significantly affect the operations, results or state of affairs of the Company.

22 LIMITED BY GUARANTEE

The Company is limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of \$2 each towards meeting any outstanding obligations of the Company. The number of members at 30 June 2013 was 1,487 (2012: 1,242).

23 COMPANY DETAILS

The Company's registered office and principal place of business is Darling Street, Broadmeadow NSW.

NEWCASTLE JOCKEY CLUB LIMITED  
A.C.N. 000 002 513  
FOR THE YEAR ENDED 30 JUNE 2013

DIRECTORS' DECLARATION

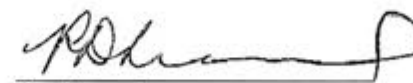
The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 8 to 32 are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards and the *Corporations Regulations 2001*; and
  - b. give a true and fair view of the financial position as at 30 June 2013 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.



Geoffrey Barnett  
Chairman of the Board



Paul Leaming  
Chairman of the Finance and Risk Committee

3 October 2013

INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF NEWCASTLE JOCKEY CLUB LIMITED

Report on the Financial Report

We have audited the accompanying financial statements of Newcastle Jockey Club Limited (the "Company"), which comprises the statement of financial position as at 30 June 2013 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Directors' declaration.

Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the Directors of the Company a written Auditor's independence declaration, a copy of which is included on page 7 of the financial report.

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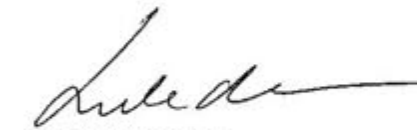
INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF NEWCASTLE JOCKEY CLUB LIMITED (CONTINUED)

Auditor's Opinion

In our opinion, the financial report of Newcastle Jockey Club Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

PROSPERITY AUDIT SERVICES



LUKE MALONE  
Partner

3 October 2013

Newcastle

## 2013 MAJOR SPONORS



NEWCASTLE JOCKEY CLUB

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