



NEWCASTLE JOCKEY CLUB

# 2014

ANNUAL REPORT

for the year ended 30th June 2014



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## CHAIRMAN'S REPORT

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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 2013/2014 Racing year.

Your Board includes Bill Moncrieff (Vice Chairman), Paul Leaming (Finance and Risk Committee Chairman), Mike Hadaway, Helen Wild, Rob Dan and Richard Sonnichsen. I congratulate and thank them for their input both as individuals and as a team. All NJC members should be very proud of your Board and the decision making that is implemented.

Congratulations to all our owners, trainers, jockeys and strappers that have helped make this year very successful and to the excellent staff that provides the service, maintenance and administration to the NJC. Both Cessnock and Broadmeadow tracks race well due to the effort and experience of Steve Tapp and Peter Birch.

I congratulate our CEO Cameron Williams on managing the affairs of the NJC during 2013/2014. This sound financial result could not have been achieved without the management restructure and operational cost control. Some additional funding from RNSW also helped make a difference.

Last year the Board and Management promised we would turn around the financial state of the club and this year highlights what can be achieved when all parties have the same commitment. The NJC had not produced a profitable underlining performance since 2008 and whether it is the track staff, management or the food and beverage service staff, all have worked together and must be congratulated for this very positive outcome. Next year will be a challenge to stay in the black and will take the continued effort of all involved.

The next major commitment is the building of the new No. 2 Grass and we have now been given the green light to commence the earthworks. We have had to wait until the completion of the 2014 Spring Carnival before we could start and this new track is now underway. Again this will be managed by Cameron and selected Board members and senior management in a professional way. Racing NSW has appointed an engineer to help oversee the construction. This whole project, including the rebuild of the course proper, 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.

The Pro-Ride track has now been in use since the later part of 2012 and is performing well. Along with the sand track and course proper, all tracks are satisfying our trainers' needs. Both NJC racing carnivals have been successful with few complaints from visiting trainers and jockeys. This highlights that all involved are getting it right.

How good is it to see our trainers Kris Lees and Jeremy Sylvester winning NJC races against all comers - 6 Jungle Juice Cups for Jeremy!

The passing of Tommy Wallace and Phil Anderson has brought sadness to the year as both played an active part and were very well liked during their many years at Broadmeadow, however, one of our top jockeys, Robert Thompson achieving the milestone of 4,000 winners during the year is another moment in time that we will also always remember.

I also mention the sad passing of Newcastle Herald racing writer, Geoff Wilson, Geoff wrote without fear or favour and in doing so created excellent reading for the racing fraternity.

### Our Broadmeadow Group 3 and Cessnock feature winners and placegetters for 2014:

Newcastle Gold Cup (G3)	Horse	Jockey	Trainer/s
Winner	Disclaimer	Jason Collett	Peter and Paul Snowden
2nd	Brigantin		
3rd	Wish Come True		
Cameron Handicap (G3)	Horse	Jockey	Trainer/s
Winner	Hooked	Blake Shinn	John Thompson
2nd	Rugged Cross		
3rd	Mighty Lucky		
Spring Stakes (G3)	Horse	Jockey	Trainer/s
Winner	Sweynesse	Kerrin McEvoy	John O'Shea
2nd	Pounamu		
3rd	Monteux		
Tibbie Stakes (G3)	Horse	Jockey	Trainer/s
Winner	Fine Bubbles	James McDonald	Kris Lees
2nd	I'm In The Money		
3rd	Gold Epona		
2014 Newmarket Hcp (G3)	Horse	Jockey	Trainer/s
Winner	Mecir	James McDonald	Michael, Wayne & John Hawkes
Tooheys New Cessnock Cup (1350m)	Horse	Jockey	Trainer/s
Monday June 2, 2014			
Winner	Aghamore	Taylor Marshall (a)	Todd Howlett
2nd	Eye Striker	Andrew Adkins (a)	Ken Tynan
3rd	Al Nova	Priscilla Schmidt (a)	Neil Godbolt
Cessnock Leagues Club Jungle Juice Cup (1350m)	Horse	Jockey	Trainer/s
Tuesday July 1, 2014			
Winner	Youthful King	Robert Thompson	Jeremy Sylvester
2nd	Aghamore	Taylor Marshall (a)	Todd Howlett
3rd	My Man of War	Dale Spriggs	Kris Lees

The NJC Board, Management and staff look forward to continual improvement at Broadmeadow and Cessnock, and trust the current construction and track upgrades cause little or no impact to our great racing and training centres.

Yours sincerely,



**Geoffrey Barnett**

Chairman Newcastle Jockey Club Limited





## CEO'S REPORT

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It is my pleasure to report to Members on the operations of Newcastle Jockey Club for the 2014 financial year.

There have been numerous highlights during 2014, some of which include the following:

- NJC has recorded an underlying profit for the first time since 2008.
- NJC completed preliminary design and an exhaustive Tender program for the redevelopment of two new racetracks at Broadmeadow Racecourse.
- NJC received wagering income secured by Racing NSW from offshore corporate bookmaking.
- NJC achieved profit growth from Non-Race Day events.
- NJC witnessed some incredible racing action including Robert Thompson's history making 4000th winning ride at Broadmeadow Racecourse.
- NJC completed numerous projects such as:
  - Repositioning the previously liquidated Broadmeadow Racecourse Bowling Club facility into a 64 place Child Care Centre.
  - Leasing to market "the CEO's House" situated at Darling Street, Broadmeadow.
  - Refurbishment of the Pavilion function room with new carpet, new internal paint and televisions.
  - Installation of new televisions in the Members' Lounge, Betting Ring and Chevals Restaurant complete with simultaneous Sky 1 and Sky 2 vision.
  - Installation of new sound speakers to the Members' Grandstand.
  - Bitumen resurfacing to the Broadmeadow Racecourse tie-up stalls and entrance to the Stables precinct.
  - New box gutter to the Betting Ring.

Following the close of the 2014 financial year, NJC has enjoyed another exciting Spring Carnival and also commenced works on the Broadmeadow Racecourse Racetrack Project. Approved funding for this project is administered by Racing NSW from racefields fees derived from corporate bookmakers.



*Broadmeadow Racecourse, in the Heart of Newcastle*

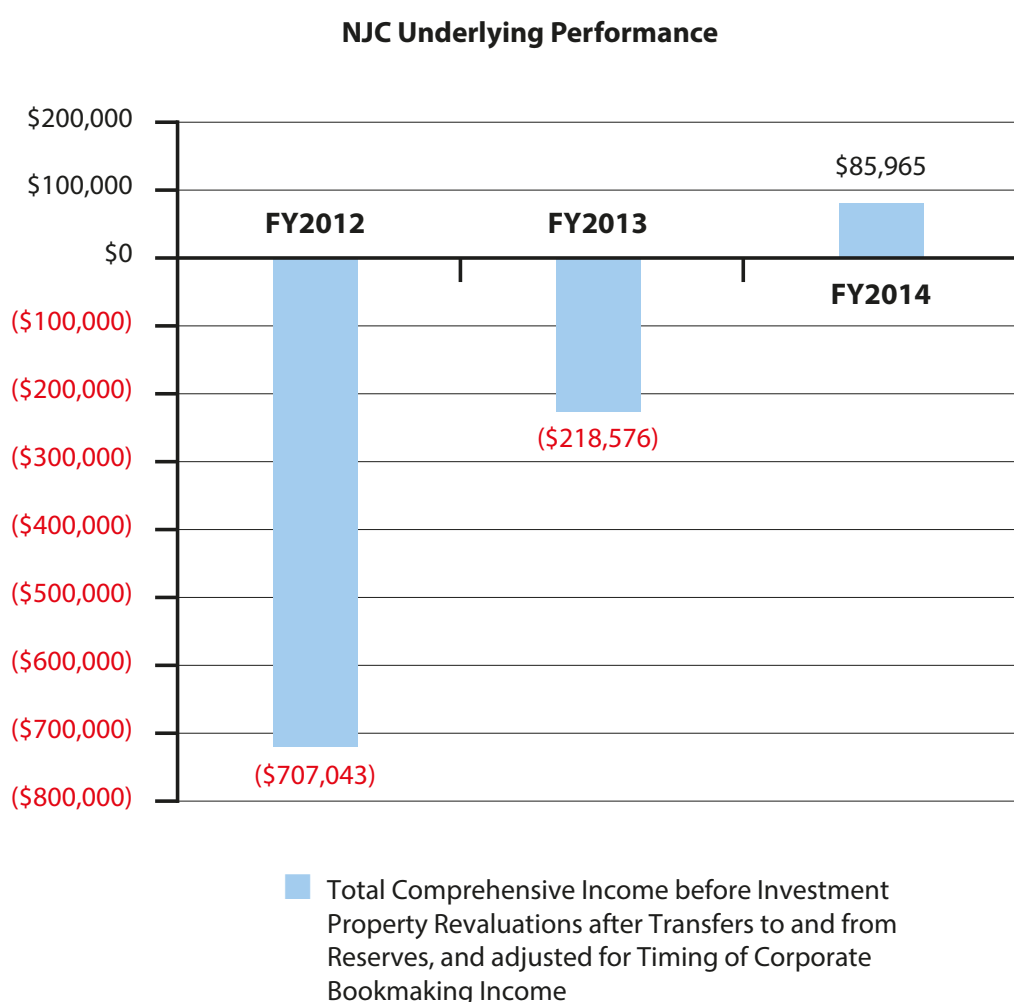
Financial Summary	2013/14 \$	2012/13 \$	2011/12 \$
<b>Profit/(Loss) Attributable to Members</b>	<b>72,902</b>	<b>866,737</b>	<b>(83,841)</b>
<b>Profit/(Loss) Before Depreciation and Other Income, Excluding Property Revaluations</b>	<b>1,026,264</b>	<b>148,296</b>	<b>139,500</b>
Depreciation	(1,029,194)	(779,058)	(1,048,180)
Other Income			
- Investment Income	265,832	177,499	268,982
- Racecourse Development Funding	(120,000)	1,320,000	0
<b>Profit/(Loss) Attributable to Members Excluding Property Revaluations</b>	<b>142,902</b>	<b>866,737</b>	<b>(639,698)</b>
Transfers (to)/from Reserves	153,000	(1,295,250)	(67,345)
<b>Total Comprehensive Income before Investment Property Revaluations</b>	<b>295,902</b>	<b>(428,513)</b>	<b>(707,043)</b>
Adjustment for industry distribution revenue received in 2013/14, relating to 2012/13	(209,937)	209,937	
<b>Adjusted balance for comparative purposes of Total Comprehensive Income before Investment Property Revaluations</b>	<b>85,965</b>	<b>(218,576)</b>	<b>(707,043)</b>
Investment Property Revaluations	643,444	698,533	555,858
<b>Total Comprehensive Income Attributable to Members</b>	<b>939,346</b>	<b>270,020</b>	<b>(151,185)</b>

## Financial Performance

Newcastle Jockey Club has recorded a statutory profit result for the year ended 30 June 2014 of \$72,902.

Last year's Directors Report stated that income before property valuations and after transfers to and from reserves was considered to be an appropriate measure of the Club's underlying performance. Application of this measure to NJC's FY2013 accounts before any subsequent adjustments for comparative purposes indicated an underlying loss of \$428,513.

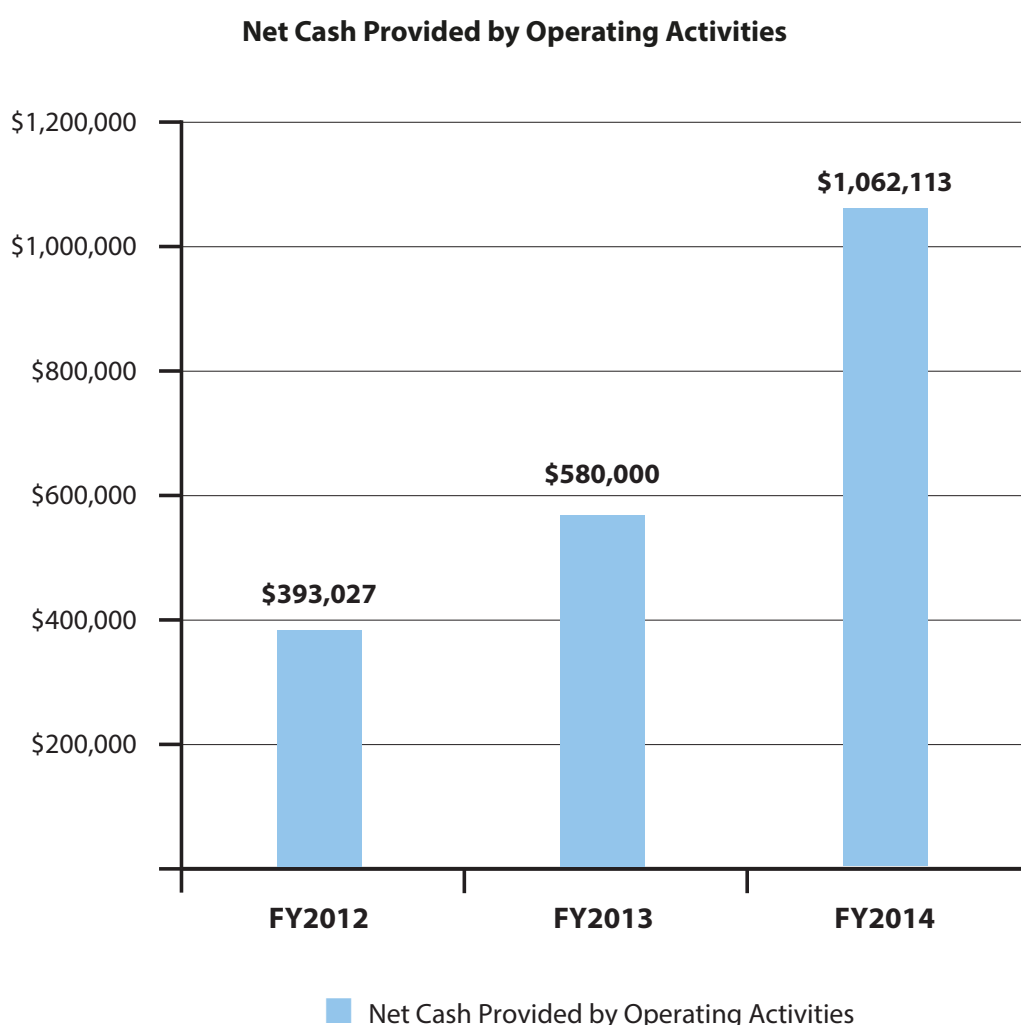
During 2014, NJC received racing industry income distributions sourced from offshore corporate bookmaking, some of which was retrospective in that it related to 2013 wagering activity. In order to more specifically illustrate the underlying performance of the Club for the 2014 period, and to provide a meaningful comparison with 2013, an adjustment for 2013 wagering income received in 2014 has been made.



The resulting underlying performance of the business with corporate bookmaking revenue adjusted for relevant timing was a profit of \$85,965 in 2014 as compared to a loss of \$218,576 in 2013.

Over the last three years, the Club's underlying performance has improved from a loss of \$707,043 in the 2012 financial year through to a profit of \$85,965 in 2014.

The Club's Broadmeadow course proper received a major renovation and was temporarily closed during FY2012 which led to reduced trading activity at that time. Since Boxing Day 2012, the Club has resumed to a full racing program. From there, the year on year increase in underlying performance of some \$300,000 for FY2014 can be attributed to a combination of improved racing industry revenue distributions and operational cost control measures. These underlying results are reflected in a \$482,113 improvement to Net Cash Provided by Operating Activities during FY2014.



NJC financing may be summarised as follows:

- \$11.2 million excluding GST in approved funding with Racing NSW for racetrack capital works of which \$1.2 million has been drawn down to pay 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 plant and equipment financed via hire purchase agreement with total liability of \$380,810 in FY2014, down from \$491,001 in FY2013.





2013 Cameron Handicap winning Jockey, Blake Shinn

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 against previous results, approved budgets and relevant industry benchmarks.

Key Performance Indicators	2014	2013	2012
Total revenue change (year on year)	9.8%	15.4%	-4.8%
Total expense change (year on year)	6.6%	12.3%	0.7%
Working Capital Ratio	2.04:1	1.95:1	2.54:1
Debt to Equity Ratio	0.11:1	0.09:1	0.11:1
Total revenue derived from Racecourse operations	75%	71%	66%
Food and beverage cost of goods to F&B revenue	34%	33%	33%
Gross profit margin: Bar, Broadmeadow	66%	67%	68%
Gross profit margin: Bar, Cessnock	63%	58%	61%
Gross profit margin: Catering, Broadmeadow	66%	69%	68%
Gross profit margin: Catering, Cessnock	35%	57%	65%

Key Performance Indicators, 2012 to 2014

Total Revenue and Total Expense Key Performance Indicators (KPI's) for FY2012 and FY2013 were skewed by temporary closure of the Course Proper at Broadmeadow in 2012 to enable major resurfacing works. In FY2014, the Club's improved underlying performance was supported by revenue growth of almost 10% while maintaining expenditure growth to 6.6%.

NJC has maintained a very healthy working capital ratio 2.04:1 indicating that there is approximately \$2 of available current assets on balance sheet for every \$1 of current liabilities.

The proportion of NJC revenue derived from Racecourse Operations has increased due to the receipt of a new income stream sourced from offshore corporate bookmaking. Racecourse Operations income also continues to be supported by the receipt of ongoing industry funding for increased minimum prizemoney on NJC standard races.



*Enjoying a Day at the Races, Broadmeadow Racecourse*

Gross profit margins within NJC's bar and catering operations have remained relatively consistent, albeit with signs of developing a slight downwards trend. Contributing factors included a transfer of the 2013 Jungle Juice Cup to Scone due to wet weather and early signs of tightened discretionary spending towards the end of FY2013.

Major Revenue Streams	2014 (\$m)	2013 (\$m)	Variance
Broadmeadow Racing	11.163	9.84	13%
Broadmeadow Track	1.012	1.014	0%
Broadmeadow Race Day Bar	1.715	1.685	2%
Broadmeadow Race Day Catering	1.148	1.177	-2%
Cessnock Racing	1.696	1.487	14%
Non Race Day events	0.801	0.724	11%
Combined Advertising and Promotion	0.810	0.707	15%

*Major Revenue Streams, 2013 to 2014*

Movement in the Club's major revenue stream derived from Thoroughbred racing was positive at both Broadmeadow and Cessnock. This positive gain was largely reflective of distributions received by Racing NSW.

Major Expenditure	2014 (\$m)	2013 (\$m)	Variance
Broadmeadow Racing	8.890	8.078	10%
Broadmeadow Track	1.501	1.595	-6%
Broadmeadow Race Day Bar	0.909	0.924	-2%
Broadmeadow Race Day Catering	0.826	0.762	8%
Cessnock Racing	1.509	1.215	24%
Non Race Day events	0.410	0.415	-1%
Combined Advertising and Promotion	0.425	0.539	-21%
General & Administration	1.485	1.566	-5%
Depreciation	1.029	0.779	32%

*Major Expenditure Categories, 2013 to 2014*

Management of the Club's major expenditure profile resulted in almost \$200 thousand in cost savings across advertising, promotion and administration. An additional \$100 thousand in cost savings were achieved by efficient track management practices at Broadmeadow. Increased expenditure of \$1.106 million for racing activity at Broadmeadow and Cessnock was offset by \$1.532 in additional revenue.

During FY2014 the five NSW Provincial Race Clubs had an increase in total race meetings scheduled from 123 to 134, largely due to a reallocation of various Australian Turf Club mid-week meetings to the Provincial Clubs. For Newcastle Jockey Club, this contributed to an increase in the overall number of starters at Broadmeadow Racecourse, increased prizemoney paid and increased total wagering turnover.

The number of NJC trained starters in NSW racefields increased by 81 from 3,326 to 3,407 during FY2014. The Club's percentage of Provincial trained starters fell slightly from 36% to 34%. The FY2014 statistics were above FY2012 which recorded a total of 3,020 Broadmeadow runners and ratio for NJC trained starters of 33%.

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*



Statistics	2013/14	Provincial Total	% of Provincial Total
Race Meetings	34	135	25%
Races	264	1,045	25%
Starters	2,682	10,168	26%
Trained Starters	3,407	10,048	34%
Prizemoney	\$6.361m	\$25.657	25%
Wagering Turnover	\$53.370m	\$206.123m	26%

*Broadmeadow Racecourse Racing Statistics, 2014*



*Sky Media, NJC Spring Carnival – September 2013*

## Spring Carnival – September 2013

NJC's 2013 Spring Carnival was another outstanding event which for the first time featured four Group 3 races. A total of 190 starters competed over the two day Carnival, being a 17% increase above 2012. NJC 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 Carnival excluding fixed odds betting and support races, was up by approximately \$397,000 over the previous year.

I would like to thank Coca-Cola for their support of the Coca-Cola Spring Stakes which saw Savvy Nature take line honours for John O'Shea. In its next four starts, Savvy Nature scored a second place in the Group 3 Gloaming Stakes at Rosehill, a third place in the Group 1 Spring Champion Stakes at Royal Randwick and a Group 2 win at Mooney Valley.





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

Tooheys were the major sponsor of the 2013 Summer Bright Lager Cameron Handicap (G3) won by the late Guy Walter with Toydini. Toydini then went on to place third in the Group 1 Epsom Handicap at Royal Randwick and third in the Group 2 Crystal Mile at Mooney Valley.



*2013 Cameron Handicap Winner - Toydini*



The Tallwoods Golf Course sponsored Tibbie Stakes was run with Group 3 status for the first time since being upgraded by the Australian Pattern Committee. The race was won by Gai Waterhouse-trained Vaquera.



2013 Tibbie Stakes Winner - Vaquera



2013 Tallwoods Golf Course Tibbie Stakes Presentation

The 2013 XXXX Gold Newcastle Cup (G3) was another outstanding feature event, taken out by Winning Glory for Roma based Wayne Baker. NJC sincerely thanks Tooheys for their ongoing support of NJC's Spring Carnival premier race.



*2013 Newcastle Cup Winner Winning Glory*

In addition to the Club's feature race partners, NJC extends its sincere appreciation to all Spring Carnival sponsors that also included Australian Bloodstock, Macka's Sand and Soil Supplies, Pro-Ride, NBN, Prime 7, Quality Hotel Noahs on the Beach, NSW Color TV, oOh! Media, Coates Hire, Merran Wiggins Travelmanagers, Paspaley, Westfield Kotara and Singapore Airlines.

## **Autumn Carnival – March 2014**

NJC's Autumn feature event was the Group 3 Newmarket Handicap which was generously sponsored once again by locally based company Enviropacific. The five year old Lonhro gelding, Mecir took line honours ahead of the Peter Moody-trained Strawberry Boy and Australian Bloodstock import, Slow Pace trained by Kris Lees.





*2014 Newmarket Handicap winner Mecir*

## 4000 Wins in 40 Years

The 3rd of May 2014, was shaping up as an enjoyable Autumn raceday at Broadmeadow Racecourse, albeit the weather was a little on the cool side. Jockey Robert Thompson went into the day with three rides and one win needed to reach the magnificent milestone of 4,000 wins. Not really rating his chances, Robert suggested to his mother Phyllis and wife Jenny that they stay at home and tend to the animals. Robert's first ride and best chance was scratched. However his second mount, Lay Down the Law, seized on a late rails run to cross the line in front sending the adoring crowd into raptures. History was made that day and we were blessed that it happened at Broadmeadow Racecourse.



*NJC hosts "This is Your Life", Crown Plaza Hotel, Pokolbin. Mike Munro presents to Jockey Robert Thompson.*





WCRC Racing Action – 2014

In addition to 1 Non-TAB meeting, Wine Country Race Club had 10 TAB meetings scheduled for the year however wet weather resulted in the Jungle Juice Cup meeting being transferred to Scone Racecourse where jockey Robert Thompson scored his ninth Jungle Juice Cup win on board Youthful King. Wagering turnover per TAB meeting including fixed odds was \$956,971, down slightly on the FY2013 comparative figure of \$1.13 million but in the upper range for similar Country race clubs.

Race Club	Total TAB Meetings	Average Field Size Per Race	Average Turnover Per Meeting (\$)
Wine Country Race Club	11	10.89	956,971
Armidale	11	10.28	637,716
Bathurst	11	10.01	884,727
Coff's Harbour	13	10.13	969,148
Dubbo	11	10.78	757,628
Lismore	12	11.10	727,816
Queanbeyan	10	9.64	723,505
Shoalhaven	12	10.89	956,971

*Average field sizes and turnover with a sample of Country NSW Race Clubs*



*Jockey Robert Thompson wins the 2013 Jungle Juice Cup*

## NJC 2014 Racing Industry Award Winners

Noahs on the Beach once again hosted an enjoyable NJC Racing Industry Awards luncheon during Spring Carnival 2014.

The All Pro Chemicals and Hospitality Supplies Broadmeadow Jockeys Premiership went to Mitchell Bell, and the NCP Printing Broadmeadow Apprentices Premiership to Serg Lisnny. The Racenet Broadmeadow Horse Premiership went to the Scott Asprey-trained Resurrect and the Owners travelled from as far afield as Singapore to celebrate their win at the Awards Luncheon.

The Advertiser Cessnock Jockeys Premiership was won by Paul King and the Cessnock Leagues Club Cessnock Apprentices Premiership by Taylor Marshall, son of Melbourne Cup winning jockey John Marshall.

The Bill Wade Medal was won by popular French jockey Thomas Huet with a winning strike rate of 4.9.

The Ascend Sales and Sponsorship Consultancy Newcastle Horse of the Year was awarded to the Kris Lees-trained superstar mare, Lucia Valentina.

The Racing Achiever of the Year award went to the *King of the Coalfields*, jockey Robert Thompson. Samples of Robert's recent achievements now include the following:

- Rode his Australian history making 4000th winner in May
- Equalled a 65 year record by scoring his second back to back win in the Ramornie Handicap on board the Rodney Northern-trained Big Money
- Won his tenth Jungle Juice Cup on board Youthful King in July at Cessnock



*Newcastle Horse of the Year – Lucia Valentina*



## Non Racing Highlights

This past year has seen Non Race Day Events post a profit while running a total of 155 events.

Highlights for the year included:

- NJC's Melbourne Cup day with 1,100 people through the gates, 740 of those into pre-booked function areas.
- Newcastle Jazz Festival was held at NJC for the first time attracting over 3,000 guests. Participants enjoyed a three day weekend of music and culinary delight.
- The Swisse Color Run made a return to NJC with 12,000 competitors partaking in the colour soaked fun run on Mothers' Day.
- The Newcastle Permanent Building Society held their 110th Anniversary Christmas Carnival with NJC hosting 1700 patrons.
- NJC hosted two Beauford Club luncheons in September and March with special guest speakers, ex international cricketer, Greg Ritchie and the voice of rugby league, Ray "Rabbits" Warren.



*Venezia Ball, Broadmeadow Racecourse, December 2013*



## Major Projects

On 1 August 2013, The Rumpus Room Childrens Centres commenced a ten year lease agreement with NJC which involved redeveloping the previously liquidated All Sports (Bowling) Club facility at Broadmeadow Racecourse on Darling Street, and converting the premises into a 64 place child care centre. NJC has entered into a Heads of Agreement with the Rumpus Room Childrens Centres to redevelop the Club's previous administration offices along Chatham Street into another facility catering for 74 children.



*All Sports Club Re-Development*

Other projects completed during the year at Broadmeadow Racecourse include resurfacing the tie-up stall walkways, replacing the Betting Ring perimeter box gutter, installation of new television screens in the downstairs Members Lounge and Betting Ring, installation of new sound speakers to the Members Grandstand and refurbishing the Pavilion with new paint, carpet and a number of new televisions.



*Bitumen Resurfacing Works to Broadmeadow Racecourse Tie-Up Stalls*



*Betting Ring Box Gutter Replacement*



## Matters Post 30 June

### Broadmeadow Racetrack Project

I am very pleased to report that civil works on NJC's Racetrack Project have commenced.

During 2014 NJC carried out a formal Tender and Cost Assessment program for the purposes of awarding a Head Contract. During NJC's September Spring Carnival it was announced that renowned track construction company, StrathAyr had been approved as the Head Contractor. StrathAyr has sub-contracted locally based civil engineering company Daracon Group to carry out civil works which commenced in October. Turf has now been stripped from the B-Grass, located inside the Course Proper. It is anticipated that the B-Grass will be refurbished and re-turfed by March 2015 and ready to take race meetings following Spring Carnival 2015. Immediately following Spring Carnival 2015, StrathAyr will commence work redeveloping the Course Proper into a world class racetrack.



*Project Commencement – Stripping Turf from the B-Grass Training Track, October 2014*



*Project Commencement – Stripping Turf from the B-Grass Swale Drain, October 2014*

## Closing Remarks

In my Closing Remarks in NJC's 2013 Annual Report, I reported that Management was working very hard to return the Club to being a surplus generating enterprise.

For the 2013 financial year NJC recorded Total Comprehensive Income before Property Revaluations and after Transfers to / from Reserves in the amount of (\$428,513). Adjusted to include retrospective industry revenue received in 2014, this figure becomes (\$218,576) which reflects a \$488,467 improvement on the previous year and is considered to be reflective of underlying performance for that period.

For the 2014 financial year NJC recorded Total Comprehensive Income before Property Revaluations and after Transfers to / from Reserves in the amount of \$295,902. Adjusted for retrospective industry revenue received in relation to 2013 racing activity, this figure becomes \$85,965 which reflects a \$304,541 improvement on the previous year and a \$793,008 improvement on 2012.

NJC's FY2014 underlying profit of \$85,965 is the first underlying profit recorded by the Club since 2008.

I am very proud of my team and thank them for their contribution during the year.

Thank you to Chairman Geoff Barnett and the Board for their guidance and ongoing support. I am sure the Board is just as excited as I am with the Club's performance during 2014 and with the projects we have underway.

I would like to thank our members, our sponsors and the general public for their patronage and for supporting our Club. Yes, we have enjoyed some wonderful racing and exciting events, but with our new racetracks on the way I'm confident there's much more to come.





*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. Moncrieff (Vice Chairman), Mr G. Barnett (Chairman), Mr M. Hadaway*

Thank you to the media for ensuring the local Novocastrian and Cessnock communities and the racing industry in general is aware of what's going on at Broadmeadow Racecourse and Wine Country Race Club. Our coverage in the local and metropolitan press is much appreciated. Thank you to local legend Gary Harley for your ongoing contribution to NJC. Members wishing to stay up to date with the very latest NJC news can now do so via our website, via Twitter or by viewing either of two NJC Facebook pages including a dedicated racing page managed by Frances O'Shea.


I thank all industry stakeholders who participated at NJC, from the punters and bookmakers to owners, trainers, jockeys and strappers. We have seen some historic racing at Broadmeadow and Cessnock this year and I would like to congratulate our participants on their success.

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 Newcastle Steward Damien Carr.

I would also like to acknowledge the vision of Racing NSW in respect to capital works projects funded by racefields fee income from corporate bookmakers. More specifically I would again like to thank Racing NSW for funding approved for the redevelopment of two new racetracks at Broadmeadow and for providing ongoing support with the project. This is a project that will serve our Club, Racing participants and our community for many years to come.

I look forward to seeing you at the races.

Yours sincerely,



**Cameron Williams**

Chief Executive Officer



*Ten Jungle Juice Cup Victories  
Jockey Robert Thompson Salutes at Cessnock Racecourse on board Youthful King  
1 July 2014*

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

**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**



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

**FINANCIAL REPORT**

**30 JUNE 2014**

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**NEWCASTLE JOCKEY CLUB LIMITED**  
**A.C.N. 000 002 513**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**DIRECTORS' REPORT**

Your Directors present their report on the Company for the financial year ended 30 June 2014.

**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	Finance and Risk	22/10/1999
William Moncrieff (Vice-Chairman)	Managing Director for Steel Fabrication Company		25/10/2005
Michael Hadaway	Regional Manager for Security Company	Finance and Risk	24/06/2011
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	Chief Financial Officer and Company Secretary for Newcastle Airport	Finance and Risk	22/03/2013
Richard Sonnichsen	Building and Property Manager for Darley Australia		22/03/2013

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

**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)	13	13
William Moncrieff (Vice-Chairman)	13	13
Michael Hadaway	13	13
Robert Dan	13	13
Paul Leaming	13	12
Helen Wild	13	12
Richard Sonnichsen	13	13

\* Directors further attended the annual general meeting held on the 26 November 2013.

**NEWCASTLE JOCKEY CLUB LIMITED**  
**A.C.N. 000 002 513**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**DIRECTORS' REPORT**

**PRINCIPAL ACTIVITIES**

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

- a) the carrying on of the business of a race club at all of its branches; and
- b) 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 of \$72,902 for 2013/14 compared to a profit of \$866,737 for 2012/13. After accounting for Other Comprehensive Income, the Club recorded Total Comprehensive Income attributable to members of \$939,346 compared to \$270,020 for the previous year.

During 2012/13 and 2013/14, 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 receipt of Racecourse Development Funding in 2012/13 in the amount of \$1.32 million;
- The 2012/13 revaluation of the Club's Darling Street, Broadmeadow residence in the amount of \$698,533; and
- The 2013/14 revaluation of the Club's commercial rental properties in the amount of \$713,444.

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 2013/14 of \$295,902 compared to (\$428,513) for 2012/13.

The underlying performance of the Club for 2013/14 was further impacted by the receipt of industry distribution revenue for a new product stream of \$209,937 relating to 2012/13, which commenced in the 2013/14 year. After adjusting for this new industry distribution, the Directors consider the underlying performance of the Club 2013/14 to be \$85,965 compared to (\$218,576) for 2012/13, an improvement of \$304,541.



**NEWCASTLE JOCKEY CLUB LIMITED  
A.C.N. 000 002 513  
FOR THE YEAR ENDED 30 JUNE 2014**

**DIRECTORS' REPORT**

**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.

**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	2014	2013	2012
Total revenue change (year on year)	9.8%	15.4%	-4.8%
Total expense change (year on year)	6.6%	12.3%	0.7%
Working Capital Ratio	2.04:1	1.95:1	2.54:1
Debt to Equity Ratio	0.11:1	0.09:1	0.11:1
Total revenue derived from Racecourse operations	75%	71%	66%
Food and beverage cost of goods to F&B revenue	34%	33%	33%
Gross profit margin: Bar, Broadmeadow	66%	67%	68%
Gross profit margin: Bar, Cessnock	63%	58%	61%
Gross profit margin: Catering, Broadmeadow	66%	69%	68%
Gross profit margin: Catering, Cessnock	35%	57%	65%

Net Cash provided by Operating Activities grew from \$580,000 in 2012/13 to \$1,062,113 for 2013/14. This is supported by a 9.8% growth in year on year revenue and renewed managerial focus on meeting budgeted cost targets.

**NEWCASTLE JOCKEY CLUB LIMITED**  
**A.C.N: 000 002 513**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**DIRECTORS' REPORT**

	<b>Broadmeadow</b>		<b>Cessnock</b>		<b>Total</b>	
	2014	2013 <sup>2</sup>	2014	2013 <sup>2</sup>	2014	2013 <sup>2</sup>
	\$	\$	\$	\$	\$	\$
<b>Revenue &amp; Other Income</b>						
Advertising & Promo.	780,245	697,550	29,776	9,035	810,021	706,585
Race Day Bai	1,714,610	1,685,157	26,272	64,902	1,740,882	1,750,059
Race Day Catering	1,148,471	1,177,491	14,729	45,167	1,163,200	1,222,658
Racing	11,162,943	9,839,763	1,696,365	1,486,590	12,859,308	11,326,353
Track	1,012,125	1,013,802	105,517	95,910	1,117,642	1,109,712
Non Race Day Events	800,709	723,868	-	-	800,709	723,868
General & Admin	24,042	18,456	-	-	24,042	18,456
Investment	264,272	175,999	1,560	1,500	265,832	177,499
Racecourse Redevelopment	(120,000)	1,320,000	-	-	(120,000)	1,320,000
	<b>16,787,416</b>	<b>16,652,086</b>	<b>1,874,220</b>	<b>1,703,104</b>	<b>18,661,636</b>	<b>18,355,190</b>
<b>Cost of Goods Sold</b>						
Race Day Bai	(577,923)	(557,946)	(9,592)	(27,321)	(587,515)	(585,267)
Race Day Catering	(393,499)	(370,871)	(9,543)	(19,355)	(403,042)	(390,226)
Non Race Day Events	(239,658)	(227,586)	-	-	(239,658)	(227,586)
	<b>(1,211,080)</b>	<b>(1,156,402)</b>	<b>(19,135)</b>	<b>(46,677)</b>	<b>(1,230,215)</b>	<b>(1,203,079)</b>
<b>Expenditure</b>						
Advertising & Promo.	(411,686)	(520,290)	(13,665)	(18,909)	(425,350)	(539,199)
Race Day Bai	(908,985)	(923,945)	(21,257)	(45,238)	(930,242)	(969,183)
Race Day Catering	(826,364)	(762,561)	(16,247)	(56,838)	(842,611)	(819,399)
Depreciation	(952,227)	(719,338)	(76,967)	(59,720)	(1,029,194)	(779,058)
Racing	(8,889,877)	(8,077,700)	(1,509,053)	(1,214,929)	(10,398,930)	(9,292,630)
Investment	(29,589)	(22,250)	-	-	(29,589)	(22,250)
Track	(1,500,854)	(1,595,002)	(236,385)	(254,679)	(1,737,239)	(1,849,681)
Non Race Day Events	(410,334)	(415,024)	-	-	(410,334)	(415,024)
General & Admin	(1,484,954)	(1,565,762)	-	-	(1,484,954)	(1,565,762)
Loss on Investments	(76)	(33,189)	-	-	(76)	(33,189)
	<b>(15,414,945)</b>	<b>(14,635,061)</b>	<b>(1,873,574)</b>	<b>(1,650,313)</b>	<b>(17,288,519)</b>	<b>(16,285,374)</b>
<b>Profit/(Loss) <sup>1</sup></b>	161,391	860,623	(18,489)	6,114	142,902	866,737
<b>Transfers (to)/from Reserves</b>						
Transfer of Funding to the Racecourse Development Reserve					120,000	(1,320,000)
Transfer of Capital Asset Depreciation from the Racecourse Development Reserve					33,000	24,750
<b>Total Comprehensive Income before Investment Property Revaluations <sup>3</sup></b>					<b>295,902</b>	<b>(428,513)</b>
<b>Investment Property Revaluations</b>						
Revaluation Decrement - Existing Properties					(70,000)	-
Revaluation Increment - Property Transferred from Property, Plant & Equipment					713,444	698,533
<b>Total Comprehensive Income Attributable to Members</b>					<b>939,346</b>	<b>270,020</b>

<sup>1</sup> Excluding Investment Property Revaluations.

<sup>2</sup> Comparative information has been updated to reflect the realignment of profit centres during the current financial year.

<sup>3</sup> 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. After adjusting for industry distribution revenue for a new product stream received in 2013/14 which related to 2012/13, the Directors consider the following comparison reflective of the operating improvement of the Club:

Total Comprehensive Income before Investment Property Revaluations <sup>3</sup>	295,902	(428,513)
Adjustment for industry distribution revenue received in 2013/14, relating to 2012/13	(209,937)	209,937
	<b>85,965</b>	<b>(218,576)</b>

**NEWCASTLE JOCKEY CLUB LIMITED**  
**A.C.N. 000 002 513**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**DIRECTORS' REPORT**

**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 17.

**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 2014 that have significantly affected or may significantly affect the operations, results or state of affairs of the Company.

**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	1,141	\$2,282
Complimentary Member	162	\$324
Honorary Member	56	\$112
Life Member	7	\$14
<b>Total</b>	<b>1,366</b>	<b>\$2,732</b>

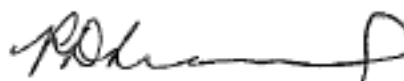
**AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration for the year ended 30 June 2014, as required under section 307C of the *Corporations Act 2001*, has been received and can be found on page 6.

Signed in accordance with a resolution of the Directors:



Geoffrey Barnett  
Chairman of the Board



Paul Leaming  
Chairman of the Finance and Risk Committee

29 September 2014



**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 2014 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  
29 September 2014  
Newcastle

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Level 1  
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PO Box 20726  
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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 2014**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	2014 \$	2013 \$
<b>Revenue</b>	2	18,515,804	16,857,691
Other income	2	145,832	1,497,499
<b>Cost of Goods Sold</b>		(1,230,215)	(1,203,079)
<b>Expenses</b>			
Advertising & promotion		(425,350)	(539,199)
Race day bar expenses		(930,242)	(969,183)
Race day catering expenses		(842,611)	(819,399)
Depreciation		(1,029,194)	(779,058)
Racing expenses		(10,398,930)	(9,292,630)
Investment expenses		(29,589)	(22,250)
Track expenses		(1,737,239)	(1,849,681)
Non race day event expenses		(410,334)	(415,024)
General & administration		(1,484,954)	(1,565,762)
Revaluation of investment property		(70,000)	-
Loss on investments		(76)	(33,189)
Total expenses		<u>(17,358,519)</u>	<u>(16,285,374)</u>
Profit/(Loss) for the year	3	<u>72,902</u>	<u>866,737</u>
<b>Profit/(Loss) attributable to members</b>		<u><u>72,902</u></u>	<u><u>866,737</u></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		713,444	698,533
Transfer to Racecourse Development Reserve		120,000	(1,320,000)
Transfer from Racecourse Development Reserve		<u>33,000</u>	<u>24,750</u>
<b>Total Comprehensive Income attributable to members</b>		<u><u>939,346</u></u>	<u><u>270,020</u></u>

The accompanying notes form part of these financial statements.

**NEWCASTLE JOCKEY CLUB LIMITED**  
**A.C.N. 000 002 513**  
**AS AT 30 JUNE 2014**

**STATEMENT OF FINANCIAL POSITION**

	Note	2014 \$	2013 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	1,725,413	1,143,759
Trade and other debtors	5	2,315,192	1,620,062
Inventory	6	158,130	165,504
Other current assets	7	33,232	38,618
		<hr/>	<hr/>
Total Current Assets		4,231,967	2,967,943
		<hr/>	<hr/>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	17,135,488	18,172,409
Investment property	9	2,865,000	1,850,000
Financial assets	10	25,480	26,372
		<hr/>	<hr/>
Total Non-Current Assets		20,025,968	20,048,781
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		24,257,935	23,016,724
		<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	1,612,141	1,154,464
Interest-bearing liabilities	12	132,332	110,191
Employee provisions	13	334,993	260,593
		<hr/>	<hr/>
Total Current Liabilities		2,079,466	1,525,248
		<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing liabilities	12	248,478	380,810
Employee provisions	13	94,553	61,572
		<hr/>	<hr/>
Total Non-Current Liabilities		343,031	442,382
		<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>		2,422,497	1,967,630
		<hr/>	<hr/>
<b>NET ASSETS</b>		21,835,436	21,049,092
		<hr/>	<hr/>
<b>EQUITY</b>			
Reserve - Property Revaluation	14	1,411,977	698,533
Reserve - Racecourse Redevelopment	14	1,142,250	1,295,250
Retained profits		19,281,211	19,055,309
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		21,835,436	21,049,092
		<hr/>	<hr/>

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 2014**

**STATEMENT OF CHANGES IN EQUITY**

	Property Revaluation Reserve \$	Racecourse Redevelopment Reserve \$	Retained Earnings \$	Total \$
<b>BALANCE AT 1 JULY 2012</b>	-	-	19,483,822	19,483,822
Profit/(Loss) 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
Profit/(Loss) for the year	-	-	72,902	72,902
Other comprehensive income	713,444	(153,000)	153,000	713,444
<b>BALANCE AT 30 JUNE 2014</b>	1,411,977	1,142,250	19,281,211	21,835,436

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 2014**

**STATEMENT OF CASH FLOWS**

	2014 \$ Inflows (Outflows)	2013 \$ Inflows (Outflows)
Note		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers and other sources	19,474,256	16,901,617
Payments to suppliers and employees	(18,505,256)	(16,326,575)
Interest received	53,959	34,598
Borrowing costs	39,154	(29,640)
	<u>1,062,113</u>	<u>580,000</u>
Net cash provided by operating activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant & equipment	(331,497)	(2,113,523)
Proceeds from maturity/sale of investments	385	29,438
	<u>(331,112)</u>	<u>(2,084,085)</u>
Net cash provided by / (used in) investing activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash receipts from grant funding	-	1,320,000
Proceeds from borrowings	-	46,323
Repayment of borrowings	(149,345)	(493,939)
	<u>(149,345)</u>	<u>872,384</u>
Net cash provided by / (used in) financing activities		
Net increase / (decrease) in cash and cash equivalents held	581,655	(631,701)
Cash and cash equivalents at beginning of financial year	1,143,759	1,775,460
	<u>1,725,413</u>	<u>1,143,759</u>
Cash and cash equivalents at end of financial year	4	

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 2014**

**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.

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Preparation**

Newcastle Jockey Club Limited has elected to adopt the Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards*.

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) 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.

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

**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.



**NEWCASTLE JOCKEY CLUB LIMITED**  
**A.C.N. 000 002 513**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- *Property*

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

*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 when the company obtains control of the contribution or the right to receive the contribution. Refer to note 19 for additional information on 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.

**NEWCASTLE JOCKEY CLUB LIMITED**  
**A.C.N. 000 002 513**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**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 and commercial premises, 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.

In accordance with the requirements of Australian Accounting Standard AASB140 *Investment Property*, when an item of property, plant and equipment is identified as an investment property for the first time, these properties are 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.

**NEWCASTLE JOCKEY CLUB LIMITED**  
**A.C.N. 000 002 513**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**i) Impairment of Assets**

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

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

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

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

**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.



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**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*(i) 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.

*(ii) 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.

*(iii) 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.

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.

**NEWCASTLE JOCKEY CLUB LIMITED**  
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**FOR THE YEAR ENDED 30 JUNE 2014**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

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.

**NEWCASTLE JOCKEY CLUB LIMITED**  
**A.C.N. 000 002 513**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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. Certain comparative figures have been restated as a result of the changes discussed below:

Comparative information in the statement of profit or loss and other comprehensive income has been updated to reflect the realignment of the business's profit centres during the current financial year. These updates have no impact on the net profit or loss reported in the prior period and are not considered material for financial reporting purposes.

**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 2014.

The company maintains a portfolio of securities with a carrying amount of \$25,480 at the end of the reporting period. The company has previously impaired the value of the investments to their recoverable amount. The Directors have assessed that no further impairment of investments exists at 30 June 2014.

**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 in accordance with the recognition criteria in Note 1 (b). Further detail on the funding arrangements has been included in Note 19.



**NEWCASTLE JOCKEY CLUB LIMITED  
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FOR THE YEAR ENDED 30 JUNE 2014**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 has not yet assessed the new and amended pronouncements at this time.

**NEWCASTLE JOCKEY CLUB LIMITED**  
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**FOR THE YEAR ENDED 30 JUNE 2014**

**NOTES TO THE FINANCIAL STATEMENTS**

	2014 \$	2013 \$
<b>2 REVENUE AND OTHER INCOME</b>		
Revenue:		
Advertising and promotion	810,021	706,585
Race Day Bar	1,740,882	1,750,059
Race Day Catering	1,163,200	1,222,658
Racing	12,859,308	11,326,353
Track	1,117,642	1,109,712
Non race day events	800,709	723,868
General and administration	24,042	18,456
	<u>18,515,804</u>	<u>16,857,691</u>
Other income:		
Interest and investment distributions received	53,959	34,598
Investment property income (rent)	211,873	142,901
Grant funding - Racing NSW *	(120,000)	1,320,000
	<u>145,832</u>	<u>1,497,499</u>
<p>* The current year amount represents the GST component of the prior year income of \$1.32 million. The GST treatment of the grant funding received was clarified in the 2013/14 financial year with Racing NSW and confirmed with amendments made to the Funding Deed. All future grant funding received will be recognised excluding GST and, as in the current year, the GST received will be remitted to the ATO.</p>		
<b>3 PROFIT FOR THE YEAR</b>		
Profit for the year has been determined after:		
a) Expenses		
Interest expense on financial liabilities	39,154	46,243
Bad and doubtful debts	5,124	(42,687)
Loss on revaluation of investment properties	70,000	-
Depreciation of non-current assets:		
Buildings	285,701	265,773
Plant and equipment	444,485	237,477
Motor vehicles	14,780	17,874
Racecourse improvements	284,228	257,935
Total Depreciation for the year	<u>1,029,194</u>	<u>779,058</u>
b) Gains or (losses) realised	<u>(76)</u>	<u>(33,189)</u>

**NEWCASTLE JOCKEY CLUB LIMITED**  
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**FOR THE YEAR ENDED 30 JUNE 2014**

**NOTES TO THE FINANCIAL STATEMENTS**

	2014 \$	2013 \$
<b>4 CASH AND CASH EQUIVALENTS</b>		
Cash at bank, on deposit and on hand	<u>1,725,413</u>	<u>1,143,759</u>
<b>5 RECEIVABLES</b>		
CURRENT		
Trade debtors	84,840	159,445
Provision for doubtful debts	<u>(8,690)</u>	<u>(4,187)</u>
	76,150	155,258
NSW TRB debtor	2,024,796	1,386,219
NSW CRC debtor	160,001	55,764
Other debtors	50,417	18,649
Accrued interest	<u>3,828</u>	<u>4,172</u>
	<u>2,239,042</u>	<u>1,464,804</u>
	<u>2,315,192</u>	<u>1,620,062</u>
<p>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.</p>		
<b>6 INVENTORIES</b>		
CURRENT		
Bar stock - at cost	93,741	117,136
Catering stock - at cost	<u>64,389</u>	<u>48,368</u>
	<u>158,130</u>	<u>165,504</u>
<b>7 OTHER ASSETS</b>		
CURRENT		
Prepayments	<u>33,232</u>	<u>38,618</u>

**NEWCASTLE JOCKEY CLUB LIMITED**  
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**FOR THE YEAR ENDED 30 JUNE 2014**

**NOTES TO THE FINANCIAL STATEMENTS**

	2014 \$	2013 \$
<b>8 PROPERTY, PLANT &amp; EQUIPMENT</b>		
Freehold land and buildings - at cost	11,000,279	11,383,020
Less: Accumulated depreciation	<u>(1,095,133)</u>	<u>(842,695)</u>
	<u>9,905,146</u>	<u>10,540,325</u>
Plant and Equipment - at cost	3,145,364	3,105,581
Less: Accumulated depreciation	<u>(1,672,874)</u>	<u>(1,233,325)</u>
	<u>1,472,490</u>	<u>1,872,256</u>
Motor Vehicles - at cost	79,770	91,895
Less: Accumulated depreciation	<u>(53,386)</u>	<u>(43,909)</u>
	<u>26,384</u>	<u>47,986</u>
Racecourse - at cost	5,521,166	6,240,478
Less: Accumulated depreciation	<u>(77,092)</u>	<u>(625,907)</u>
	<u>5,444,074</u>	<u>5,614,571</u>
Capital work in progress	<u>287,394</u>	<u>97,271</u>
Total property, plant & equipment	<u><u>17,135,488</u></u>	<u><u>18,172,409</u></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, two properties (recognised as property, plant and equipment) were identified as an investment property and leased to external tenants on market terms for the first time respectively. In accordance with the requirements of Australian Accounting Standard AASB140 Investment Properties, these properties were 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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**FOR THE YEAR ENDED 30 JUNE 2014**

**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 2014:

	Land and buildings \$	Plant and equipment \$	Motor vehicles \$	Racecourse \$	Work in progress \$	Total \$
<b>Balance at 1 July</b>	<b>10,540,325</b>	<b>1,872,256</b>	<b>47,986</b>	<b>5,614,571</b>	<b>97,271</b>	<b>18,172,409</b>
Additions	22,078	44,719	-	113,731	190,123	<b>370,651</b>
Disposals	-	-	(6,822)	-	-	<b>(6,822)</b>
Transfers *	(371,556)	-	-	-	-	<b>(371,556)</b>
Depreciation	(285,701)	(444,485)	(14,780)	(284,228)	-	<b>(1,029,194)</b>
<b>Balance at 30 June</b>	<b>9,905,146</b>	<b>1,472,490</b>	<b>26,384</b>	<b>5,444,074</b>	<b>287,394</b>	<b>17,135,488</b>

\* Transfers represent the assets transferred to investment property during the year as disclosed in Note 8 (a).

**NEWCASTLE JOCKEY CLUB LIMITED**  
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**FOR THE YEAR ENDED 30 JUNE 2014**

**NOTES TO THE FINANCIAL STATEMENTS**

	2014 \$	2013 \$
<b>9 INVESTMENT PROPERTY</b>		
Balance at the beginning of the year	1,850,000	1,100,000
Transfer of property to investment property	1,085,000	750,000
Market value adjustments	(70,000)	-
Balance at the end of the year	<u>2,865,000</u>	<u>1,850,000</u>

The company's investment properties were revalued at 30 June 2014 by the independent valuers, Steven Leonard of Wotton Curtis & Partners (Valuer Registration No. 22573) and Nick Cesta of Skelton Valuers (Valuer Registration No. 3324). Valuations were made on the basis of market value for residential properties by comparison to recent market evidence and the capitalisation approach for commercial properties. A revaluation decrement of \$70,000 was recognised in the 2014 financial year as the market value of the existing investment properties declined compared to the 30 June 2013 valuation.

During the year, two properties (recognised as property, plant and equipment) were identified as an investment property and leased to external tenants on market terms for the first time respectively. In accordance with the requirements of Australian Accounting Standard AASB140 Investment Properties, these properties were 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 properties were valued at \$690,000 and \$395,000 by Nick Cesta of Skelton Valuers (Valuer Registration No. 3324).

**10 OTHER FINANCIAL ASSETS**

NON-CURRENT

Balance at the beginning of the year	26,372	72,433
Movement in market value	(507)	(16,623)
Investment disposals	(385)	(29,438)
Balance at the end of the year	<u>25,480</u>	<u>26,372</u>

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

**11 PAYABLES**

CURRENT

Trade creditors and accruals	1,453,052	1,009,726
Income received in advance	159,089	144,738
	<u>1,612,141</u>	<u>1,154,464</u>

**NEWCASTLE JOCKEY CLUB LIMITED**  
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**FOR THE YEAR ENDED 30 JUNE 2014**

**NOTES TO THE FINANCIAL STATEMENTS**

	2014	2013
	\$	\$

**12 INTEREST BEARING LIABILITIES**

CURRENT

Hire purchase liability	<u>132,332</u>	<u>110,191</u>
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NON-CURRENT

Hire purchase liability	<u>248,478</u>	<u>380,810</u>
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Lease liabilities are secured by the underlying leased asset. The Company has a finance facility with the National Australia Bank of \$1,300,000 which was undrawn at 30 June 2014 (2013: undrawn).

**13 PROVISIONS**

CURRENT

Provision for annual leave	204,016	150,980
Provision for long service leave	<u>130,977</u>	<u>109,613</u>

	<u>334,993</u>	<u>260,593</u>
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NON-CURRENT

Provision for long service leave	<u>94,553</u>	<u>61,572</u>
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The Directors have recognised on-costs for superannuation, payroll tax and leave loading on the Club's employee entitlements for the first time in the 2013/14 financial year to more appropriately reflect the liability owing at the reporting date. The impact of recognising these on-costs for the first time in 2013/14 is \$87,444.

a) Aggregate employee entitlements liability	<u>429,546</u>	<u>322,165</u>
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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.

**NEWCASTLE JOCKEY CLUB LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**

	2014	2013
	\$	\$

**14 RESERVES**

(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.

**15 AUDITOR'S REMUNERATION**

Remuneration of auditor for auditing the financial report	22,000	24,500
Other services	41,510	56,809
	63,510	81,309

Other services provided by the Prosperity Advisers group during the 2014 year were:

- (a) Payroll compliance and compilation services.
- (b) Taxation compliance and advisory services.

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.

**16 CAPITAL AND LEASING COMMITMENTS**

(a) Finance leasing and hire purchase commitments payable:

Not later than one year	160,254	149,345
Later than one year but not later than five	284,044	439,083
Later than five years	-	5,215
Minimum lease payments	444,298	593,643
Less: future finance charges	(63,488)	(102,642)
Total lease liability	380,810	491,001

(b) Capital expenditure projects

Whilst the Racecourse Redevelopment Program remains in progress, the company had not entered into any commitments for capital expenditure as at the reporting date.

(c) Operating lease commitments

The company has entered an operating lease commitment for office equipment. At 30 June 2014 the remaining minimum operating lease commitment was \$60,612 (2013: \$86,071).



**NEWCASTLE JOCKEY CLUB LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**

	2014	2013
	\$	\$

**17 RELATED PARTY TRANSACTIONS**

(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:

**Short term benefits**

Salaries, wages and allowances	529,218	600,172
Superannuation	48,419	62,464
Non-cash benefits	75,324	73,744

**Long term benefits**

Termination benefits	36,654	133,273
Other	-	-

Total compensation	689,615	869,653
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(b) Related Party Transactions

There were no related party transactions during the 2014 financial year.

**18 FINANCIAL RISK MANAGEMENT**

The company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, and leases. The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

**Financial Assets**

Cash and cash equivalents	1,725,413	1,143,759
Trade and other debtors	2,315,192	1,620,062
Financial assets (available for sale)	25,480	26,372
	4,066,085	2,790,193

**Financial Liabilities**

Trade and other payables (excluding income in advance)	1,453,052	1,009,726
Interest-bearing liabilities (leases)	380,810	491,001
	1,833,862	1,500,727

**Fair Values**

For listed available-for-sale financial assets, the fair values have been based on closing quoted bid prices at the end of the reporting period. In determining the fair values of the unlisted available-for-sale financial assets, the directors have used inputs that are observable either directly (as prices) or indirectly (derived from prices).

**NEWCASTLE JOCKEY CLUB LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**

2014	2013
\$	\$

**19 CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

**(a) Racecourse Development Project - Contingent Liability**

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 2014. The maximum contingent liability at 30 June 2014 in respect of this loan amounts to \$1,200,000 (excl. GST).

**(b) Training fees dispute - Contingent Liability**

The company is currently defending an outstanding litigation claim brought against it by a former trainer in relation to their previous dealings with the company. The action is being defended and the advice from legal counsel indicates that it is not practicable to estimate the potential outcome at this stage and accordingly no liability has been recognised in these financial statements.

**(c) Other Contingencies**

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

**20 EVENTS AFTER REPORTING DATE**

No matters or circumstances have arisen since 30 June 2014 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 2014**

**DIRECTORS' DECLARATION**

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 27 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 2014 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

29 September 2014

## 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 2014 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 6 of the financial report.

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Chartered Accountants  
Liability limited by a Scheme  
approved under the Professional  
Standards Legislation.



**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 2014 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

29 September 2014

Newcastle

[illegible]

[illegible]

[illegible]





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