



NEWCASTLE JOCKEY CLUB  
(A COMPANY LIMITED BY GUARANTEE)  
ACN 13 000 002 513

**NEWCASTLE**  
RACECOURSE  
• EST 1907 •

# NEWCASTLE JOCKEY CLUB

Annual Report  
2017 - 2018



In Her Time,  
ridden by jockey  
Corey Brown

Newcastle Jockey Club  
thanks the following major Partners  
for their contribution and support throughout the year





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## CHAIRMAN'S REPORT

Dear NJC Members,

Welcome to our annual report and on behalf of the Board of Directors I take much pleasure in presenting my Chairman's message for the 2017/2018 Newcastle Jockey Club financial year.

I would like to thank the NJC Directors for their support during the year, including Paul Leaming (Vice Chairman and Finance/Risk Committee Chairman), Bill Moncrieff, Rob Dan, Richard Sonnichsen, Mike Hadaway and Brian Judd.

The continuing individual contributions not only in time, but in expertise and knowledge, that each of these Board members bring to your club should be commended.

NJC Members, owners, jockeys, trainers and their staff are also to be congratulated on the way they have continued to support our Newcastle and Cessnock tracks, and for that, we sincerely thank them.

Congratulations to CEO Matt Benson and his team on so positively returning our club into the 'black' this year. As you can see in the financial report, it is an excellent result, and everyone should be pleased with this terrific outcome. It has taken a huge effort from Matt and his staff to post a positive result for the financial year 2017/2018 and we all very much hope this can continue.

Our new StrathAyr course proper launched last year as part of the racecourse re-development, at a cost to Racing NSW of \$11.2m and boosted by significant additional funding from the club, is now showing consistent signs of being a superior racing surface in all kinds of weather. Our track staff have been tasked with ensuring the racing surface performs at the highest level, and the continuing flood of compliments from leading trainers and jockeys clearly represents an industry thumbs up for the quality and condition of the course proper every race day.

Our hospitality department is continuing to perform, and the strength of our food and beverage sales and margins are reflected in the financial report. Glynn Haslam and his staff are ensuring the best experience in catering and at events, and the buffet style luncheon in Chevals Restaurant has proven a massive hit with patrons and continues to be very popular.

While this past financial year has seen a much-improved bottom line, we have remained committed to improving facilities, and our trackside marquee is a good example boasting a new entrance and new carpet, and soon to enjoy fully ducted air-conditioning through the facility. Further, the club has spent over \$125,000 on repairs and maintenance in the stabling area and is also committed to the installation of 2x8 horse walkers for our trainers.

We are very proud of the NJC trainers, their individual efforts during the year have been exceptional. Black type victories continue to be a relatively common occurrence for our Broadmeadow-based trainers and we wish them even more success in the coming months.

Again, congratulations and thank you to all the stakeholders that make this club what it is, and may we all continue to enjoy the Newcastle and Cessnock racing and entertainment facilities and a safe and positive outcome for all industry participants in our thriving local racing industry.

Yours Sincerely,



**Geoffrey Barnett**

Chairman, Newcastle Jockey Club



# NEWCASTLE RACECOURSE

## GROUP 3 RESULTS FOR 2018

### **\$200,000 SHARP ELECTRONICS GROUP NEWCASTLE GOLD CUP FRIDAY SEPTEMBER 14, 2018**

	HORSE	JOCKEY	TRAINER
WINNER	Carzoff (FR)	Kerrin McEvoy	Chris Waller
2nd	Auvray (FR)	Tye Angland	Richard Freedman
3rd	Just Shine (NZ)	Jason Collett	Clare Cunningham

### **\$160,000 AUSTRALIAN BLOODSTOCK CAMERON HANDICAP FRIDAY SEPTEMBER 14, 2018**

WINNER	New Tipperary	Tim Clark	Joseph Pride
2nd	Red Excitement	Joshua Parr	Gerald Ryan
3rd	Best Of Days (GB)	Glyn Schofield	James Cummings

### **\$160,000 HUNGERFORD HILL WINES NJC 3YO SPRING STAKES FRIDAY SEPTEMBER 14, 2018**

WINNER	Aramayo	Tye Angland	James Cummings
2nd	Cloak	Gkyn Schofield	James Cummings
3rd	Greysful Glamour	Tim Clark	Mark Newnham

### **\$160,000 YARRAMAN PARK TIBBIE STAKES FRIDAY SEPTEMBER 14, 2018**

WINNER	Princess Posh	Glyn Schofield	Kris Lees
2nd	Savatiano	Kerrin McEvoy	James Cummings
3rd	Irithea	James McDonaled	Bjorn Baker

### **\$150,000 2018 SUEZ NEWCASTLE NEWMARKET HANDICAP FRIDAY MARCH 9, 2018**

WINNER	Lanciato (NZ)	Rachel King	Mark Newnham
2nd	Mister Sea Wolf (IRE)	Tim Clark	Chris Waller
3rd	Shiraz	Andrew Adkins	Kim Waugh

It has been a year of positive change around the Newcastle Jockey Club, and one which has evidenced the commercial advantage the business can now take of the improvements made over the last eighteen months or so. On the back of a tough outcome in 2017 due to, amongst other things, one-off costs involving the management of the new track, re-branding and a new website, concept planning to pre-DA stage for the proposed stable precinct, the renovation of the Ascot Bar and an overhaul of several administrative priorities within the club – we are back on track.

It is critically important that the club's total focus be on what it exists to do – and our constitution is unambiguous in that regard. To paraphrase our objectives – 'we must encourage, promote and conduct the sport of thoroughbred racing, to maximise wagering and owner's returns, and to market & promote racing to make it more attractive.'

As a start in our revamped approach to these priorities, the club introduced the \$35,000 Newcastle Nobbys races this year to support horses of Provincial/Country standard and then bolstered the prizemoney of our flagship event, the Newcastle Cup to \$200,000, and the emerging Max Lees 2YO Classic to \$75,000. The club will continue to explore options for improving returns to industry participants and owners.

Further, we remain committed to continually improving our patron facilities and have recently completed the carpeting and air-conditioning upgrade of the trackside marquee. New large screens and a public-address system in that facility will make it as good as any trackside venue in thoroughbred racing. The change to the buffet-style lunch in Chevals has been met with overwhelming support and positive feedback as it provides a more efficient and, on a race day, more flexible and convenient way to provide our premium offerings.

We are also exploring options for a new champagne bar for members adjacent to the parade ring, which will provide a premium outdoor destination in the Member's Reserve. If all goes to plan and subject to

budget realities – we will be hopeful of having work starting out the front early in 2019.

The club has also made a concerted effort in the last twelve months to clean up and improve the environment around the existing stables at the east-end of the course. Notwithstanding the pressing need for new stable facilities at the club, given the dearth of work that has occurred in this important area over the last few years, it was necessary to do some overdue repair and maintenance work to buildings and roads in this area.

On that note and at the time of writing, we are still awaiting the release of Racing NSW's latest Strategic Plan. Whilst the recent news regarding another round of prizemoney increases in NSW is most welcome and reinforces our state's leadership both nationally and even worldwide in this sphere, there exists unanimous agreement amongst the Provincial Clubs that a strategic review of industry requirements in terms of stabling and patron facility upgrades is urgently required. We certainly hope that these issues receive due consideration in the upcoming report.

The club has been sitting on our own revised strategic plan for some months, but we await the announcement of Racing NSW's intentions before we can finalise that document so that it accurately reflects what the NJC's priorities need to be in a state-wide industry context.

There have also been changes in the major sponsorship ranks at the club in the last twelve months. Lion Nathan, our major sponsor for many years, is still a wonderful supporter of the club, but our new arrangement with them focusses on our supply arrangements and promotional and patron-engagement activities. This means that they are still very much part of the club, but that their traditional concentration on race names and signage is no longer the case.

In a similar vein, our revised agreement with Coca Cola has seen a change in the way they wish to work with the club in the future – again with a concentration on supply and engagement. The club looks forward

to our 'new' arrangements with both of these long-term and important partners and I would like to take this opportunity to thank both Lion Nathan and Coca Cola for their long-standing and continued support of local racing.

The relationship changes that recently transpired, as explained above, left us with the opportunity to approach a new partner to take on sponsorship of the Newcastle Gold Cup. It was most pleasing that the well-renowned Sharp Electronics Group, established in 1972 by racing tragic John Duncan and now ably piloted by George Tuntevski, accepted our advances to take on this significant and unique opportunity. Not only are we delighted because they are such a respected and high-profile name in local business, but because the synergies, in both product and personnel, are so complimentary between our two organisations.

The NJC not only uses Sharp printing and electronic products throughout our business, but it was only last year in this report that I lauded the uptake of their Senpos © system which we use exclusively at our hospitality points of sale. We understand first-hand how well they ply their trade, and we very much look forward to a long and mutually beneficial relationship with George and his team.

We also warmly welcome to the fold 'Hungerford Hill' as our new wine partner. Again, there are a lot of similarities between our two businesses – both traditional entities in the region looking to revamp their image to a younger demographic in a highly competitive environment. The Hungerford Hill name is no stranger to those who know a good drop – and with their support comes not only a great range of exceptional wines, but a history, tradition and elite brand in the Hunter that fits perfectly with our racing heritage and the market segment we aspire to attract.

Although this year has seen a welcome return to profitability and hopefully sets a strong foundation for the future – there is still much to do. Some of our facilities are below standard in my opinion, and these

issues need to be addressed as soon as funds allow. Our jockey's rooms, for example, are like visiting a time capsule – and have not kept up with the current reality that female jockeys make up a significant percentage of our jockey ranks. We will be exploring options for a renovation of this area in the near future and will look at rectifying this situation as soon as necessary approvals and funds allow.

We also need to investigate an overhaul of the Sky/media/stewards and jockey-trainer facilities adjacent to the mounting yard under the old stand – and again, necessary refurbishments can only proceed with adequate funds and industry backing. The problem with these sorts of projects is that they don't necessarily have a commercial pay-back because they are not related to income generating activities – but nonetheless, they are of pivotal importance to our business as our industry participants must be appropriately accommodated. These items will also be dealt with in the revamped strategic plan.

In closing, I would like to sincerely thank the club's staff who work both during the week and on racedays, for their commitment and team effort in returning the club to a professional and profitable outfit. Finally, I again thank Chairman Geoff Barnett for his outstanding commitment to the club and the Directors for their respective contributions and playing their part in the positive turnaround we have witnessed in the last twelve to eighteen months.



**Matthew Benson**  
Chief Executive  
Newcastle Jockey Club





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

**FINANCIAL REPORT**

**30 JUNE 2018**

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**NEWCASTLE JOCKEY CLUB LIMITED**  
**A.C.N. 000 002 513**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**DIRECTORS' REPORT**

Your Directors present their report on the Company for the financial year ended 30 June 2018.

**DIRECTORS AND COMPANY SECRETARY**

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

Name	Experience and Special Responsibilities
Geoffrey Barnett (Chairman)	Elected to NJC Board in October 1999 Appointed Chairman of NJC in November 2011 Member of NJC Finance and Risk Committee Managing Director and CEO of Minco Tech Australia Pty Limited
Paul Leaming B.Bus, FCPA (Vice-Chairman)	Appointed to NJC Board in March 2013 Chairman of NJC Finance and Risk Committee Former CFO for AMP
William Moncrieff	Elected to NJC Board in October 2005 Member of NJC Finance and Risk Committee Managing Director of Steel Fabrication Company
Michael Hadaway Dip. BM	NJC Director 2011-2015 and re-elected in November 2016 Member of NJC Finance and Risk Committee Regional Manager for Security Company
Robert Dan B.A, Dip. Teach	Elected to NJC Board in May 2012 Member of NJC Finance and Risk Committee Retired Head Teacher of Mathematics
Richard Sonnichsen	Appointed to NJC Board in March 2013 Building and Property Manager of Godolphin
Brian Judd	Appointed to NJC Board in November 2016 Former CEO of Racing NSW Country, Newcastle Jockey Club and other sporting clubs

The Company Secretary is Mr Matthew Benson. Mr Benson was appointed to this position on 12 July 2016.

**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
Paul Leaming (Vice-Chairman)	12	11
William Moncrieff	12	12
Michael Hadaway	12	11
Robert Dan	12	10
Richard Sonnichsen	12	12
Brian Judd	12	12

**NEWCASTLE JOCKEY CLUB LIMITED**  
**A.C.N. 000 002 513**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**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 \$710,782 for 2017/18 compared to a loss of \$709,881 for 2016/17. After accounting for Other Comprehensive Income, the Club recorded Total Comprehensive Income attributable to members of \$973,756 compared to (\$647,169) for the previous year.

During 2017/18 and 2016/17, 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 Redevelopment Funding of \$88,551 for 2016/17. No further funding was received for 2017/18.
- The revaluation increments for the Club's investment properties in the amount of \$360,000 for both 2017/18 and 2016/17.

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 2017/18 of \$613,758 compared to (\$1,007,169) for 2016/17.

Comparative information presented on page 4 of the director's report has been updated to re-allocate certain transactions between various club functions (for example, the bar/catering components of 2016/17 advertising and promotion income have been reclassified to race day bar/catering income). There is no impact on the company's net profit/(loss) for the comparative year.

**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.

**NEWCASTLE JOCKEY CLUB LIMITED**  
**A.C.N. 000 002 513**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**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 at Broadmeadow and a leading Country Race Club at Cessnock complete with an integrated strategic plan, facility upgrade program and self sufficient funding model.
- Promote and support the Thoroughbred racing industry.
- 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	2018	2017	2016
Total revenue change (year on year)	-0.6%	21.7%	1.3%
Total expense change (year on year)	-6.8%	28.4%	4.9%
Working Capital Ratio	3.05:1	2.15:1	3.09:1
Debt to Equity Ratio	0.05:1	0.05:1	0.05:1
Total revenue derived from Racecourse operations	74%	77%	74%
Food and beverage cost of goods to F&B revenue	31%	40%	33%
Gross profit margin: Bar, Broadmeadow	69%	58%	67%
Gross profit margin: Bar, Cessnock	71%	65%	66%
Gross profit margin: Catering, Broadmeadow	69%	62%	68%
Gross profit margin: Catering, Cessnock	78%	66%	74%

Net Cash provided by Operating Activities was \$1.91m in 2017/18 compared to Net Cash used in Operating Activities of \$1.06m in 2016/17.

**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	1,055	\$2,110
Honorary Member	70	\$140
Life Member	3	\$6
<b>Total</b>	<b>1,128</b>	<b>\$2,256</b>

**NEWCASTLE JOCKEY CLUB LIMITED**  
**A.C.N. 000 002 513**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**DIRECTORS' REPORT**

	<b>Broadmeadow</b>		<b>Cessnock</b>		<b>Total</b>	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
<b>Revenue &amp; Other Income</b>						
Advertising & Promotion	219,912	271,245	14,840	9,922	234,752	281,167
Race Day Bar	2,080,464	1,846,766	97,728	59,997	2,178,192	1,906,763
Race Day Catering	1,408,353	1,514,897	42,830	37,793	1,451,183	1,552,690
Racing	14,257,640	14,129,679	1,757,275	2,129,010	16,014,915	16,258,689
Track	857,497	816,287	101,237	146,791	958,734	963,078
Non Race Day Events	135,344	120,389	15,775	3,000	151,119	123,389
General & Administrative	40,986	68,611	-	-	40,986	68,611
Investment	513,380	479,272	1,560	1,560	514,940	480,832
Racecourse Redevelopment	-	86,502	-	-	-	86,502
	<b>19,513,576</b>	<b>19,333,648</b>	<b>2,031,245</b>	<b>2,388,073</b>	<b>21,544,821</b>	<b>21,721,721</b>
<b>Cost of Goods Sold</b>						
Race Day Bar	(637,809)	(714,828)	(28,737)	(18,815)	(666,546)	(733,643)
Race Day Catering	(438,619)	(496,889)	(9,544)	(9,691)	(448,163)	(506,580)
	<b>(1,076,428)</b>	<b>(1,211,717)</b>	<b>(38,281)</b>	<b>(28,506)</b>	<b>(1,114,709)</b>	<b>(1,240,223)</b>
<b>Expenditure</b>						
Advertising	(141,177)	(273,919)	(5,435)	(12,321)	(146,612)	(286,240)
Administration	(351,106)	(629,358)	(7,665)	(8,401)	(358,771)	(637,759)
Cleaning	(344,965)	(382,886)	(9,014)	(17,928)	(353,979)	(400,814)
Depreciation	(1,112,607)	(978,754)	(69,290)	(65,629)	(1,181,897)	(1,044,383)
Equipment Hire	(167,321)	(234,967)	(24,201)	(14,350)	(191,522)	(249,317)
Insurance	(298,792)	(237,965)	(15,519)	(31,499)	(314,311)	(269,464)
Motor Vehicle	(55,890)	(36,741)	(9,200)	(9,179)	(65,090)	(45,920)
Promotions	(167,592)	(327,110)	(9,915)	(16,551)	(177,507)	(343,661)
Racebook Costs	(77,696)	(108,006)	(8,737)	(6,779)	(86,433)	(114,785)
Raceday Expenses	(10,831,121)	(10,700,570)	(1,421,433)	(1,755,064)	(12,252,554)	(12,455,634)
Rates	(241,877)	(236,028)	(14,737)	(12,239)	(256,614)	(248,267)
Repairs and Maintenance	(258,795)	(367,244)	(29,726)	(26,927)	(288,521)	(394,171)
Employment Expenses	(3,483,765)	(3,902,600)	(248,722)	(297,507)	(3,732,487)	(4,200,107)
Security	(234,284)	(247,196)	(24,330)	(14,767)	(258,614)	(261,963)
Staff Expenses	(47,299)	(239,288)	(1,305)	(1,282)	(48,604)	(240,570)
Utilities	(284,525)	(272,904)	(15,876)	(9,164)	(300,401)	(282,068)
Consumables	(59,997)	(70,903)	(87)	(133)	(60,084)	(71,036)
Rental	(5,329)	(5,220)	-	-	(5,329)	(5,220)
	<b>(18,164,138)</b>	<b>(19,251,659)</b>	<b>(1,915,192)</b>	<b>(2,299,720)</b>	<b>(20,079,330)</b>	<b>(21,551,379)</b>
<b>Profit/(Loss) *</b>	<b>273,010</b>	<b>(1,129,728)</b>	<b>77,772</b>	<b>59,847</b>	<b>350,782</b>	<b>(1,069,881)</b>

\* Before Investment Property Revaluation Increment

**Transfers (to)/from Reserves**

Transfer of Funding to the Racecourse Redevelopment Reserve	-	(88,551)
Transfer of Capital Asset Depreciation from the Racecourse Redevelopment Reserve	262,974	151,263
<b>Total Comprehensive Income before Investment Property Revaluations ^</b>	<b>613,756</b>	<b>(1,007,169)</b>
Investment Property Revaluation Increment	360,000	360,000
<b>Total Comprehensive Income Attributable to Members</b>	<b>973,756</b>	<b>(647,169)</b>

**^ 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:**

Total Comprehensive Income before Investment Property Revaluation ^	613,756	(1,007,169)
<b>Underlying Performance of the Club</b>	<b>613,756</b>	<b>(1,007,169)</b>



**NEWCASTLE JOCKEY CLUB LIMITED  
A.C.N. 000 002 513  
FOR THE YEAR ENDED 30 JUNE 2018**

**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.

**LIKELY DEVELOPMENTS**

There are no 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 16.

**AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration for the year ended 30 June 2018, as required under section 307C of the *Corporations Act 2001*, has been received and can be found on page 15.

Signed in accordance with a resolution of the Directors:



Geoffrey Barnett  
Chairman of the Board

23 August 2018



Paul Leaming  
Chairman of the Finance and Risk Committee

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

**TO THE DIRECTORS OF NEWCASTLE JOCKEY CLUB LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 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**  
Partner

23 August 2018  
Newcastle

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Prosperity Advisers Audit  
Services Pty Limited  
ABN 90 147 151 228



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

**NEWCASTLE JOCKEY CLUB LIMITED**  
**A.C.N. 000 002 513**  
**FOR THE YEAR ENDED 30 JUNE 2018**

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

	Note	2018 \$	2017 \$
<b>Revenue</b>	2	21,029,881	21,154,387
Other income	2	874,940	927,334
<b>Cost of Goods Sold</b>		(1,114,709)	(1,240,223)
<b>Expenses</b>			
Advertising		(146,612)	(286,240)
Administration		(358,771)	(637,759)
Cleaning		(353,979)	(400,814)
Depreciation		(1,181,897)	(1,044,383)
Equipment hire		(191,522)	(249,317)
Insurance		(314,311)	(269,464)
Motor vehicle		(65,090)	(45,920)
Promotions		(177,507)	(343,661)
Racebook costs		(86,433)	(114,785)
Raceday expenses		(12,252,554)	(12,455,634)
Rates		(256,614)	(248,267)
Repairs and maintenance		(288,521)	(394,171)
Employment expenses		(3,732,487)	(4,200,107)
Security		(258,614)	(261,963)
Staff expenses		(48,604)	(240,570)
Utilities		(300,401)	(282,068)
Consumables		(60,084)	(71,036)
Rental		(5,329)	(5,220)
Total expenses		<u>(20,079,330)</u>	<u>(21,551,379)</u>
Profit/(Loss) for the year		<u>710,782</u>	<u>(709,881)</u>
<b>Profit/(Loss) attributable to members</b>		<u><u>710,782</u></u>	<u><u>(709,881)</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>			
Transfer to Racecourse Development Reserve		-	(88,551)
Transfer from Racecourse Development Reserve		<u>262,974</u>	<u>151,263</u>
<b>Total Comprehensive Income attributable to members</b>		<u><u>973,756</u></u>	<u><u>(647,169)</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 2018**

**STATEMENT OF FINANCIAL POSITION**

	Note	2018 \$	2017 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	1,854,034	473,361
Trade and other debtors	4	2,753,739	3,039,761
Inventory	5	165,278	150,426
Other current assets		76,228	42,202
		<hr/>	<hr/>
Total Current Assets		4,849,279	3,705,750
		<hr/>	<hr/>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	26,094,610	27,024,579
Investment property	7	4,560,000	4,200,000
Financial assets		6,608	6,608
		<hr/>	<hr/>
Total Non-Current Assets		30,661,218	31,231,187
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		35,510,497	34,936,937
		<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	1,118,085	1,020,976
Interest-bearing liabilities	9	2,756	281,471
Employee provisions	10	469,655	423,057
		<hr/>	<hr/>
Total Current Liabilities		1,590,495	1,725,503
		<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing liabilities	9	-	2,756
Employee provisions	10	15,011	14,470
		<hr/>	<hr/>
Total Non-Current Liabilities		15,011	17,226
		<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>		1,605,506	1,742,729
		<hr/>	<hr/>
<b>NET ASSETS</b>		33,904,991	33,194,209
		<hr/>	<hr/>
<b>EQUITY</b>			
Reserve - Property Revaluation	11	1,411,977	1,411,977
Reserve - Racecourse Redevelopment	11	10,608,191	10,871,165
Retained profits		21,884,823	20,911,067
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		33,904,991	33,194,209
		<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 2018**

**STATEMENT OF CHANGES IN EQUITY**

	Property Revaluation Reserve \$	Racecourse Redevelopment Reserve \$	Retained Earnings \$	Total \$
<b>BALANCE AT 1 JULY 2016</b>	1,411,977	10,933,878	21,558,235	33,904,090
Profit/(Loss) for the year	-	-	(709,881)	(709,881)
Other comprehensive income	-	(62,713)	62,713	-
<b>BALANCE AT 30 JUNE 2017</b>	1,411,977	10,871,165	20,911,067	33,194,209
Profit/(Loss) for the year	-	-	710,782	710,782
Other comprehensive income	-	(262,974)	262,974	-
<b>BALANCE AT 30 JUNE 2018</b>	1,411,977	10,608,191	21,884,823	33,904,991

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 2018**

**STATEMENT OF CASH FLOWS**

	2018 \$ Inflows (Outflows)	2017 \$ Inflows (Outflows)
Note		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers and other sources	24,035,440	22,493,254
Payments to suppliers and employees	(22,119,799)	(23,576,009)
Interest received	19,619	38,083
Borrowing/finance costs	(21,189)	(17,831)
	<u>1,914,071</u>	<u>(1,062,503)</u>
Net cash provided by / (used in) operating activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant & equipment, net	(251,928)	(1,387,277)
Proceeds from maturity / sale of investments	-	(910)
	<u>(251,928)</u>	<u>(1,388,187)</u>
Net cash provided by / (used in) investing activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash receipts from grant funding	-	86,502
Proceeds from borrowings	-	250,000
Repayment of borrowings	(281,471)	(31,694)
	<u>(281,471)</u>	<u>304,808</u>
Net cash provided by / (used in) financing activities		
Net increase / (decrease) in cash and cash equivalents held	1,380,673	(2,145,881)
Cash and cash equivalents at beginning of financial year	473,361	2,619,242
Cash and cash equivalents at end of financial year	3 <u><u>1,854,034</u></u>	<u><u>473,361</u></u>

The accompanying notes form part of these financial statements.

**NEWCASTLE JOCKEY CLUB LIMITED**  
**A.C.N. 000 002 513**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**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 2018**

**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*

In prior year, the company received funding from Racing NSW to fund a significant infrastructure project (the race course redevelopment). As these payments were 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 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 2018**

**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 2018**

**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 (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.

*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 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**  
**A.C.N. 000 002 513**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**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.

**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) 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.

**NEWCASTLE JOCKEY CLUB LIMITED**  
**A.C.N. 000 002 513**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**o) Comparative Figures**

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

Comparative information presented in the statement of profit of loss and other comprehensive income and note 2 to the financial statements have been updated to re-allocate certain transactions between various club functions (for example, the bar/catering components of 2016/17 advertising and promotion income have been reclassified to race day bar/catering income). There is no impact on the company's net profit/(loss) for the comparative year.

**p) 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 2018.

**Key judgments**

*Racecourse Redevelopment Funding*

In previous years, 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 15.

**q) 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 assessed the following pronouncements at this time:

*AASB15 Revenue from Contracts with Customers (effective for the year ending 30 June 2019)*

This standard introduces a single revenue recognition model based on the transfer of goods and services and the consideration expected to be received for that transfer. Given the nature of the Company's business, the standard is not expected to have a material impact on the Company.

**NEWCASTLE JOCKEY CLUB LIMITED  
A.C.N. 000 002 513  
FOR THE YEAR ENDED 30 JUNE 2018**

**NOTES TO THE FINANCIAL STATEMENTS**

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

*AASB 9 Financial Instruments (effective for the year ending 30 June 2019)*

This standard provides revised principles for accounting for financial assets and liabilities: recognition and derecognition, classification, measurement, impairment and hedge accounting. As the Company does not have any material financial instruments affected by the new standard, the standard is not expected to have a material impact on the Company.

*AASB 16 Leases (effective for the year ending 30 June 2020)*

This standard recognises right-of-use assets and liabilities arising from all leases, with exceptions for low value and short term leases. The Company has entered into a number of operating leases as both a lessee and lessor and accordingly, the standard is expected to have an impact on the Company by recognising a right-of-use asset and the lease liability in the Statement of Financial Position (lessee). Lessor accounting is expected to remain relatively unchanged.

**NEWCASTLE JOCKEY CLUB LIMITED**  
**A.C.N. 000 002 513**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**NOTES TO THE FINANCIAL STATEMENTS**

	2018 \$	2017 \$
<b>2 REVENUE AND OTHER INCOME</b>		
Revenue:		
Advertising and promotion	234,752	281,167
Race day bar	2,178,192	1,906,763
Race day catering	1,451,183	1,552,690
Racing	16,014,915	16,258,689
Track	958,734	963,078
Non race day events	151,119	123,389
General and administration	40,986	68,611
	<u>21,029,881</u>	<u>21,154,387</u>
Other income:		
Interest and investment distributions received	19,619	38,991
Investment property income (rent)	495,321	441,841
Gain on revaluation of investment properties	360,000	360,000
Grant funding - Racing NSW	-	86,502
	<u>874,940</u>	<u>927,334</u>
<b>3 CASH AND CASH EQUIVALENTS</b>		
Cash on hand	144,974	112,854
Cash at bank	1,709,060	360,507
	<u>1,854,034</u>	<u>473,361</u>
<b>4 RECEIVABLES</b>		
CURRENT		
Trade debtors	244,836	225,621
Provision for doubtful debts	(14,663)	(15,835)
	<u>230,173</u>	<u>209,786</u>
NSW TRB debtor	2,390,496	2,656,065
NSW CRC debtor	70,845	170,137
Other debtors	62,224	3,772
	<u>2,523,565</u>	<u>2,829,974</u>
	<u>2,753,739</u>	<u>3,039,761</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.

**NEWCASTLE JOCKEY CLUB LIMITED**  
**A.C.N. 000 002 513**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**NOTES TO THE FINANCIAL STATEMENTS**

	2018 \$	2017 \$
<b>5 INVENTORIES</b>		
CURRENT		
Bar stock - at cost	145,759	124,570
Catering stock - at cost	19,519	25,856
	<u>165,278</u>	<u>150,426</u>
<b>6 PROPERTY, PLANT &amp; EQUIPMENT</b>		
Freehold land and buildings - at cost	12,389,247	12,344,056
Less: Accumulated depreciation	(2,352,715)	(1,996,336)
	<u>10,036,532</u>	<u>10,347,720</u>
Plant and Equipment - at cost	4,174,629	4,007,530
Less: Accumulated depreciation	(2,874,139)	(2,571,976)
	<u>1,300,490</u>	<u>1,435,554</u>
Motor Vehicles - at cost	126,658	97,695
Less: Accumulated depreciation	(86,333)	(78,240)
	<u>40,325</u>	<u>19,455</u>
Racecourse - at cost	17,046,257	17,046,257
Less: Accumulated depreciation	(2,430,440)	(1,915,178)
	<u>14,615,817</u>	<u>15,131,079</u>
Capital work in progress	101,446	90,771
Total property, plant & equipment	<u>26,094,610</u>	<u>27,024,579</u>



**NEWCASTLE JOCKEY CLUB LIMITED**  
**A.C.N. 000 002 513**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**NOTES TO THE FINANCIAL STATEMENTS**

**6 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:

	Land and buildings \$	Plant and equipment \$	Motor vehicles \$	Racecourse \$	Work in progress \$	Total \$
<b>Balance at 1 July</b>	10,347,720	1,435,554	19,455	15,131,079	90,771	27,024,579
Additions	45,191	167,099	28,963	-	10,675	251,928
Depreciation	(356,379)	(302,163)	(8,093)	(515,262)	-	(1,181,897)
<b>Balance at 30 June</b>	<u>10,036,532</u>	<u>1,300,490</u>	<u>40,325</u>	<u>14,615,817</u>	<u>101,446</u>	<u>26,094,610</u>

**NEWCASTLE JOCKEY CLUB LIMITED**  
**A.C.N. 000 002 513**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**NOTES TO THE FINANCIAL STATEMENTS**

	2018 \$	2017 \$
<b>7 INVESTMENT PROPERTY</b>		
Balance at the beginning of the year	4,200,000	3,840,000
Market value adjustments	360,000	360,000
Balance at the end of the year	<u>4,560,000</u>	<u>4,200,000</u>

The company's investment properties were revalued at 30 June 2018 by the independent valuers Player Property Group and Nick Cesta of Skelton Valuers. 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 \$360,000 was recognised in both the 2018 and 2017 financial years, driven primarily by strong growth in the property market for both residential and commercial property.

**8 TRADE AND OTHER PAYABLES**

CURRENT

Trade creditors and accruals	791,271	652,866
Income received in advance	177,592	158,035
Deposits held	149,222	210,075
	<u>1,118,085</u>	<u>1,020,976</u>

**9 INTEREST BEARING LIABILITIES**

CURRENT

NAB draw down facility	-	250,000
Hire purchase liability	2,756	31,471
	<u>2,756</u>	<u>281,471</u>

NON-CURRENT

Hire purchase liability	-	2,756
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The Company has a loan facility in place with National Australia Bank for \$1,300,000 which was undrawn at 30 June 2018 (30 June 2017: \$250,000). Hire purchase liabilities are secured by the underlying financed asset. The Company also has an equipment finance facility in place with National Australia Bank for \$350,000 which was drawn down at 30 June 2018 by \$2,756 (2017: \$34,227).

(a) Hire purchase commitments payable:

Not later than one year	2,777	33,336
Later than one year but not later than five	-	2,777
Minimum hire purchase payments	2,777	36,113
Less: future finance charges	(21)	(1,886)
Total hire purchase liability	<u>2,756</u>	<u>34,227</u>

**NEWCASTLE JOCKEY CLUB LIMITED**  
**A.C.N. 000 002 513**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**NOTES TO THE FINANCIAL STATEMENTS**

	2018	2017
	\$	\$

**9 INTEREST BEARING LIABILITIES**

(b) Minimum operating lease commitments not recognised on the statement of financial position (excl. GST):

Office/IT equipment	40,031	63,955
Point of sale system and equipment	149,631	193,880
	<u>189,662</u>	<u>257,835</u>

**10 PROVISIONS**

**CURRENT**

Provision for annual leave	251,904	267,018
Provision for long service leave	217,751	156,039
	<u>469,655</u>	<u>423,057</u>

**NON-CURRENT**

Provision for long service leave	15,011	14,470
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a) Aggregate employee entitlements liability	<u>484,666</u>	<u>437,527</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.

**11 RESERVES**

(a) Property Revaluation Reserve

The property reserve records revaluations of non-current property, plant and equipment assets.

(b) 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.

**NEWCASTLE JOCKEY CLUB LIMITED**  
**A.C.N. 000 002 513**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**NOTES TO THE FINANCIAL STATEMENTS**

	2018	2017
	\$	\$

**12 AUDITOR'S REMUNERATION**

Remuneration of auditor for auditing the financial report	28,400	27,575
Other services:		
Provision of accounting services	-	72,495
Agreed upon procedures in review year-to-date transactional data	-	7,750
Tax compilation and advisory services	13,640	11,380

**13 CAPITAL COMMITMENTS**

There are no capital commitments at the reporting date.

**14 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	1,854,034	473,361
Trade and other debtors	2,753,739	3,039,761
Financial assets (available for sale)	6,608	6,608
	4,614,381	3,519,730

**Financial Liabilities**

Trade and other payables (excluding income in advance)	940,493	862,941
Interest-bearing liabilities	2,756	284,227
	943,249	1,147,168

**15 CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

**Racecourse Development Project - Contingent Liability**

In the previous 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 certain conditions are triggered under the agreement, for example, if the company ceases to operate as a race club.

The Directors are of the opinion that the conditions required to be triggered are unlikely to occur in the ordinary course of business and accordingly, no liability for repayment has been made in the financial report at 30 June 2018. The maximum contingent liability at 30 June 2018 in respect of this loan, excluding GST, amounts to approximately \$11.2m.

**NEWCASTLE JOCKEY CLUB LIMITED**  
**A.C.N. 000 002 513**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**NOTES TO THE FINANCIAL STATEMENTS**

	2018	2017
	\$	\$

**16 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	503,629	577,675
Superannuation	43,678	54,478
Non-cash benefits	-	24,450
	547,308	656,603

Long term benefits:

Termination payments	-	5,795
	-	5,795

Total compensation

	547,308	662,398
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The decrease in the key management personnel remuneration is primarily due to a number of key management positions being terminated in the current year.

(b) Related Party Transactions

There were no related party transactions during the 2018 financial year (2017: Engineering Services Company (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).

**17 EVENTS AFTER REPORTING DATE**

No matters or circumstances have arisen since 30 June 2018 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 2018**

**DIRECTORS' DECLARATION**

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 16 to 33 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 2018 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

23 August 2018



Paul Leaming  
Chairman of the Finance and Risk Committee

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

**Report on the Audit of the Financial Report**

**Opinion**

We have audited the financial report of Newcastle Jockey Club Limited (the company), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying 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 2018 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

**Information Other than the Financial Report and Auditor's Report Thereon**

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Prosperity Advisers Audit  
Services Pty Limited  
ABN 90 147 151 228



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)**

### **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.

### **Responsibilities of the Directors for the Financial Report**

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Financial Report**

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

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

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

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

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

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

*Prosperity Audit Services*

**PROSPERITY AUDIT SERVICES**



**LUKE MALONE**  
Partner

23 August 2018  
Newcastle



**NEWCASTLE JOCKEY CLUB**

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