



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

NEWCASTLE
RACECOURSE
• EST 1907 •

NEWCASTLE JOCKEY CLUB

Annual Report
2020-2021

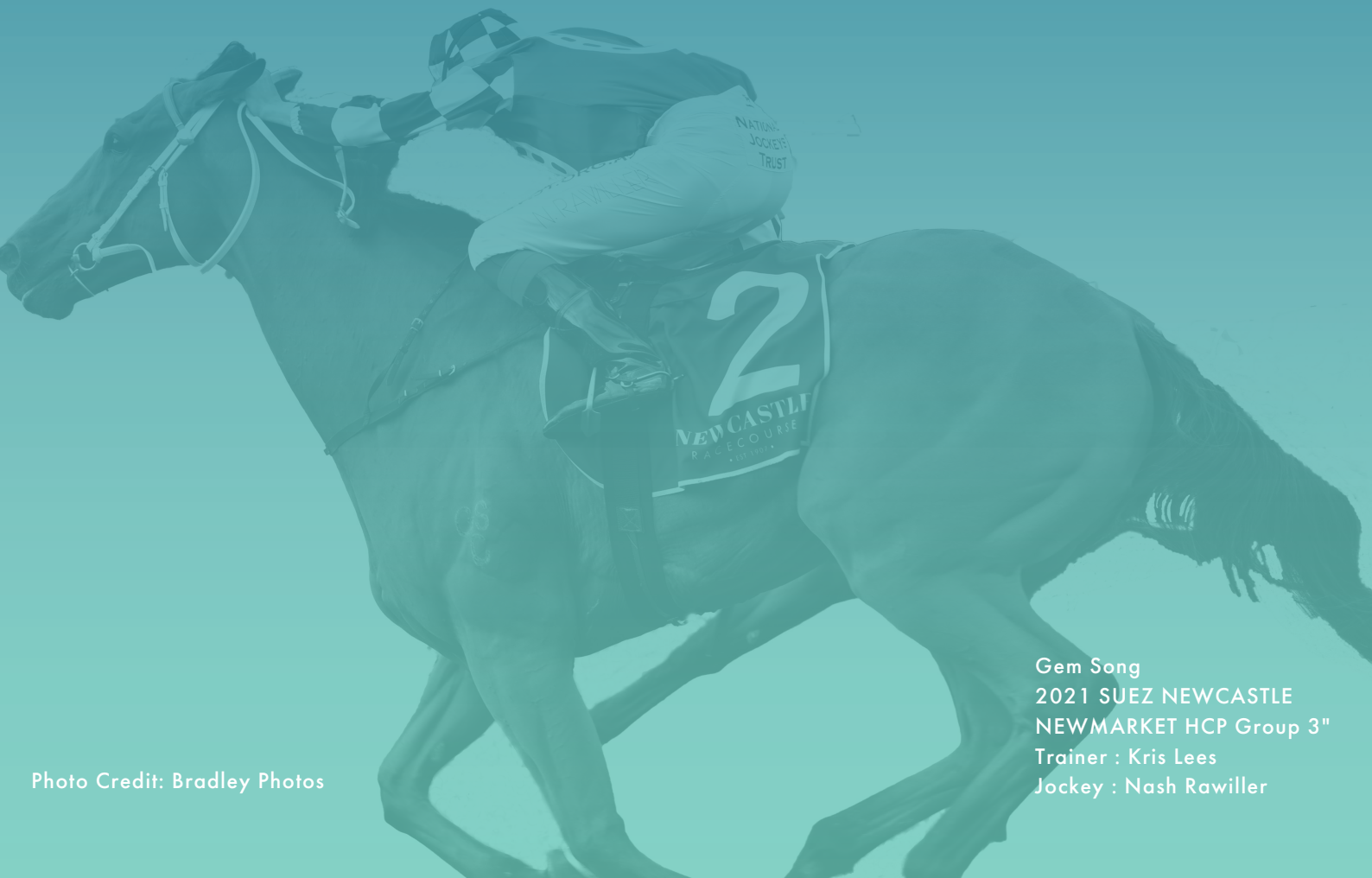


Photo Credit: Bradley Photos

Gem Song
2021 SUEZ NEWCASTLE
NEWMARKET HCP Group 3"
Trainer : Kris Lees
Jockey : Nash Rawiller

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





Photo Credit: Bradley Photos

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CHAIRMAN'S REPORT

Dear NJC Members,

I take much pleasure in reporting the 2020/2021 Annual Report on behalf of my fellow Directors Brian Judd (Vice Chairman), Darren Turner (Finance and Risk Committee Chairman), Richard Sonnichsen (Project Committee Chairman), Robert Dan OAM, Alex Wheeler and Craig Kimmorley.

The support, time and expertise this team has given to the NJC is exceptional.

Again this year, we have seen and felt the curse of the Covid 19 Pandemic and we thank everyone involved in keeping this great race club open. Maybe not quite like pre-Covid times, but open just the same.

The financial figures included in this Annual Report need to be understood in the context of the bottom line of \$3.5m not being the underlying result from our operations.

Firstly, the sale of our Cessnock facility to Racing NSW for what will be a pre-training facility will become a huge benefit for our industry (\$2.4 million contribution to the bottom line).

Secondly, the NJC holds ownership of several properties and these buildings need to be revalued annually. With the surge of house and land prices in the region we have seen a big increase in their individual values (\$0.4 million contribution to the bottom line).

On behalf of the Board of Directors I thank all our members for their continued support of our club and look forward to getting back to big crowds and big race meetings.

CEO Matt Benson has managed the affairs of our club during this year, and as he exits the club at the end of November we thank him for his service and wish him well with all future endeavours that he may undertake. During Matt's time as CEO - almost six years with NJC - he has overseen many new projects including the major constructions of our new race tracks, and more recently the Darling Street tie-up stalls.

Many thanks to all our Owners, Jockeys, Trainers and Strappers who have remained loyal to the club, staying vigilant and keeping to the Covid 19 protocols which has seen NJC able to continue racing and training.

To the management and staff who contribute to keeping the NJC the largest Provincial Club in NSW and an excellent entertainment facility, we thank you.

Geoffrey Barnett



Chairman

AWARD RECIPIENTS FOR THE 2020

NEWCASTLE JOCKEY CLUB RACING AWARDS

CATEGORY	WINNER(S)
HORSE OF THE YEAR	MUGATOO
RISING STAR	DYLAN GIBBONS
LEADING TRAINER	KRIS LEES (NEWCASTLE)
LEADING JOCKEY	CHRISTIAN REITH (NEWCASTLE)
LEADING APPRENTICE	REECE JONES (NEWCASTLE)
STRIKE RATE MEDALS	BRENTON AVDULLA (BILL WADE MEDAL) KIM WAUGH (MAX LEES MEDAL)

FEATURE RACE WINNERS IN 2021

\$160,000 NEW ZEALAND BLOODSTOCK 3YO SPRING STAKES – SATURDAY NOVEMBER 14, 2020

	HORSE	JOCKEY	TRAINER
WINNER	THE ELENORA	TOMMY BERRY	CHRIS WALLER
2ND	HIGH SUPREMACY	NASH RAWILLER	FREEDMAN BROS
3RD	ELLSBERG	ROBBIE DOLAN	RYAN/ALEXIOU

\$1,000,000 TAB THE HUNTER – SATURDAY NOVEMBER 14, 2020

	HORSE	JOCKEY	TRAINER
WINNER	SWEET DEAL	NASH RAWILLER	JOHN THOMPSON
2ND	SPECIAL REWARD	AARON BULLOCK	KRIS LEES
3RD	ASIAGO	KATHY O'HARA	JAMES CUMMINGS

\$160,000 SUEZ NEWCASTLE NEWMARKET HANDICAP – FRIDAY MARCH 5, 2021

	HORSE	JOCKEY	TRAINER
WINNER	GEM SONG	NASH RAWILLER	KRIS LEES
2ND	BOTTEGA	KERRIN MCEVOY	RYAN/ALEXIOU
3RD	CASCADIAN	JAMES MCDONALD	JAMES CUMMINGS

\$250,000 SHARP ELECTRONICS NEWCASTLE GOLD CUP – FRIDAY SEPTEMBER 17, 2021

	HORSE	JOCKEY	TRAINER
WINNER	GREAT HOUSE	JEFF PENZA	CHRIS WALLER
2ND	QUICK THINKER	RORY HUTCHINGS	BAKER/FORSHAM
3RD	NO COMPROMISE	LEE MAGORRIAN	CHRIS WALLER

\$160,000 YARRAMAN PARK TIBBIE STAKES – FRIDAY SEPTEMBER 17, 2021

	HORSE	JOCKEY	TRAINER
WINNER	MADAM LEGEND	JEFF PENZA	LES BRIDGE
2ND	MIRRA VISION	CHRISTIAN REITH	SNOWDEN
3RD	GREAT NEWS	ASHLEY MORGAN	KIM WAUGH

\$160,000 AUSTRALIAN BLOODSTOCK CAMERON HANDICAP – FRIDAY SEPTEMBER 17, 2021

	HORSE	JOCKEY	TRAINER
WINNER	ASHMAN	JEFF PENZA	KIM WAUGH
2ND	SKY LAB	MIKAYLA WEIR	PAUL PERRY
3RD	DUAIS	ALYSHA COLLETT	EDWARD CUMMINGS

With the ongoing realities of the Covid pandemic shifting the Club's operational goal posts on a daily basis, the 2020-21 financial year was hugely challenging. Not only were we continually second-guessing how to land on a scenario that reasonably predicted the best commercial outcome, but our permanent staff group also had to transition to a new-normal when it came to day-to-day priorities, moving targets and changing protocols.

I think the numbers in this report reflect the incredible job that the NJC staff team have done in achieving a very positive result for the club in such testing circumstances - and rising to the numerous challenges presented by the pandemic. I would like to take this opportunity to sincerely thank them all for coming together and showing their true colours during these trying times. "When the going gets tough" - as they say!

The racing industry throughout Australia has done an amazing job to keep racing. Notwithstanding the rolling lockdowns around the country, all of our participants should be congratulated on their efforts to keep the game going - so the owners could keep racing their horses and the punters could keep having a flutter.

Whilst it is never the same conducting a meeting 'behind closed doors' - especially during our usually hectic Spring Carnival, our racing has remained highly competitive and well supported both on and off the track. Our Carnival still threw up some memorable performances - and none more so than Jeff Penza's superb effort to ride the winners of all three Group 3 races on our Sharp Office Newcastle Cup Day.

In penning my sixth and final CEO's report, I have pondered some of our key achievements and innovations since starting in the role. In my first public address to the Beauford Club lunch prior to the running of the Newcastle Newmarket in March 2016, I spoke of the need for local racing to stand tall and aim high - to not accept anything less than being the northern centre for training and racing in the state. The club should (at that stage) not be pursuing the construction of 80 or 100 stables - but should be bold - and look to establish 400-500 in a state-of-the-art facility.

Almost immediately stepping up to that challenge, Director Richard Sonnichsen brought his skill and passion to the table, and with some very capable contributors in EJE Architecture and, later, Avid Project Management - we are now at Development Application (DA) stage for this 'State significant' project - which has also seen Richard bring his vision of a two-storey stable complex to likely fruition. I can only hope that this incredible opportunity for our local racing industry, and indeed the community in general, becomes a reality in the near future.

That will open the door for the club to continue down its path of 'master-planning' - and look to sure up future development concepts at the Beaumont Street end of the precinct, that have the potential to combine outstanding community outcomes with a guaranteed income stream for the club well into the future.

A preliminary piece of the puzzle that had to be fixed was the sale of Cessnock Racecourse in 2019.

Whilst nostalgists may lament its 'passing,' the reality was that it lacked local community support, and the NJC would have needed to spend an inordinate amount of money getting the facility up to an acceptable standard if we chose to stay. The cost-benefit analysis could never stack up! The outcome will be a win-win, with a new, Government funded, \$11m pre-training centre at Cessnock now in the offing, and the sale funds to be directed by the NJC to achieving its stabling vision at Broadmeadow.

The club has also taken some quantum leaps in improving our hospitality product. The quality of food and beverages, together with some of the event and bar venues, are now far superior. We still have many challenges with our facilities given such old bones and limited funds. But we intend to complete a significant upgrade and expansion of the Member's Lounge late in 2021. Hopefully, that will be followed up in the new year with a re-design of the mounting yard and the construction of a beer/champagne garden out the front, a concept that I have been passionate about for a few years

The recent launch of the new \$3.5m day stalls, paid for entirely by the club, was also a significant milestone for the NJC and frees up the space for the construction of our new stables down the Chatham Street end of the precinct. It also provides for a far better experience for patrons as they see our magnificent equine athletes stride past them before and after every race.

One of the key 'intangible' differences I have gauged is a new narrative about the NJC's position in the scheme of all things 'racing' in NSW in the last few years. Following the construction and launch of the new StrathAyr© course proper in 2017 – and its subsequent acknowledgement as one of the best, if not the best, racing surface in the country – the NJC must make every effort to secure top-tier status in the view of the wider racing industry in NSW.

One hopes that the launch of The Hunter raceday reflects an acknowledgment of the pivotal importance of Newcastle. The fact that the day is now a runaway success franks the bona fides of our club to deliver a premium 'standalone' product to both participants and patrons. In an action-packed Spring of racing, our big day has made an immediate and hugely positive impact on both social and racing calendars throughout the Hunter Region and will continue to grow in stature, quality and credibility.

As those close to me will attest, I have been especially passionate about the need for the Club to engage with Hunter Water and the Newcastle City Council to establish a water storage and distribution facility in the centre of the racecourse. Having brought this to the attention of the key stakeholders in March 2017, we are still working through various scenarios – but the signs are positive that this too will be a reality in the near future – thus securing future water supplies, reducing (potentially eliminating) water rates – and minimizing the use of potable water on some key recreational areas around town. Again, a win-win.

It would be remiss of me not to mention the incredible support of our major sponsors and strategic partners. Sharp Office have recently signed a long-term extension of their agreement, as has our traditional 'beer-backer' in Lion Nathan. Hungerford Hill have been an outstanding provider of exceptional local wines. New Zealand Bloodstock are looking to bigger and better things at the club, and our industry partners in Australian Bloodstock and Yarraman Park continue to get behind the NJC at every step of our racing journey. We are blessed with a brilliant cohort of corporate backers.

CEO REPORT

Our week-to-week raceday sponsors and signage patrons are also very important.

I would also like to think that the general look and feel of the place has markedly improved. The hedges, trees, gardens, Luskin Star statue and abundant signage (which is also a nice little earner for the club) – give a more polished and professional feel. But there is much more to do on our 120-acre plot. Hopefully a new water facility could also combine my original suggestion of an adjacent wetland – "which could have a parallel role as a haven for local fauna – and an educational tool for local" school kids. More community engagement.

I believe the best outcome that a CEO can strive for is to leave the organization in good shape – with a sustainable and exciting future, healthy finances and balance sheet, succession plan in place and a clear direction for the ensuing 3-5 years. I would like to think that is the case.

My special thanks to Jane Wood who has been an incredible support to me during my time at the club. A cool and calm operator who has been a mentor and friend to so many staff members over the journey. A real gem. To Glynn Haslam, who has been a pivotal force in the re-shaping of our hospitality and events department into a profitable and efficient operation, thank you for your loyalty and work ethic.

To both Duane Dowell and Chris Nation – I have thoroughly enjoyed our brief time together but know that the club is in capable hands. To the whole staff team – a big thanks.

Thanks also to Geoff Barnett and the Directors for your support – and giving me the opportunity to come to the club and take up the challenge. As you can see in this report, there is a lot more to do – but I hope my time at the NJC be remembered as a period of many positive changes and history will judge it as pivotal in changing the direction and trajectory of the club.

Matt Benson



CEO

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

NEWCASTLE JOCKEY CLUB LIMITED

ACN 000 002 513

Newcastle Jockey Club Limited

A.C.N. 000 002 513

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Newcastle Jockey Club Limited

A.C.N. 000 002 513

Directors' Report

30 June 2021

The directors present their report on Newcastle Jockey Club Limited for the financial year ended 30 June 2021.

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Geoffrey Barnett	Chairman
Experience	Elected to NJC Board in October 1999 Appointed Chairman of NJC in November 2011 Member of the Finance and Risk Committee Managing Director and CEO of Minco Tech Australia Pty Limited
Brian Judd	Vice Chairman
Experience	Appointed to NJC Board in 2016 Elected to NJC Board in 2018 Chairman of the Racing Sub Committee Member of the Projects Sub Committee Member of the Finance and Risk Committee Former CEO of Racing NSW Country, Newcastle Jockey Club and other sporting organisations
Darren Turner	
Qualifications	B. Com FCAANZ MAICD
Experience	Chairman of the Finance and Risk Committee Retired Partner of PWC Appointed to NJC Board in November 2019
Robert Dan	
Qualifications	B.A, Dip. Teach, OAM
Experience	Elected to NJC Board in May 2012 Member of the Racing Sub Committee
Richard Sonnichsen	
Experience	Appointed to NJC Board in March 2013 Chairman of the Projects Sub Committee Building and Property Manager of Godolphin
Alexander Wheeler	
Qualifications	B.A, LLB
Experience	Appointed to NJC Board in November 2018 Principal Lawyer, Hickey Wheeler and Co. Member of the Projects Sub Committee Member of Finance and Risk Committee
Craig Kimmorley	
Qualifications	M.B.A., University of Newcastle
Experience	Elected to the NJC Board in November 2018 Business Development Manager, Ampol Australia Petroleum Pty Ltd

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. The Company Secretary is Mr Matthew Benson. Mr Benson was appointed to this position on 12 July 2016.

Newcastle Jockey Club Limited

A.C.N. 000 002 513

Directors' Report

30 June 2021

Principal activities

The principal activities of Newcastle Jockey Club Limited during the financial year were:

- the carrying on of the business of a race club at all of its branches; and
- the provision of a racecourse or racecourses at Newcastle (Broadmeadow)

The following significant changes in the nature of the principal activities occurred during the financial year:

- During the year the company sold their Cessnock racecourse to Racing NSW for \$3.5 million.

Review and results of operations

The Newcastle Jockey Club has recorded a profit of \$3,292,427 for 2020/21 compared to a loss of \$259,909 for 2019/20. After accounting for Other Comprehensive Income, the Club recorded Total Comprehensive income attributable to members of \$3,555,402 compared to Total Comprehensive income \$3,067 for the previous year.

During 2020/21 and 2019/20, 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 revaluation increment for the Club's existing investment properties in the amount of \$405,000 for 2020/21 and \$50,000 revaluation decrement for 2019/20.
- The Cessnock racecourse was sold during FY21 for \$3.5 million, resulting in a gain on sale of \$2,418,323.

The Directors therefore consider Total Comprehensive Income before Investment Property Revaluations and the sale of Cessnock to be an appropriate measure of the Club's underlying performance. The Club recorded Total Comprehensive Income before property revaluation, transfers to/from reserves and the sale of assets for 2020/21 of \$732,079 compared to \$46,933 in 2019/20.

Short term objectives

The Company's short term objectives are to 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

The Company's long term objectives are to create a superior, multi-purpose venue that maintains a leadership position for provincial Thoroughbred racing and non-racing events. Maintain a sustainable business model underpinned by qualified vision, sound financial management, industry collaboration and diligent corporate governance.

Strategies

The principal activities assisted the Company in achieving its objectives by:

- 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 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.

Directors' Report

30 June 2021

Performance measures 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	2021	2020	2019
Total revenue change (year on year)	-4.4%	2.6%	6.1%
Total expense change (year on year) (excl. COGS)	-8.4%	7.6%	10.2%
Working Capital Ratio	4.3:1	2.7:1	3.6:1
Debt to Equity Ratio	0.06:1	0.04:1	0.05:1
Total income derived from Racecourse operations	72%	75%	77%
Food and beverage cost of goods to F&B revenue	33%	34%	33%
Gross profit margin: Bar, Broadmeadow	69%	65%	72%
Gross profit margin: Catering, Broadmeadow	68%	70%	68%

Net Cash provided by Operating Activities was \$994k in 2020/21 compared to Net Cash provided by Operating Activities of \$244k in 2019/20.

Members' guarantee

Newcastle Jockey Club Limited is a Company limited by guarantee. In the event of, and for the purpose of winding up of the Company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$ 2 for members.

Membership Category	Number	Maximum Liability
Full Member	799	\$1,598
Honorary Member	92	\$184
Life Member	4	\$8
Total	895	\$1,790

At 30 June 2021 the collective liability of members was \$ 1,790 (2020: \$ 2,076).

Significant changes in state of affairs

On 11 March 2020, the World Health Organization declared a pandemic due to the spread of coronavirus (SARS-CoV-19) across the world. Due to the spread of the coronavirus, global and local economies have been significantly affected, for example due to restrictions in production, trade and consumption or due to travel bans and social distancing requirements.

Due to these effects, the Company was closed to the public or open at a reduced capacity during and subsequent to year end to help control and reduce the spread of virus and accordingly, the Company's operations have been impacted as a result. Some racing activities continued to operate under strict COVID-safe arrangements.

As of the date of this financial report, the Board is unable to determine the future impact of the pandemic on the Company and the financial report. However, the Company has applied for government relief where available through the JobKeeper support program. The Board and management continue to assess the situation on an ongoing basis.

Directors' Report

30 June 2021

Significant changes in state of affairs

The Board is confident that the Company will be successful in navigating the challenges of the pandemic and accordingly, the Board have prepared the financial report on a going concern basis.

The Cessnock Racecourse was sold on the 25 August 2020 as disclosed in the 2019/20 financial statements. There have been no other significant changes in the state of affairs of the Company during the year.

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.

Meetings of directors

During the financial year, 12 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

Directors' Meetings		
	Number eligible to attend	Number attended
Geoffrey Barnett	12	11
Brian Judd	12	12
Darren Turner	12	12
Robert Dan	12	12
Richard Sonnichsen	12	12
Alexander Wheeler	12	11
Craig Kimmorley	12	12

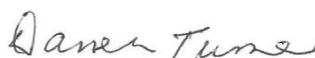
Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2021 has been received and can be found on page 5 of the financial report.

Signed in accordance with a resolution of the Board of Directors:



Geoffrey Barnett



Darren Turner

Dated 29 October 2021

Newcastle Jockey Club Limited

A.C.N. 000 002 513

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 2021, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Prosperity Audit Services

PROSPERITY AUDIT SERVICES



ALEX HARDY
Director

Newcastle
29 October 2021

Sydney

Level 11
309 Kent Street
Sydney NSW 2000
PO Box 20726
World Square NSW 2002
T 02 8262 8700

Newcastle

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

Brisbane

Level 22
333 Ann Street
Brisbane QLD 4000
GPO Box 2246
Brisbane QLD 4001
T 07 3839 1755

W prosperityadvisers.com.au **E** mail@prosperityadvisers.com.au

Prosperity Advisers Audit Services Pty Ltd ABN 90 147 151 228
Chartered Accountants - Liability limited by a Scheme approved under the Professional Standards Legislation

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
Revenue	4	21,900,912	22,909,058
Other income	4	1,813,864	1,706,577
Cost of sales		(806,628)	(1,075,007)
Expenses			
Advertising		(111,288)	(94,236)
Administration		(489,997)	(402,477)
Amortisation		(34,502)	(40,007)
Cleaning		(490,461)	(420,515)
Consumables		(31,623)	(42,499)
Depreciation and amortisation		(1,281,507)	(1,361,461)
Equipment Hire		(93,020)	(153,461)
Insurance		(372,154)	(416,354)
Motor Vehicle		(46,312)	(60,233)
Promotion		(134,115)	(227,640)
Racebook costs		(81,154)	(67,197)
Raceday expenses		(13,915,551)	(14,655,792)
Rates		(85,575)	(220,860)
Rental		(3,422)	(3,824)
Repairs and maintenance		(542,159)	(390,259)
Employment expenses		(4,249,097)	(4,645,986)
Security expenses		(180,789)	(192,536)
Staff expenses		(36,153)	(48,380)
Utilities		(260,165)	(313,171)
Subtotal of expenses		(22,439,044)	(23,756,888)
Income tax expense	2(b)	-	-
Valuation increment/(decrement) of investment properties		405,000	(50,000)
Profit/(loss) on sale of property, plant and equipment		2,418,323	6,353
Profit/(loss) for the year		3,292,427	(259,909)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Transfer from Racecourse Redevelopment Reserve		262,974	262,974
Total Comprehensive Income/(Loss) attributable to members		3,555,402	3,067

The accompanying notes form part of these financial statements.

Newcastle Jockey Club Limited

A.C.N. 000 002 513

Statement of Financial Position

As At 30 June 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	2,949,219	1,857,570
Trade and other receivables	6	3,335,138	3,234,953
Inventories	7	168,270	106,050
Other assets		24,268	40,305
Non-current assets held for sale		-	1,064,012
TOTAL CURRENT ASSETS		6,476,895	6,302,890
NON-CURRENT ASSETS			
Trade and other receivables	6	36,298	54,427
Property, plant and equipment	8	27,645,372	24,010,726
Investment property	9	6,335,000	5,930,000
Right of use assets (ROU)	10	66,332	100,834
Other financial assets		6,605	6,605
TOTAL NON-CURRENT ASSETS		34,089,607	30,102,592
TOTAL ASSETS		40,566,502	36,405,482
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	1,215,222	1,032,338
Lease liabilities	12	70,312	79,102
Employee benefits	13	426,847	442,301
TOTAL CURRENT LIABILITIES		1,712,381	1,553,741
NON-CURRENT LIABILITIES			
Lease liabilities	12	764,690	79,119
Employee benefits	13	47,509	23,127
TOTAL NON-CURRENT LIABILITIES		812,199	102,246
TOTAL LIABILITIES		2,524,580	1,655,987
NET ASSETS		38,041,922	34,749,495
EQUITY			
Reserves	14	12,825,297	13,088,271
Retained earnings		25,216,625	21,661,224
TOTAL EQUITY		38,041,922	34,749,495

The accompanying notes form part of these financial statements.

Newcastle Jockey Club Limited

A.C.N. 000 002 513

Statement of Changes in Equity

For the Year Ended 30 June 2021

	Retained Earnings	Property Revaluation Reserve	Racecourse Redevelopment Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2020	21,661,225	3,006,027	10,082,243	34,749,495
Profit/ (Loss) for the year	3,292,427	-	-	3,292,427
Other Comprehensive Income	262,974	-	(262,974)	-
Balance at 30 June 2021	25,216,626	3,006,027	9,819,269	38,041,922

	Retained Earnings	Property Revaluation Reserve	Racecourse Redevelopment Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2019	21,658,158	3,006,027	10,345,217	35,009,402
Profit/ (Loss) for the year	(259,907)	-	-	(259,907)
Other Comprehensive Income	262,974	-	(262,974)	-
Balance at 30 June 2020	21,661,225	3,006,027	10,082,243	34,749,495

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		24,495,299	25,635,280
Payments to suppliers and employees		(23,513,459)	(25,413,865)
Interest received		6,332	30,269
Finance costs		5,985	(7,724)
Net cash provided by/(used in) operating activities		994,157	243,960
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		3,482,335	6,353
Purchase of property, plant and equipment		(4,909,156)	(831,749)
Cash receipts from investment property		847,532	679,808
Net cash provided by/(used in) investing activities		(579,289)	(145,588)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of lease liabilities		(73,219)	(67,640)
Proceeds from loan		750,000	-
Net cash provided by/(used in) financing activities		676,781	(67,640)
Net increase/(decrease) in cash and cash equivalents held		1,091,649	30,732
Cash and cash equivalents at beginning of year		1,857,570	1,826,838
Cash and cash equivalents at end of financial year	5	2,949,219	1,857,570

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2021

The financial report covers Newcastle Jockey Club Limited as an individual entity. Newcastle Jockey Club Limited is a Company, incorporated and domiciled in Australia.

The functional and presentation currency of Newcastle Jockey Club Limited is Australian dollars.

1 Basis of Preparation

The financial report was authorised for issue by the Directors on the date that the Directors' Declaration was signed.

Newcastle Jockey Club Limited applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053 : *Application of Tiers of Australian Accounting Standards*.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The entity is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

The Company has applied AASB 15: Revenue from Contracts with Customers and AASB 1058: Income of Not-for-Profit Entities.

Sale of goods

Sales revenue comprises bar and catering revenue. Sales revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Grant revenue

When the Company receives operating grant revenue, it assesses whether the contracts is enforceable and has sufficiently specific performance obligations in accordance to AASB 15.

When both these conditions are satisfied, the Company:

- identifies each performance obligation relating to the grant;
- recognises a contract liability for its obligations under the agreement; and
- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Company:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (e.g. AASB 9, AASB 16, AASB 116 and AASB 138);
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Grant revenue

If a contract liability is recognised as a related amount above, the Company recognises income in profit or loss when or as it satisfies its obligations under the contract.

Rendering of service

Revenue in relation to rendering of services is recognised upon the delivery of the services. 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 based on the performance obligation of holding the race meeting.

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 based on the performance obligation of holding the race meeting.

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.

Gain on disposal of non-current assets

When a non-current asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to profit or loss.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Gain on disposal of non-current 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.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

All revenue is stated net of the amount of goods and services tax.

(b) Income Tax

The Company is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(c) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and cash at bank.

(d) Leases

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(d) Leases

in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(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 and net realisable value. Components of cost include the purchase price and, where applicable, any charges in the delivery of inventories.

Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at the date of acquisition, which is the deemed cost.

(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 impairment.

Freehold Property

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

Plant and equipment

Plant and equipment are measured using the cost model. 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

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(g) Property, plant and equipment

Plant and equipment

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

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Land and Buildings	2%
Plant and Equipment	2% to 4%
Motor Vehicles	15% to 25%
Racecourse Improvements	2% to 20%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(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.

(i) Impairment of assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(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 Company becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or the sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense to profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Financial assets

Financial assets are subsequently measured at amortised cost as all financial assets are managed solely to collect contractual cash flows and the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(j) Financial instruments

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position. On derecognition of a financial asset or liability measured at amortised cost, the difference between the carrying amount and the sum of the consideration received/paid and receivable/payable is recognised in profit or loss.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires).

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

Impairment

The Company recognises a loss allowance for expected credit losses. Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

Recognition of expected credit losses in financial statements

At each reporting date, the Company recognises the movement in the loss allowance as an impairment gain or loss in the statement of comprehensive income. The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

(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) Employee benefits

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 benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period 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 satisfy vesting requirements. Changes in the measurement of the liability are recognised in profit or loss.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(m) Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(n) Comparative Figures

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. Certain comparative amounts have been reclassified to conform with the current year's presentation. Notably, certain comparative information on the statement of cashflows has been adjusted as follows:

	Previous balance	Restated balance
	\$	\$
Receipts from customers	33,671,335	25,635,280
Payments to suppliers and employees	(33,449,920)	(25,413,865)
	<u>221,415</u>	<u>221,415</u>

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - Impairment of Assets

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions. The directors have assessed that no impairment of assets exist at 30 June 2021.

Key Estimates - Valuation of Investment Properties

The investment properties were independently valued at 30 June 2021 by Skelton Valuers. The valuation was based on the fair value less costs of disposal. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties. The valuation resulted in a revaluation increment of \$405,000 being recognised for the year ended 30 June 2021.

Notes to the Financial Statements

For the Year Ended 30 June 2021

3 Critical Accounting Estimates and Judgments

Key judgments - Performance Obligations

To identify a performance obligation under AASB 15 Revenue from Contracts with Customers, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgments to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/type, cost value, quantity and the period of transfer related to the goods or services promised.

Key judgements - Lease Terms

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised is a key management judgement that the entity will make. The entity determines the likelihood to exercise the options on a lease-by-lease basis looking at various factors such as which assets are strategic and which are key to future strategy of the entity.

4 Revenue and Other Income

Revenue

	2021	2020
	\$	\$
- Racing	18,975,800	19,100,871
- Race day bar and catering	2,410,720	3,168,399
- General and administration	82,157	43,898
- Advertising and promotion	188,667	246,402
- Track	209,886	297,478
- Non race day events	33,682	52,010
	21,900,912	22,909,058

Other Income

- Cashflow boost income	-	50,000
- Investment property income	847,532	697,808
- Interest and investment distributions received	6,332	30,269
- JobKeeper income	960,000	928,500
	1,813,864	1,706,577

5 Cash and Cash Equivalents

Cash on hand	73,100	1,976
Bank balances	2,876,119	1,855,594
	2,949,219	1,857,570

Notes to the Financial Statements

For the Year Ended 30 June 2021

6 Trade and Other Receivables

	2021	2020
	\$	\$
CURRENT		
Trade receivables	525,113	388,525
Provision for doubtful debts	(4,279)	(8,055)
	520,834	380,470
NSW TRB debtor	2,799,268	2,423,862
NSW CRC debtor	(6,515)	66,659
Other debtors	3,423	3,423
Loans receivable	18,128	17,039
JobKeeper receivable	-	343,500
	3,335,138	3,234,953
NON-CURRENT		
Loans receivable	36,298	54,427
	36,298	54,427

The Company does not have any significant debts considered "past due". Amount 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.

7 Inventories

CURRENT		
Bar stock - at cost	145,295	92,652
Catering stock- at cost	22,975	13,398
	168,270	106,050

8 Property, plant and equipment

Land and buildings		
At cost	10,879,178	10,569,199
Accumulated depreciation	(2,359,317)	(2,006,432)
Total land and buildings	8,519,861	8,562,767
Capital works in progress		
At cost	4,344,807	300,327
Total capital works in progress	4,344,807	300,327
Plant and equipment		
At cost	4,432,934	3,900,829
Accumulated depreciation	(2,766,326)	(2,346,658)
Total plant and equipment	1,666,608	1,554,171

Notes to the Financial Statements

For the Year Ended 30 June 2021

8 Property, plant and equipment

	2021 \$	2020 \$
Motor vehicles		
At cost	111,287	111,908
Accumulated depreciation	(68,990)	(56,999)
Total motor vehicles	42,297	54,909
Racecourse		
At cost	16,264,960	16,246,698
Accumulated depreciation	(3,193,161)	(2,708,146)
Total Racecourse	13,071,799	13,538,552
Total property, plant and equipment	27,645,372	24,010,726

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Works in Progress \$	Land and Buildings \$	Plant and Equipment \$	Motor Vehicles \$	Racecourse \$	Total \$
Balance at the beginning of year	300,327	8,562,767	1,554,171	54,909	13,538,552	24,010,726
Additions	4,044,480	309,979	536,437	-	18,263	4,909,159
Disposals	-	-	(4,331)	-	-	(4,331)
Depreciation	-	(352,885)	(419,669)	(12,612)	(485,016)	(1,270,182)
Balance at the end of the year	4,344,807	8,519,861	1,666,608	42,297	13,071,799	27,645,372

9 Investment Properties

Balance at the beginning of the year	5,930,000	5,980,000
Market value adjustment	405,000	(50,000)
Balance at end of the period	6,335,000	5,930,000

The Company's investment properties were revalued at 30 June 2021 by the independent 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 increase of \$405,000 was recognised in current year. The market is being positively impacted by record low interest rates, government stimulus and supply shortages.

Notes to the Financial Statements

For the Year Ended 30 June 2021

10 Right-of-use assets

The Company has two leases over plant and equipment assets. Information relating to the leases in place and associated balances and transactions are provided below.

The two leases for leased equipment are for lease terms of 4 and 5 years respectively, with lease payments fixed during the lease term. The service related component of the lease payments has been estimated and excluded from the balances presented below.

	2021	2020
	\$	\$
Right of use assets (ROU)	214,823	214,823
Accumulated amortisation	(148,491)	(113,989)
	66,332	100,834

11 Trade and Other Payables

CURRENT

Trade payables and accruals	843,479	927,092
Deposits held	38,652	38,337
Income received in advance	333,091	66,909
	1,215,222	1,032,338

The company enters into contracts with its customers that include invoicing in advance of performance obligations being satisfied. The excess of any differences in amounts invoiced and amounts recognised as revenue is recognised as income in advance, which is recognised as revenue upon satisfaction of the performance obligation, generally when the function and/or raceday is held.

12 Lease Liabilities

CURRENT

Hire purchase lease	23,356	30,971
Lease liability	46,956	48,131
	70,312	79,102

NON-CURRENT

Hire purchase lease	-	23,356
Lease liability	14,690	55,763
Bank loans	750,000	-
Equipment lease	764,690	79,119

The hire purchase liabilities were vendor financed race course equipment which attract an interest rate of 0.9% p.a. and repayment period of 3 years. The corresponding assets are recognised in property, plant and equipment.

The bank loan is secured against the Company's real property and incurred an interest rate of 2.54% for the year. The facility expiry date is 31 October 2023. The facility limit is \$1,500,000 of which \$750,000 remained undrawn at the reporting date.

Notes to the Financial Statements

For the Year Ended 30 June 2021

13 Employee Benefits

	2021	2020
	\$	\$
CURRENT		
Provisions for long service leave	218,626	211,230
Provision for annual leave	208,221	231,071
	426,847	442,301
NON-CURRENT		
Provisions for long service leave	47,509	23,127
	47,509	23,127

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.

14 Reserves

(a) Property Revaluation Reserve

The property reserve records revaluations of non-current property, plant and equipment assets that have been transferred to investment property.

(b) Racecourse Redevelopment Reserve

The racecourse redevelopment reserve records the amount received from Racing NSW for the racecourse redevelopment project. This amount is reduced by the depreciation charge for applicable capital assets purchased with the funding each year.

Notes to the Financial Statements

For the Year Ended 30 June 2021

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:

	2021 \$	2020 \$
Financial assets		
Cash and cash equivalents	2,949,219	1,857,570
Trade and other receivables (Current)	3,335,138	2,683,416
Trade and other receivables (Non-current)	36,298	54,427
Financial assets	6,605	6,605
Total financial assets	6,327,260	4,602,018
Financial liabilities		
Deposits held	38,652	38,337
Hire purchase lease (Current)	23,356	30,971
Hire purchase lease (Non-current)	-	23,356
Trade payables and accruals	843,479	927,092
Total financial liabilities	905,487	1,019,756

16 Related Parties

There were no related party transactions during the 2021 financial year (2020: nil).

17 Key Management Personnel Remuneration

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. The totals of remuneration paid to the key management personnel of Newcastle Jockey Club Limited during the year are as follows:

Short-term employee benefits		
Salaries, wages and allowances	525,591	502,065
Superannuation	47,470	45,529
	573,061	547,594

18 Auditors' Remuneration

Remuneration of the auditor for:

- Auditing the financial statements	30,450	29,850
Other services:		
- Tax compilation and advisory services	32,917	3,889
	63,367	33,739

19 Capital Commitments

There are no capital commitments at the reporting date.

Notes to the Financial Statements

For the Year Ended 30 June 2021

20 Contingent Assets and Contingent Liabilities

Racecourse Development Project

In previous years, 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 2021. The maximum contingent liability at 30 June 2021 in respect of this loan, excluding GST, amounts to approximately \$11.2m.

There were no other contingencies at 30 June 2021.

21 Events after the end of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

22 Coronavirus Pandemic

On 11 March 2020, the World Health Organization declared a pandemic due to the spread of coronavirus (SARS-CoV-19) across the world. Due to the spread of the coronavirus, global and local economies have been significantly affected, for example due to restrictions in production, trade and consumption or due to travel bans and social distancing requirements.

Due to these effects, the Company was closed to the public or open at a reduced capacity during and subsequent to year end to help control and reduce the spread of virus and accordingly, the Company's operations have been impacted as a result. Some racing activities continued to operate under strict COVID-safe arrangements.

As of the date of this financial report, the Board is unable to determine the future impact of the pandemic on the Company and the financial report. However, the Company has applied for government relief where available through the JobKeeper support program. The Board and management continue to assess the situation on an ongoing basis.

The Board is confident that the Company will be successful in navigating the challenges of the pandemic and accordingly, the Board have prepared the financial report on a going concern basis.

Directors' Declaration

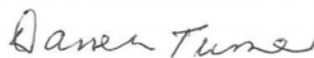
The directors of the Company declare that:

- 1. The financial statements and notes, as set out on pages 6 to 24, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 30 June 2021 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.



Director
Geoffrey Barnett



Director
Darren Turner

Dated 29 October 2021

Independent Audit Report to the members of Newcastle Jockey Club Limited

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of Newcastle Jockey Club Limited (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company 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 2021 and of its financial performance for the year 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 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.

Other Information

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 2021, 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.

Sydney

Level 11
309 Kent Street
Sydney NSW 2000
PO Box 20726
World Square NSW 2002
T 02 8262 8700

Newcastle

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

Brisbane

Level 22
333 Ann Street
Brisbane QLD 4000
GPO Box 2246
Brisbane QLD 4001
T 07 3839 1755

W prosperityadvisers.com.au E mail@prosperityadvisers.com.au

Prosperity Advisers Audit Services Pty Ltd ABN 90 147 151 228
Chartered Accountants - Liability limited by a Scheme approved under the Professional Standards Legislation

Independent Audit Report to the members of Newcastle Jockey Club Limited

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 on the other information obtained prior to the date of this auditor's report, 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.

Responsibilities of Management and Those Charged with Governance

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 management.

Independent Audit Report to the members of Newcastle Jockey Club Limited

- Conclude on the appropriateness of the management's 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 reporter, 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 management 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



ALEX HARDY

Director

Newcastle
29 October 2021



NEWCASTLE JOCKEY CLUB

DARLING STREET, BROADMEADOW

PO BOX 30, BROADMEADOW NSW 2292

(02) 4961 1573 | NEWCASTLERACECOURSE.COM.AU