



NEWCASTLE JOCKEY CLUB

NEWCASTLE



ANNUAL REPORT

for the year ended 30th June 2015

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CHAIRMAN'S REPORT

Dear NJC Members,

On behalf of the Board of Directors I take much pleasure in reporting the 2014/2015 Newcastle Jockey Club Annual report.

The NJC Board includes Bill Moncrieff (Vice Chairman), Paul Leaming (Finance and Risk Committee Chairman), Mike Hadaway, Helen Wild, Rob Dan and Richard Sonnichsen. I thank them for their support and individual contribution to our club and congratulate them on directing this club back into a very strong financial position. Members should be very proud of this Board and the decision making that has been implemented.

Congratulations also to our many participants including Owners, Jockeys, Trainers and Strappers that have continued to support our Broadmeadow and Cessnock tracks. Without these people and our staff led by Peter Birch and Steve Tapp, our club would be nowhere near as good.

Congratulations to Cameron and the administration and catering staff who also have done a good job in keeping costs in line with budgets which has assisted in making another profitable year for the NJC. To complete two years with strong profits is a major highlight of their individual and team effort.

Last year's challenge was to construct a new 'B' grass racing surface and now it is there for all to see and reports are that it is a good job and ready for racing.

While the April storm created havoc here at Broadmeadow and stopped some racing we are benefiting by replacing some of the carpets and marquees that were aging. Further to this the Board agreed to purchase a new screen and members would be aware how large and clear this 80 square metre screen is and how well the positioning allows viewing from most trackside areas.

Robert Thompson AM is a legend, how great it is to see this man get the full recognition he deserves. Inducted into the Racing Hall of Fame and also recognised in the Queen's Birthday Honours List he is very deserving. I'm glad he is one of us here in the Hunter Valley and we can enjoy watching him ride at both NJC tracks.

Another entry into the Racing Hall of Fame is Choisir, proudly owned by Newcastle's Wallace Family and trained by Paul Perry right here at Broadmeadow. This champion sprinter, Choisir not only won top class races here in Australia but won both the King Stand Stakes and the Golden Jubilee Stakes at Royal Ascot and was rated as the world's No1 sprinter. Choisir is now a very successful stallion shuttling between the Hunter Valley and Ireland.

Again congratulations to all that make this club what it is and may the future work on the course proper be completed on time, on budget, be ready for the 2016 Spring Carnival and race as well as the old track has for the past 100 plus years.

Yours sincerely,



Geoffrey Barnett

Chairman Newcastle Jockey Club Limited

Our Broadmeadow Group 3 and Cessnock feature winners and placegetters for 2015:

Newcastle Gold Cup (G3)	Horse	Jockey	Trainer/s
Winner	Beyond Thankful (IRE)	Hugh Bowman	Chris Waller
2nd	Orbec (FR)		
3rd	Rio Perdido (FR)		
Cameron Handicap (G3)	Horse	Jockey	Trainer/s
Winner	Forget	Kerrin McEvoy	Kim Waugh
2nd	Malice		
3rd	Wouldn't It Be Nice		
Spring Stakes (G3)	Horse	Jockey	Trainer/s
Winner	Devil Hawk	Tye Angland	Chris Waller
2nd	Tatoosh		
3rd	Gold Ambition (NZ)		
Tibbie Stakes (G3)	Horse	Jockey	Trainer/s
Winner	She's Clean	James McDonald	Chris Waller
2nd	Two Blue		
3rd	Sultry Feeling		
2015 Newmarket Hcp (G3)	Horse	Jockey	Trainer/s
Winner	Laser Hawk	Hugh Bowman	Joe Pride
2nd	Scorpio Queen		
3rd	Mighty Lucky		
Cessnock Cup (1350m)	Horse	Jockey	Trainer/s
Race was Abandoned			
Jungle Juice Cup (1350m)	Horse	Jockey	Trainer/s
Winner	Youthful King	Robert Thompson	Jeremy Sylvester
2nd	Collar (NZ)		
3rd	Slippery Moss		



CEO'S REPORT

It is my pleasure to present my fourth full year and final report to Members on the operations of Newcastle Jockey Club for the 2015 financial year.

There have been numerous highlights during 2015, some of which include the following:

- NJC has recorded an underlying profit of \$538,249 for FY15 representing an increase of \$452,284 above the comparative figure of \$85,965 for FY14.
- Net cash provided by operating activities for FY15 was \$1,438,020, representing a \$375,907 increase over the previous year.
- Despite having three washed out racedays at Broadmeadow and a further three washouts at Cessnock, and therefore suffering reduced hospitality turnover as a result, NJC's business operations were managed as efficiently as possible culminating in increased gross margins in food and beverage at both venues.
- NJC witnessed some exciting racing action during the 2014/15 season including:
 - Robert Thompson's history making 10th Jungle Juice Cup on board \$7 third favourite Youthful King which also gave Cessnock trainer, Jeremy Sylvester his 7th Jungle Juice Cup,
 - Peter and Paul Snowden trained Disclaimer won the 2014 XXXX Gold Newcastle Cup
 - The Godolphin 3 year old colt, Sweynesse maintained his unbeaten record by winning the Group 3 Coca-Cola Spring Stakes
 - Patinack Farm's ATC Australian Derby placegetter, Hooked was backed into \$3.0 favourite for the Group 3 StrathAyr Cameron Handicap and delivered a strong win
 - Kris Lees trained Fine Bubbles took out the Group 3 Sita Australia Tibbie Stakes for fillies and mares
 - Kris Lees notched up his 1000th winner with Pitt Street taking out the Muswellbrook Cup on 4 November
 - Joe Pride did a wonderful job preparing the injury plagued Laser Hawk for a first up victory in the 2015 Group 3 StrathAyr Turf Systems Newmarket Handicap
 - Local galloper, Magic of Dreams, trained by Kris Lees won the inaugural Broadmeadow heat of the Provincial Championships series
- A number of our industry participants received recognition at the highest level:
 - Jockey Robert Thompson was presented with a Member of the Order of Australia (AM) in the Queen's Birthday Honours and was also inducted into the Australian Racing Hall of Fame. Highlights for Robert include seven Group wins, six winners in a day at Broadmeadow, five winners all trained by his late father Arthur at Cessnock, eleven Jungle Juice Cups, five Cessnock Cups and beating the Australian record of 3,322 winners in July 2008



Robert Thompson AM – Australian Racing Hall of Fame Inductee

- Former sprinter Choisir was also inducted into the Australian Racing Hall of Fame. Bought for \$55,000 in 2001 by Newcastle's Perry and Wallace families, Choisir will perhaps be most fondly remembered for being the first Australian trained thoroughbred to win on the flat in England when he won the Group 2 King's Stand Stakes before Queen Elizabeth at Royal Ascot on 17 June, 2003. Four days later Choisir backed up to win the Group 1 Golden Jubilee Stakes again at Royal Ascot. In doing so he became the first horse in 83 years to capture both races at the most famous racing carnival in the world
- NJC completed numerous projects including the following:
 - NJC reached practical completion on the construction of the new Broadmeadow B-Grass racetrack inclusive of new water harvesting system, extended infield dam and installation of storage tanks that effectively drought proof the Club's racing and training surfaces
 - NJC entered into a new lease agreement with Rumpus Room Children's Centres for the development of a second child care centre on the corner of Chatham and Dumaresq Streets
 - Re-roofing of the Broadmeadow Racecourse Upstairs Public Lounge (Mark Murphy Lounge) and Directors Room, and re-locating roof mounted air-conditioners onto purpose built plinths
 - Refurbishing the Broadmeadow Racecourse multi-level function centre plumbing system
 - Installation of bird proof netting to the Members Grandstand

- Repair work to property damaged by the April 2015 storm activity, including the Courtyard Function Room ceiling and perimeter wall, tie-up stall gable ends, stable gable ends, Stewards towers, various fences and full replacement of custom built guttering to the rear of the Members Grandstand
- Repaint and refresh the Broadmeadow Racecourse front gate entrance



Exhibition Gallop on NJC's New B-Grass Racetrack

- Projects completed post 30-June include:
 - The acquisition and construction of a brand new custom built 82 square metre infield screen with video and data capability that replaces the Broadmeadow semaphore board and will replace the existing infield screen. The new and improved unit has been purchased out of cash reserves generated from increased profits, rather than borrowed funds
 - The construction of a new and much improved marquee between the Broadmeadow public bar and Ledger Stand funded from insurance proceeds from the April 2015 storm event. The new marquee was project managed by NJC and comes complete with raised timber floor extending to an external balcony, lockable doors, and air-conditioning capability
 - The re-design and installation of a new roof structure and guttering system to Chevals restaurant complete with new fixed awnings with blade design, and the subsequent refurbishment of water damaged ceiling linings in Chevals
 - Major refurbishment of the Broadmeadow upstairs public lounge complete with new carpet, paint scheme, furniture, light fittings and flat screen televisions with simultaneous Sky 1, Sky 2 and Thoroughbred Central vision

Financial Performance

Newcastle Jockey Club has recorded a statutory profit result for the year ended 30 June 2015 of \$4.63 million inclusive of racetrack redevelopment funding.

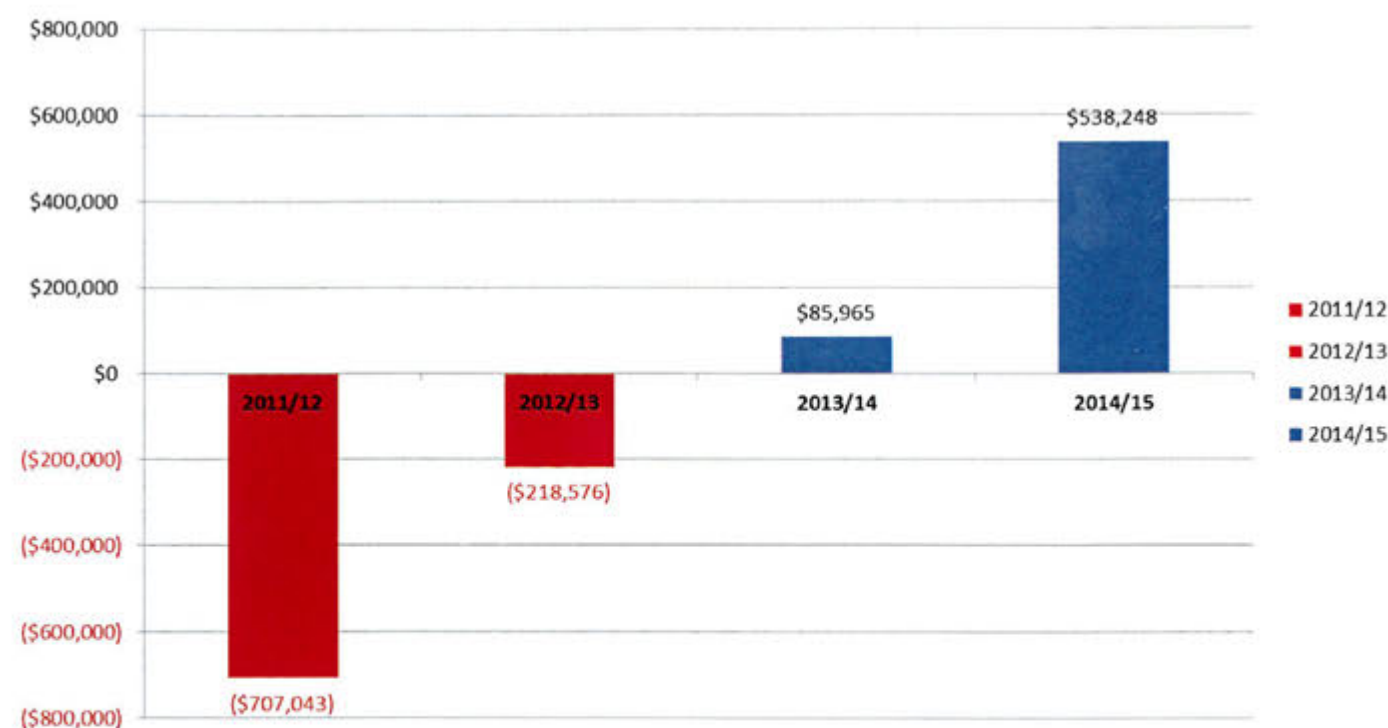
The Directors Report states that income before property valuations, after transfers to and from reserves, and after adjustment for the impact of the April 2015 storm insurance recovery net of expenses is considered to be an appropriate measure of the Club's underlying performance. Application of this measure to NJC's FY2015 accounts indicates an underlying profit of \$538,249.

Financial Summary	2014/15 \$	2013/14 \$	2012/13 \$	2011/12 \$
Profit/(Loss) Attributable to Members	4,624,857	72,902	866,737	(83,841)
Profit/(Loss) Before Depreciation and Other Income, Excluding Property Revaluations	1,526,443	1,026,264	148,296	139,500
Depreciation	(1,163,885)	(1,029,194)	(779,058)	(1,048,180)
Other Income				
- Investment Income	485,326	265,832	177,499	268,982
- Racecourse Development Funding	(3,341,973)	(120,000)	1,320,000	0
Profit/(Loss) Attributable to Members Excluding Property Revaluations	4,189,857	142,902	866,737	(639,698)
Transfers (to)/from Reserves	(3,314,002)	153,000	(1,295,250)	(67,345)
Total Comprehensive Income before Investment Property Revaluations	875,855	295,902	(428,513)	(707,043)
Adjustment for industry distribution revenue received in 2013/14, relating to 2012/13		(209,937)	209,937	
Adjustment for April 2015 storm insurance recovery net of expenses	(337,606)			
Adjusted balance for comparative purposes of Total Comprehensive Income before Investment Property Revaluations	538,249	85,965	(218,576)	(707,043)
Investment Property Revaluations	435,000	643,444	698,533	555,858
Total Comprehensive Income Attributable to Members	1,310,855	939,346	270,020	(151,185)

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 2015 against the 2014 and 2013 periods, an adjustment for 2013 wagering income received in 2014 has been made as was also reported in last year's annual report.

The adjusted underlying operating performance of the Club has improved from a loss of \$707,043 in FY12 during which the Broadmeadow Course Proper was closed by Racing NSW for urgent renovations, to an underlying profit of \$538,249 in the current period.

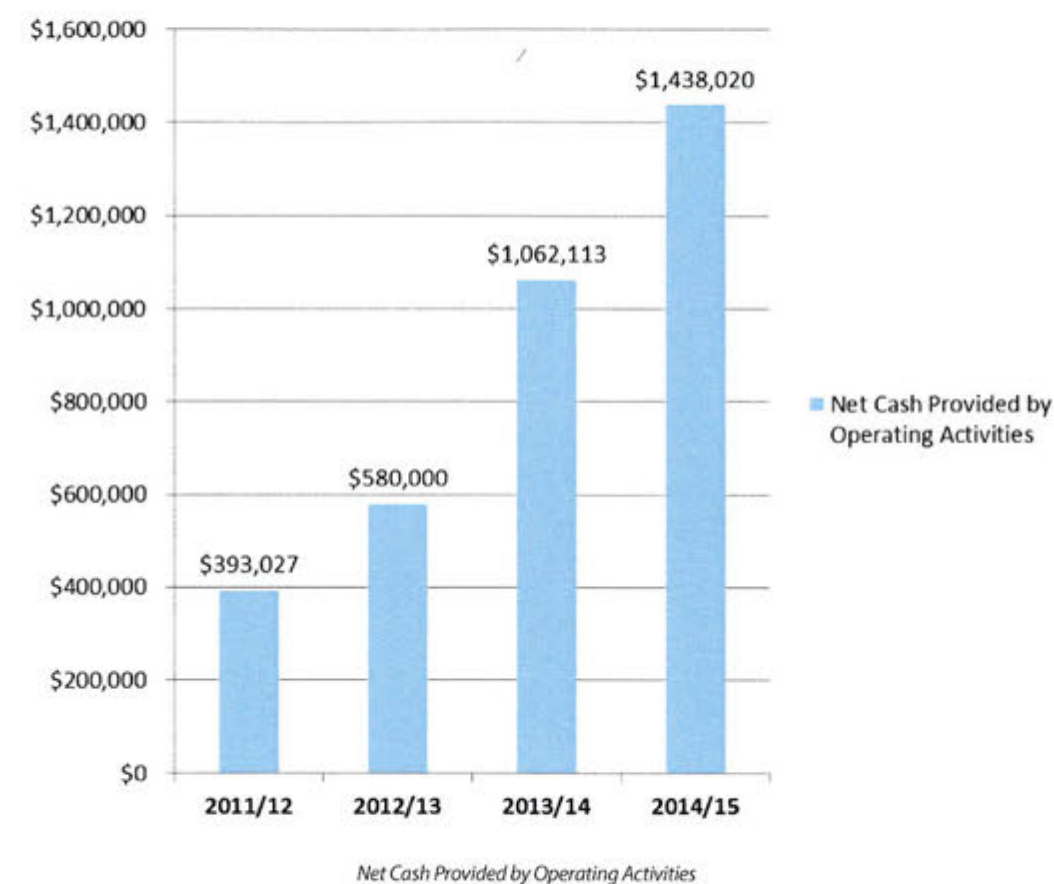
NJC Underlying Performance



The Club's Broadmeadow course proper received a major renovation and was temporarily closed during FY2012 which led to reduced food and beverage trading activity, and at that time the estimated cost to the Club was in excess of \$800,000 in lost revenue. Nonetheless, the underlying performance of the Club for FY12 was not adjusted to exclude transferred race meetings in the same way that underlying performance has not been adjusted to exclude race meeting transfers or cancellations in the years since. For the FY15 period, NJC had three meetings washed out at Broadmeadow and three washed out at Cessnock. While the Club enjoyed savings in prizemoney paid out, these savings were offset by reduced prizemoney funding received from Racing NSW and reduced bar and catering activity.

NJC's improved underlying results for the FY15 period are reflected in a \$375,907 improvement to Net Cash Provided by Operating Activities. Over the past four years, the total improvement to Net Cash Provided by Operating Activities has exceeded \$1 million.

Net Cash Provided by Operating Activities



NJC financing may be summarised as follows:

- \$11.2 million in approved industry funding with Racing NSW for racetrack capital works of which \$4.769 million had been drawn as at 30 June 2015
- \$1.3 million debt facility with National Australia Bank available for development purposes, previously used to commence 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 \$248,478, down from \$380,810 in FY2014, and \$491,001 in FY2013



Members' Grandstand – 2014 Spring Carnival

The Club measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used 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	2015	2014	2013	2012
Total revenue change (year on year)	-9.6%	9.8%	15.4%	-4.8%
Total expense change (year on year)	-7.6%	6.6%	12.3%	0.7%
Working Capital Ratio	3.00:1	2.04:1	1.95:1	2.54:1
Debt to Equity Ratio	0.07:1	0.11:1	0.09:1	0.11:1
Total revenue derived from Racecourse operations	76%	75%	71%	66%
Food and beverage cost of goods to F&B revenue	31%	34%	33%	33%
Gross profit margin: Bar, Broadmeadow	69%	66%	67%	68%
Gross profit margin: Bar, Cessnock	64%	63%	58%	61%
Gross profit margin: Catering, Broadmeadow	68%	66%	69%	68%
Gross profit margin: Catering, Cessnock	47%	35%	57%	65%

Key Performance Indicators, 2012 to 2015

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%. The FY15 KPI for revenue change reflects a total of six washed out meetings at Broadmeadow and Cessnock culminating in a year on year racing revenue reduction of just under \$680 thousand and race day hospitality revenue reduction of just over \$320 thousand. It should be noted that the revenue change KPI excludes Other Income such as insurance recovery, interest, gain on revaluation of investment properties, industry capital works funding and investment property income. Investment property income alone increased by approximately \$208 thousand between 2014 and 2015.

NJC has maintained a very healthy working capital ratio 3.00:1, up from 2.04:1 in the previous year, indicating that there is approximately \$3 of available current assets on balance sheet for every \$1 of current liabilities.

The proportion of NJC revenue derived from Racecourse Operations has increased slightly and is supported by the ongoing receipt of industry income sourced from offshore corporate bookmaking.



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 improvement over the 2014 year. NJC management continues to strive to provide quality hospitality, however a focus on underlying efficiency has also been given priority for the Club's Food and Beverage Managers.

Major Revenue Streams	2015 (\$m)	2014 (\$m)	2013 (\$m)	Variance FY15/FY14	Variance FY14/FY13
Broadmeadow Racing	10.983	11.163	9.84	-2%	13%
Broadmeadow Track	0.808	1.012	1.014	-20%	0%
Broadmeadow Race Day Bar	1.563	1.715	1.685	-9%	2%
Broadmeadow Race Day Catering	0.975	1.148	1.177	-15%	-2%
Cessnock Racing	1.198	1.696	1.487	-29%	14%
Non Race Day events	0.734	0.801	0.724	-8%	11%
Combined Advertising and Promotion	0.724	0.810	0.707	-11%	15%
Sub Total	16.985	18.345	16.634	-7%	10%

Minor Revenue Streams	2015 (\$m)	2014 (\$m)	2013 (\$m)	Variance FY15/FY14	Variance FY14/FY13
Cessnock Track	0.094	0.106	0.096	-11%	10%
Cessnock Bar and Catering	0.044	0.041	0.110	7%	-63%
General & Admin	0.045	0.024	0.018	88%	33%
Investments	0.484	0.266	0.177	82%	50%
Sub Total	0.667	0.437	0.401	53%	9%

Racecourse Funding and Storm Insurance	2015 (\$m)	2014 (\$m)	2013 (\$m)
Racecourse Redevelopment	3.342	-0.120	1.320
Insurance Proceeds	0.4	-	-
Sub Total	3.742	-0.120	1.320

Total Revenue	2015 (\$m)	2014 (\$m)	2013 (\$m)	Variance FY15/FY14	Variance FY14/FY13
Total Revenue	21.394	18.662	18.355	15%	2%

Revenue Streams, 2013 to 2105

Management of the Club's FY15 major expenditure profile resulted in \$128 thousand in cost savings that aligned with reduced race date activity, despite the Club carrying a depreciation charge that increased by \$135 thousand.

Major Expenditure Items	2015 (\$m)	2014 (\$m)	2013 (\$m)	Variance FY15/FY14	Variance FY14/FY13
Broadmeadow Racing	8.293	8.890	8.078	-7%	10%
Broadmeadow Track	1.437	1.501	1.595	-4%	-6%
Broadmeadow Race Day Bar	0.781	0.909	0.924	-14%	-2%
Broadmeadow Race Day Catering	0.791	0.826	0.762	-4%	8%
Cessnock Racing	0.964	1.509	1.215	-36%	24%
Non Race Day events	0.414	0.410	0.415	1%	-1%
Combined Advertising and Promotion	0.426	0.425	0.539	0%	-21%
General and Admin	1.434	1.485	1.566	-3%	-5%
Depreciation	1.164	1.029	0.779	13%	32%
Sub Total	15.704	16.984	15.873	-8%	7%

Major Expenditure Categories, 2013 to 2105

Broadmeadow Racecourse Racing Highlights

During FY15, the NSW racing program suffered numerous washouts with NJC losing 3 meetings at Broadmeadow. Consequently, NJC Paid out approximately \$500 thousand less in prizemoney compared to FY14. The lost meetings were also a key driver in reduced wagering turnover, which in turn contributed to the receipt of \$100,000 less in total income distributions through the Provincial Scheme administered by Racing NSW, \$5.9 million down from \$6.0 million in 2014. NJC's distribution income was, on the other hand, assisted by continued growth in fixed odds betting and corporate bookmaking.

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

Broadmeadow Racecourse Racing Statistics, 2014

Statistics	2014/15	Provincial Total	% of Provincial Total
Race Meetings	31	130	24%
Races	240	1,055	24%
Starters	2,246	9,287	24%
Prizemoney	\$5.836m	\$24.465m	24%
Wagering Turnover	\$47.294m	\$186.966m	25%

Broadmeadow Racecourse Racing Statistics, 2015



Tommy Berry and Our Chad Leave the Mounting Yard



Spring Fashion, NJC Spring Carnival 2014

Spring Carnival – September 2014

NJC's 2014 Spring Carnival was another very successful event. A total of 163 starters competed over the two day Carnival.

I would like to thank Coca-Cola for their support of the Coca-Cola Spring Stakes which saw Sweeney take line honours for John O'Shea. In its next two starts, Sweeney scored another first in the Group 3 Gloaming Stakes at Rosehill and a third place in the Group 1 Spring Champion Stakes at Royal Randwick.

StrathAyr Turf Systems was the major sponsor of the 2014 StrathAyr Cameron Handicap (G3) won by John Thompson with Hooked. Hooked went on to place third in the Group 1 Epsom Handicap at Royal Randwick, first in the Group 2 Crystal Mile at Mooney Valley and fifth in the Group 1 Emirates Stakes at Flemington.



2014 Coca-Cola Spring Stakes Winner – Sweeney



2014 Sita Tibbie Stakes Winner – Fine Bubbles



2014 StrathAyr Cameron Handicap Winner – Hooked



2014 XXXX Gold Newcastle Cup Winner - Disclaimer

The Sita sponsored Tibbie Stakes was run with Group 3 status for the second time since being upgraded by the Australian Pattern Committee. The race was won by local trainer Kris Lees with Fine Bubbles.

The 2014 XXXX Gold Newcastle Cup was another outstanding feature event, taken out by Disclaimer for Peter and Paul Snowden. Disclaimer backed up with a fourth in the Group 1 Metropolitan at Royal Randwick. NJC sincerely thanks Tooheys for their ongoing support of NJC's Spring Carnival premier race.

Autumn Carnival – March 2015

NJC's Autumn feature event was the \$125,000 Group 3 Newmarket Handicap which was sponsored by StrathAyr Turf Systems. Laser Hawk went one better than his previous run in the same event in 2013 to score first place for Joe Pride. The inaugural running of the Provincial Championships series also took place with locally trained Magic of Dreams winning the \$100,000 Newcastle leg for Kris Lees with Tommy Berry on board amid much excitement and celebration and the grandstands.



2015 Group 3 StrathAyr Newmarket Handicap winner – Laser Hawk



2014 Provincial Championships Qualifier Winner – Magic of Dreams

Wine Country Race Club (WCRC) – Racing Highlights

As a result of three washouts, Wine Country Race Club hosted eight TAB meetings during the year with Jockey Robert Thompson showing just why he is known as the King of the Coalfields. It certainly was Robert's year, scoring his tenth Jungle Juice Cup win among numerous other Country Cup victories, being awarded with a Member of the Order of Australia (AM) in the Queen's Birthday Honours and inducted into the Australian Racing Hall of Fame.

Wagering turnover per TAB meeting including fixed odds was \$963,434, up slightly on the FY2014 comparative figure of \$956,971 and in the upper range for similar Country race clubs.

Damage to the facility resulting from the April severe storm activity was predominantly limited to the sand training track which has been topped up and re-levelled.



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



Storm Damaged Sand Track Repairs



Media Area Hardstand Upgrade

Non Racing Highlights



Reg Lyndsay Rodeo – Cessnock Racecourse



Swisse Color Run – Broadmeadow Racecourse

Highlights for the year for NJC Non Race Day Events included:

- NJC's Melbourne Cup day with over 1,100 people in attendance
- The return of Newcastle Jazz Festival to Broadmeadow Racecourse attracting over 3,000 guests
- The return of the Swisse Color Run at Broadmeadow Racecourse attracting over 12,000 competitors
- Reg Lyndsay Rodeo at Cessnock Racecourse attracting over 2,000 spectators
- "This is Your Life" hosted by NJC in honour of Jockey Robert Thompson AM
- Non-Race Day events posted an \$86 thousand profit



Robert Thompson – This is Your Life



Key Major Projects Completed Pre 30 June



Practical Completion – B-Grass Racetrack,
Industry Funded via Racing NSW



New Infield Water Storage Tank System
Industry Funded, via Racing NSW



Replacement of Roof Sheet, Upstairs Public Lounge
Paid from NJC cash reserves



Refurbish Front Entrance to Broadmeadow Racecourse
Paid from NJC cash reserves



Installation of Members Grandstand Bird Proof Netting.
Paid from NJC cash reserves



NJC's Second Child Care Centre Development,
Chatham Street, Broadmeadow Racecourse,
Self-Funded by Rumpus Room Children's Centres

Major Projects Completed Post 30 June and Pre 2015 Spring Carnival



New Infield 82 square metre video / data screen,
Paid from NJC cash reserves will nil debt funding



Transformation of the Upstairs Public Lounge, Broadmeadow Racecourse
Paid from NJC cash reserves will nil debt funding



New roof, awnings and internal refurbishment to Chevals Restaurant
Paid from NJC cash reserves will nil debt funding



Brand new custom designed and built marquee
Funded from Storm Insurance Monies



Matters Post 30 June Continued

2015 Spring Carnival Highlights

Newcastle Jockey Club's 2015 Spring Carnival was undoubtedly the Club's best yet. The move to a Friday / Saturday format proved to be highly successful in terms of racing quality, race day experience and crowd numbers which were up from 5,082 in 2014 to 6,241. I have no doubt there is potential to grow Spring Carnival further still as racegoers become increasingly familiar with the new program.



Jockey Alex Stokes on board Steve Hodge-trained French Gift and accompanying models,
NJC 2015 Spring Carnival Media Launch,
Sunrise at Horse Shoe Beach, Newcastle



DEVIL HAWK, Z 4 NEWC 18092015 B146

2015 Coca-Cola Spring Stakes Winner – Devil Hawk



SHE'S CLEAN, R 5 NEWC 18092015 A359

2015 Suez Tibbie Stakes Winner – She's Clean



FORGET, R 6 NEWC 18092015 C1147

2015 StrathAyr Cameron Handicap Winner – Forget



BEYOND THANKFUL, S 7 NEWC 18092015 A564

2015 XXXX Gold Newcastle Cup Winner – Beyond Thankful



New Buffet Offering in Chevals Restaurant



Fashions In The Field Winning Contestants

Closing Remarks

Having been raised in Singleton, and of parents raised in Merewether and Maitland, I was very excited to be returning to the Hunter Valley and joining NJC as CEO in May 2011. At that time however, the Club was facing some major issues, not least of all being a recent run of operating losses, Broadmeadow course proper closure and liquidation of the All Sports (Bowling) Club. We battled through that initial period and 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, so that it could in turn reinvest in itself and upgrade its facilities.

NJC's FY14 underlying profit of \$85,965 was the first underlying profit recorded by the Club since 2008. This year's \$538,249 underlying profit proves that NJC is now well and truly back on track. In addition to this, NJC has seen the delivery of history making infrastructure upgrades paid for via a combination of cash reserves and industry leading funding secured from Racing NSW.

I am very proud of my team who have delivered tangible results and significant improvement for NJC. I thank them for their contribution over the past four years and wish them well. I would also like to thank the Directors that have provided my team and I with their support.

I would like to thank our members, our sponsors and the general public for their patronage and for supporting NJC.

Thank you to the media for ensuring the local Novocastrian and Cessnock communities and the racing industry in general is right up date with Broadmeadow Racecourse and Wine Country Race Club news. I thought this year's Spring Carnival media was on another level with excellent coverage from the Horse Shoe Beach media launch through to the Barrier Draw and excellent race day coverage.

I thank all industry stakeholders who participated at NJC, from the punters and bookmakers to owners, trainers, jockeys and strappers who are the backbone of our sport.

Thank you to all at Racing NSW who have assisted with our Thoroughbred racing program, both at Newcastle and Cessnock.

I believe NJC has come a long way in four years. Despite enduring a challenging economy, we have gone from record losses to record profit, secured industry leading infrastructure funding, successfully implemented the redevelopment of each and every track at Broadmeadow, self-funded the installation of NSW Provincial Racing's largest infield video screen at Broadmeadow, diversified the Club's revenue streams with the introduction of two new child care centres and a host of non-race day events, and completed a long list of facility upgrades while continuing to extinguish previous debt.

Thank you for my time as NJC CEO and good luck to the Club and its Members for the future.

Yours sincerely,

Cameron Williams
Chief Executive Officer



*Enjoying her 102nd Birthday on Ladies Day, Spring Carnival 2015
Mrs Ursula Ronan*

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

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015**

FINANCIAL REPORT

30 JUNE 2015

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DIRECTORS' REPORT

Your Directors present their report on the Company for the financial year ended 30 June 2015.

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	Finance and Risk ^	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	Non-executive Director	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

^ Commenced being member of Finance and Risk Committee on 24 November 2014.

* Ceased being member of Finance and Risk Committee on 24 November 2014.

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)	12	12
William Moncrieff (Vice-Chairman)	12	12
Michael Hadaway	12	10
Robert Dan	12	11
Paul Leaming	12	11
Helen Wild	12	11
Richard Sonnichsen	12	12

* Directors further attended the annual general meeting held on the 25 November 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 \$4,624,857 for 2014/15 compared to a profit of \$72,902 for 2013/14. After accounting for Other Comprehensive Income, the Club recorded Total Comprehensive Income attributable to members of \$1,310,855 compared to \$939,346 for the previous year.

During 2013/14 and 2014/15, 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 of \$3,341,973 (2013/14: \$120,000 reversal for the GST component of the \$1.32M amount received in 2012/13).
- The revaluation of the Club's investment properties in the amount of \$435,000 increment (2013/14: \$70,000 decrement).
- The Club has lodged an insurance claim for damage incurred during the April 2015 storms which remains in progress. An initial payment of \$400,000 was received in June 2015 and has been recognised as income in the 2014/15 year. The corresponding expenses and asset replacement costs recognised in 2014/15 were \$62,394, resulting in a net impact on the underlying performance of \$337,606.

The Directors therefore consider Total Comprehensive Income before Investment Property Revaluations, and after Transfers to Reserves, to be an appropriate measure of the Club's underlying performance. The Club recorded Total Comprehensive Income before Property Revaluation, and after Transfers to Reserves, for 2014/15 of \$538,249 compared to \$85,965 for 2013/14.

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.

DIRECTORS' REPORT

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	2015	2014	2013
Total revenue change (year on year)	-9.6%	9.8%	15.4%
Total expense change (year on year)	-7.6%	6.6%	12.3%
Working Capital Ratio	3.00:1	2.04:1	1.95:1
Debt to Equity Ratio	0.07:1	0.11:1	0.09:1
Total revenue derived from Racecourse operations	76%	75%	71%
Food and beverage cost of goods to F&B revenue	31%	34%	33%
Gross profit margin: Bar, Broadmeadow	69%	66%	67%
Gross profit margin: Bar, Cessnock	64%	63%	58%
Gross profit margin: Catering, Broadmeadow	68%	66%	69%
Gross profit margin: Catering, Cessnock	47%	35%	57%

Net Cash provided by Operating Activities grew from \$1.06M in 2013/14 to \$1.44M for 2014/15.

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	852	\$1,704
Honorary Member	59	\$118
Life Member	5	\$10
Total	916	\$1,932

NEWCASTLE JOCKEY CLUB LIMITED
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FOR THE YEAR ENDED 30 JUNE 2015

DIRECTORS' REPORT

	Broadmeadow		Cessnock		Total	
	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$
Revenue & Other Income						
Advertising & Promotion	705,092	780,245	18,845	29,776	723,937	810,021
Race Day Bar	1,563,026	1,714,610	28,518	26,272	1,591,544	1,740,882
Race Day Catering	974,654	1,148,471	15,581	14,729	990,235	1,163,200
Racing	10,982,704	11,162,943	1,198,094	1,696,365	12,180,798	12,859,308
Track	808,092	1,012,125	94,900	105,517	902,992	1,117,642
Non Race Day Events	733,618	800,709	-	-	733,618	800,709
General & Administrative	44,481	24,042	-	-	44,481	24,042
Investment	483,728	264,272	1,598	1,560	485,326	265,832
Racecourse Redevelopment	3,341,973	(120,000)	-	-	3,341,973	(120,000)
Insurance Recovery	400,000	-	-	-	400,000	-
	20,037,368	16,787,416	1,357,536	1,874,220	21,394,904	18,661,636
Cost of Goods Sold						
Race Day Bar	(538,737)	(577,923)	(10,347)	(9,592)	(549,084)	(587,515)
Race Day Catering	(415,239)	(393,499)	(8,321)	(9,543)	(423,560)	(403,042)
Non Race Day Events	(188,579)	(239,658)	-	-	(188,579)	(239,658)
	(1,142,556)	(1,211,080)	(18,667)	(19,135)	(1,161,223)	(1,230,215)
Expenditure						
Advertising & Promotion	(415,086)	(411,686)	(11,320)	(13,665)	(426,406)	(425,350)
Race Day Bar	(781,250)	(908,985)	(23,432)	(21,257)	(804,682)	(930,242)
Race Day Catering	(791,092)	(826,364)	(12,123)	(16,247)	(803,215)	(842,611)
Depreciation	(1,086,736)	(952,227)	(77,149)	(76,967)	(1,163,885)	(1,029,194)
Racing	(8,292,828)	(8,889,877)	(964,187)	(1,509,053)	(9,257,015)	(10,398,930)
Investment	(29,837)	(29,589)	-	-	(29,837)	(29,589)
Track	(1,437,459)	(1,500,854)	(220,049)	(236,385)	(1,657,508)	(1,737,239)
Non Race Day Events	(414,046)	(410,334)	-	-	(414,046)	(410,334)
General & Administrative	(1,433,824)	(1,484,954)	-	-	(1,433,824)	(1,484,954)
Assets Written Off	(53,236)	-	-	-	(53,236)	-
Loss on Investments	(170)	(76)	-	-	(170)	(76)
	(14,735,564)	(15,414,945)	(1,308,260)	(1,873,574)	(16,043,824)	(17,288,519)
Profit/(Loss) *	4,159,249	161,391	30,608	(18,489)	4,189,857	142,902

Transfers (to)/from Reserves

Transfer of Funding to the Racecourse Development Reserve	(3,347,002)	120,000
Transfer of Capital Asset Depreciation from the Racecourse Development Reserve	33,000	33,000
Total Comprehensive Income before Investment Property Revaluations *	875,855	295,902

Investment Property Revaluations

Revaluation Increment / (Decrement) - Existing Properties	435,000	(70,000)
Revaluation Increment - Property Transferred from Property, Plant & Equipment	-	713,444
Total Comprehensive Income Attributable to Members	1,310,855	939,346

* Excluding Investment Property Revaluations.

^ 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 ^	875,855	295,902
Adjustment for the impact of the April 2015 storm insurance recovery net of expenses	(337,606)	-
Adjustment for industry distribution revenue received in 2013/14, relating to 2012/13	-	(209,937)
Underlying Performance of the Club	538,249	85,965

NEWCASTLE JOCKEY CLUB LIMITED
A.C.N. 000 002 513
FOR THE YEAR ENDED 30 JUNE 2015

DIRECTORS' REPORT

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 2015 that have significantly affected or may significantly affect the operations, results or state of affairs of the Company.

LIKELY DEVELOPMENTS

The Company is preparing for the transfer of the Broadmeadow track's racing fixtures from the "A Grass" track to the "B Grass" track following the Spring Carnival in September 2015. The transfer is necessary in the continuation of the Racecourse Redevelopment Project which has been further outlined in Notes 1 (b) and 16. The transfer is scheduled for approximately 12 months and is not expected to impact the Company's core racing business.

There are no other likely developments expected to impact the Company in the future.


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 they are a member, or with a Company in which they have a substantial financial interest other than as disclosed in Note 17.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2015, 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

9 October 2015

**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 2015 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

PROSPERITY AUDIT SERVICES

Luke Malone

LUKE MALONE
Partner
9 October 2015
Newcastle

Sydney
Level 1
130 Elizabeth Street
Sydney NSW 2000
PO Box 20726
World Square NSW 2002
T 02 8262 8700
F 02 8026 8377

Newcastle
Hunter Mall Chambers
2nd Floor, 175 Scott Street
Newcastle NSW 2300
PO Box 234
Newcastle NSW 2300
T 02 4907 7222
F 02 8026 8376

Brisbane
Suite 1, Level 3
200 Creek Street
Brisbane QLD 4000
GPO Box 2246
Brisbane QLD 4001
T 07 3839 1755
F 07 3839 1037

mail@prosperityadvisers.com.au
www.prosperityadvisers.com.au

Prosperity Audit Services
ABN 87 879 283 831



**NEWCASTLE JOCKEY CLUB LIMITED
A.C.N. 000 002 513
FOR THE YEAR ENDED 30 JUNE 2015**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2015 \$	2014 \$
Revenue	2	17,167,605	18,515,804
Other income	2	4,662,299	145,832
Cost of Goods Sold		(1,161,223)	(1,230,215)
Expenses			
Advertising & promotion		(426,406)	(425,350)
Race day bar expenses		(804,682)	(930,242)
Race day catering expenses		(803,215)	(842,611)
Depreciation		(1,163,885)	(1,029,194)
Racing expenses		(9,257,015)	(10,398,930)
Investment expenses		(29,837)	(29,589)
Track expenses		(1,657,508)	(1,737,239)
Non race day event expenses		(414,046)	(410,334)
General & administration		(1,433,824)	(1,484,954)
Assets written off		(53,236)	-
Investment property revaluation decrement		-	(70,000)
Loss on investments		(170)	(76)
Total expenses		(16,043,824)	(17,358,519)
Profit/(Loss) for the year	3	4,624,857	72,902
Profit/(Loss) attributable to members		4,624,857	72,902
Other Comprehensive Income			
<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
Transfer to Racecourse Development Reserve		(3,347,002)	120,000
Transfer from Racecourse Development Reserve		33,000	33,000
Total Comprehensive Income attributable to members		1,310,855	939,346

The accompanying notes form part of these financial statements.

NEWCASTLE JOCKEY CLUB LIMITED
A.C.N. 000 002 513
AS AT 30 JUNE 2015

STATEMENT OF FINANCIAL POSITION

	Note	2015 \$	2014 \$
CURRENT ASSETS			
Cash and cash equivalents	4	2,680,780	1,725,413
Trade and other debtors	5	2,584,262	2,315,192
Inventory	6	142,615	158,130
Other current assets		30,470	33,232
Total Current Assets		5,438,127	4,231,967
NON-CURRENT ASSETS			
Property, plant and equipment	7	19,808,160	17,135,488
Investment property	8	3,300,000	2,865,000
Financial assets		14,099	25,480
Total Non-Current Assets		23,122,259	20,025,968
TOTAL ASSETS		28,560,386	24,257,935
CURRENT LIABILITIES			
Trade and other payables	9	1,387,938	1,612,141
Interest-bearing liabilities	10	80,800	132,332
Employee provisions	11	346,053	334,993
Total Current Liabilities		1,814,791	2,079,466
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	10	167,678	248,478
Employee provisions	11	117,624	94,553
Total Non-Current Liabilities		285,302	343,031
TOTAL LIABILITIES		2,100,093	2,422,497
NET ASSETS		26,460,293	21,835,436
EQUITY			
Reserve - Property Revaluation	12	1,411,977	1,411,977
Reserve - Racecourse Redevelopment	12	4,489,252	1,142,250
Retained profits		20,559,066	19,281,211
TOTAL EQUITY		26,460,293	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 2015

STATEMENT OF CHANGES IN EQUITY

	Property Revaluation Reserve \$	Racecourse Redevelopment Reserve \$	Retained Earnings \$	Total \$
BALANCE AT 1 JULY 2013	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
BALANCE AT 30 JUNE 2014	1,411,977	1,142,250	19,281,211	21,835,436
Profit/(Loss) for the year	-	-	4,624,857	4,624,857
Other comprehensive income	-	3,347,002	(3,347,002)	-
BALANCE AT 30 JUNE 2015	1,411,977	4,489,252	20,559,066	26,460,293

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 2015

STATEMENT OF CASH FLOWS

	Note	2015 \$ Inflows (Outflows)	2014 \$ Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers and other sources		19,205,965	19,474,256
Payments to suppliers and employees		(17,861,489)	(18,505,256)
Interest received		65,620	53,959
Borrowing costs		27,924	39,154
Net cash provided by operating activities		1,438,020	1,062,113
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant & equipment		(3,693,048)	(331,497)
Proceeds from maturity/sale of investments		756	385
Net cash provided by / (used in) investing activities		(3,692,292)	(331,112)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash receipts from grant funding		3,341,973	-
Repayment of borrowings		(132,332)	(149,345)
Net cash provided by / (used in) financing activities		3,209,641	(149,345)
Net increase / (decrease) in cash and cash equivalents held		955,367	581,655
Cash and cash equivalents at beginning of financial year		1,725,413	1,143,759
Cash and cash equivalents at end of financial year	4	2,680,780	1,725,413

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 2015

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.

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 16 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.

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.

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.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2015.

Useful Lives of Property, Plant and Equipment

The Directors have reassessed the useful lives of property, plant and equipment assets at 30 June 2015 and identified a number of assets which will be used over a shorter economic life than previously advised. These assets include capital costs in relation to the "A Grass" track which are now planned to be replaced during the 2016 financial year. The total impact of the revised useful lives is \$117,569 which has been accounted for prospectively and included in depreciation in the current year. The future impact is expected to be a net reduction to the loss on disposal of these assets in future years of \$117,569.

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 16.

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
A.C.N. 000 002 513
FOR THE YEAR ENDED 30 JUNE 2015

NOTES TO THE FINANCIAL STATEMENTS

	2015 \$	2014 \$
2 REVENUE AND OTHER INCOME		
Revenue:		
Advertising and promotion	723,937	810,021
Race Day Bar	1,591,544	1,740,882
Race Day Catering	990,235	1,163,200
Racing	12,180,798	12,859,308
Track	902,992	1,117,642
Non race day events	733,618	800,709
General and administration	44,481	24,042
	<u>17,167,605</u>	<u>18,515,804</u>
Other income:		
Insurance recovery - April storm	400,000	-
Interest and investment distributions received	65,620	53,959
Investment property income (rent)	419,706	211,873
Gain on revaluation of investment properties	435,000	-
Grant funding - Racing NSW *	3,341,973	(120,000)
	<u>4,662,299</u>	<u>145,832</u>

* The prior year amount represents the GST component of income received in 2012/13 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.

3 PROFIT FOR THE YEAR

Profit for the year has been determined after:

a) Expenses		
Interest expense on financial liabilities	27,924	39,154
Bad and doubtful debts	660	5,124
Depreciation of property, plant and equipment:		
Buildings	277,494	285,701
Plant and equipment	456,699	444,485
Motor vehicles	15,066	14,780
Racecourse improvements	414,626	284,228
	<u>1,163,885</u>	<u>1,029,194</u>
b) Gains or (losses) realised		
Gain or (loss) on revaluation of investment property	435,000	(70,000)
Gain or (loss) on disposal of property, plant and equipment	(80,451)	(6,822)
Gain or (loss) on available for sale financial assets	(170)	(76)
	<u>354,379</u>	<u>(70,076)</u>

NEWCASTLE JOCKEY CLUB LIMITED
A.C.N. 000 002 513
FOR THE YEAR ENDED 30 JUNE 2015

NOTES TO THE FINANCIAL STATEMENTS

	2015 \$	2014 \$
4 CASH AND CASH EQUIVALENTS		
Cash on hand	96,400	185,789
Cash at bank	855,400	336,024
Term deposit	1,728,980	1,203,600
	<u>2,680,780</u>	<u>1,725,413</u>
5 RECEIVABLES		
CURRENT		
Trade debtors	112,454	84,840
Provision for doubtful debts	(4,957)	(8,690)
	<u>107,497</u>	<u>76,150</u>
NSW TRB debtor	2,344,546	2,024,796
NSW CRC debtor	103,750	160,001
Other debtors	23,467	50,417
Accrued interest	5,002	3,828
	<u>2,476,765</u>	<u>2,239,042</u>
	<u>2,584,262</u>	<u>2,315,192</u>

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

6 INVENTORIES

CURRENT		
Bar stock - at cost	106,162	93,741
Catering stock - at cost	36,453	64,389
	<u>142,615</u>	<u>158,130</u>

NEWCASTLE JOCKEY CLUB LIMITED
A.C.N. 000 002 513
FOR THE YEAR ENDED 30 JUNE 2015

NOTES TO THE FINANCIAL STATEMENTS

7 PROPERTY, PLANT & EQUIPMENT

	2015 \$	2014 \$
Freehold land and buildings - at cost	11,037,501	11,000,279
Less: Accumulated depreciation	(1,291,668)	(1,095,133)
	<u>9,745,833</u>	<u>9,905,146</u>
Plant and Equipment - at cost	3,054,772	3,145,364
Less: Accumulated depreciation	(1,985,156)	(1,672,874)
	<u>1,069,616</u>	<u>1,472,490</u>
Motor Vehicles - at cost	79,808	79,770
Less: Accumulated depreciation	(59,854)	(53,386)
	<u>19,954</u>	<u>26,384</u>
Racecourse - at cost	5,116,366	5,521,166
Less: Accumulated depreciation	(94,904)	(77,092)
	<u>5,021,462</u>	<u>5,444,074</u>
Capital work in progress	3,951,295	287,394
Total property, plant & equipment	<u>19,808,160</u>	<u>17,135,488</u>

NEWCASTLE JOCKEY CLUB LIMITED
A.C.N. 000 002 513
FOR THE YEAR ENDED 30 JUNE 2015

NOTES TO THE FINANCIAL STATEMENTS

7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) 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 2015:

	Land and buildings \$	Plant and equipment \$	Motor vehicles \$	Racecourse \$	Work in progress \$	Total \$
Balance at 1 July	9,905,146	1,472,490	26,384	5,444,074	287,394	17,135,488
Additions	147,299	77,153	8,636	20,019	3,663,901	3,917,008
Disposals	(29,118)	(23,328)	-	(28,005)	-	(80,451)
Depreciation	(277,494)	(456,699)	(15,066)	(414,626)	-	(1,163,885)
Balance at 30 June	<u>9,745,833</u>	<u>1,069,616</u>	<u>19,954</u>	<u>5,021,462</u>	<u>3,951,295</u>	<u>19,808,160</u>

NEWCASTLE JOCKEY CLUB LIMITED
A.C.N. 000 002 513
FOR THE YEAR ENDED 30 JUNE 2015

NOTES TO THE FINANCIAL STATEMENTS

8 INVESTMENT PROPERTY

	2015 \$	2014 \$
Balance at the beginning of the year	2,865,000	1,850,000
Transfer of property to investment property	-	1,085,000
Market value adjustments	435,000	(70,000)
Balance at the end of the year	<u>3,300,000</u>	<u>2,865,000</u>

The company's investment properties were revalued at 30 June 2015 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 increment of \$435,000 was recognised in the 2015 financial year which was primarily driven by the increased rent receivable under new lease terms for the commercial properties.

9 TRADE AND OTHER PAYABLES

CURRENT		
Trade creditors and accruals	1,024,624	1,042,345
Income received in advance	211,401	410,707
Deposits held	151,913	159,089
	<u>1,387,938</u>	<u>1,612,141</u>

10 INTEREST BEARING LIABILITIES

CURRENT		
Hire purchase liability	<u>80,800</u>	<u>132,332</u>
NON-CURRENT		
Hire purchase liability	<u>167,678</u>	<u>248,478</u>

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 2015 (2014: undrawn).

There are no banking covenants in relation to the above facilities.

NEWCASTLE JOCKEY CLUB LIMITED
A.C.N. 000 002 513
FOR THE YEAR ENDED 30 JUNE 2015

NOTES TO THE FINANCIAL STATEMENTS

11 PROVISIONS

CURRENT		
Provision for annual leave	210,775	204,016
Provision for long service leave	<u>135,278</u>	<u>130,977</u>
	<u>346,053</u>	<u>334,993</u>
NON-CURRENT		
Provision for long service leave	<u>117,624</u>	<u>94,553</u>
a) Aggregate employee entitlements liability	<u>463,677</u>	<u>429,546</u>

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.

12 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.

13 AUDITOR'S REMUNERATION

Remuneration of auditor for auditing the financial report	22,700	22,000
Other services	<u>21,505</u>	<u>41,510</u>
	<u>44,205</u>	<u>63,510</u>

Other services provided by the Prosperity Advisers Group during the 2013/14 and 2014/15 years were payroll and tax compliance and compilation services.

NEWCASTLE JOCKEY CLUB LIMITED
A.C.N. 000 002 513
FOR THE YEAR ENDED 30 JUNE 2015

NOTES TO THE FINANCIAL STATEMENTS

14 CAPITAL AND LEASING COMMITMENTS

(a) Finance leasing and hire purchase commitments payable:

	2015 \$	2014 \$
Not later than one year	99,942	160,254
Later than one year but not later than five	184,102	284,044
Minimum lease payments	284,044	444,298
Less: future finance charges	(35,566)	(63,488)
Total lease liability	248,478	380,810

(b) Capital expenditure projects

At the reporting date, the company has entered into an agreement to purchase a new big screen television at a cost of \$332,600 (excl. GST), of which a deposit of \$149,700 (excl. GST) was paid in June 2015.

At the reporting date, the company has entered into an agreement to purchase a new fixed marquee at a cost of \$312,997 (excl. GST), of which a deposit of \$43,636 was paid in June 2015.

In addition, the company's Racecourse Redevelopment Project is in progress. At the reporting date, the company's remaining capital commitment totalled \$6,334,112 (excl. GST). This expenditure is expected to occur in the 2015-16 year and will be funded by future draw-downs from Racing NSW in accordance with the funding deed.

(c) Operating lease commitments

The company has entered an operating lease commitment for office equipment. At 30 June 2015 the remaining minimum operating lease commitment was \$35,154 (2014: \$60,612).

15 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 the accounting policies to these financial statements, are as follows:

Financial Assets

Cash and cash equivalents	2,680,780	1,725,413
Trade and other debtors	2,584,262	2,315,192
Financial assets (available for sale)	14,099	25,480
	5,279,141	4,066,085

Financial Liabilities

Trade and other payables (excluding income in advance)	1,176,537	1,453,052
Interest-bearing liabilities (leases)	248,478	380,810
	1,425,015	1,833,862

NEWCASTLE JOCKEY CLUB LIMITED
A.C.N. 000 002 513
FOR THE YEAR ENDED 30 JUNE 2015

NOTES TO THE FINANCIAL STATEMENTS

16 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 2015. The maximum contingent liability at 30 June 2015 in respect of this loan, excluding GST, amounts to \$4,547,000 (2014: \$1,200,000).

(b) April 2015 Storm Event

As a result of the storms that affected the region in April 2015, the company has lodged an insurance claim under the respective policies to recover certain costs and provide compensation for the impact on trading results. At 30 June 2015, the Club had received an initial payment of \$400,000 from its insurer, however the claim process has not yet been finalised and the final insurance recovery has not yet been determined.

(c) Other Contingencies

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

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	533,020	529,218
Superannuation	47,843	48,419
Non-cash benefits	63,828	75,324

Long term benefits

Termination benefits	-	36,654
Total compensation	644,691	689,615

(b) Related Party Transactions

During the year, Darley Australia Pty Limited (a related party of Director, Richard Sonnichsen) provided certain engineering services in conjunction with the Racecourse Redevelopment Project's Control Group (PCG). These services were provided free of charge.

There were no other related party transactions during the 2015 financial year (2014: nil).

NEWCASTLE JOCKEY CLUB LIMITED
A.C.N. 000 002 513
FOR THE YEAR ENDED 30 JUNE 2015

NOTES TO THE FINANCIAL STATEMENTS

	2015	2014
	\$	\$

18 EVENTS AFTER REPORTING DATE

No matters or circumstances have arisen since 30 June 2015 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 2015

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 26 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 2015 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

9 October 2015

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 2015 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 – Reduced Disclosure Requirements 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.

Sydney
Level 1
130 Elizabeth Street
Sydney NSW 2000
PO Box 20726
World Square NSW 2002
T 02 8262 8700
F 02 8026 8377

Newcastle
Hunter Mall Chambers
2nd Floor, 175 Scott Street
Newcastle NSW 2300
PO Box 234
Newcastle NSW 2300
T 02 4907 7222
F 02 8026 8377

Brisbane
Suite 1, Level 3
200 Creek Street
Brisbane QLD 4000
GPO Box 2246
Brisbane QLD 4001
T 07 3839 1755
F 07 3839 1037

mail@prosperityadvisers.com.au
www.prosperityadvisers.com.au

Prosperity Audit Services
ABN 87 879 283 831



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 2015 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Other Matters - Electronic Presentation of the Audited Financial Report

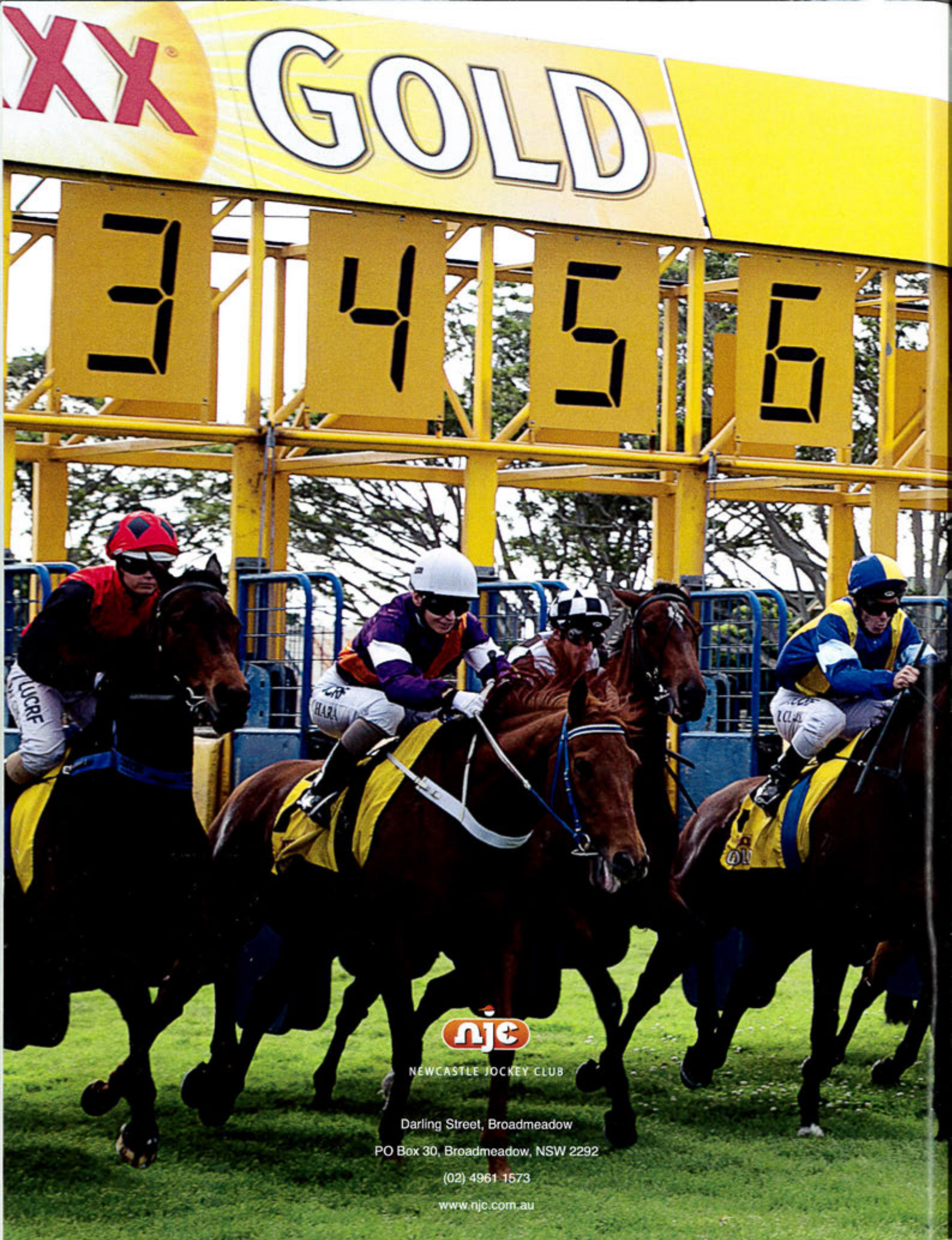
Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



PROSPERITY AUDIT SERVICES



LUKE MALONE
Partner
9 October 2015
Newcastle



NEWCASTLE JOCKEY CLUB

Darling Street, Broadmeadow

PO Box 30, Broadmeadow, NSW 2292

(02) 4961 1573

www.njc.com.au

