



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

NEWCASTLE
RACECOURSE
• EST 1907 •

NEWCASTLE JOCKEY CLUB

Annual Report
2021-2022

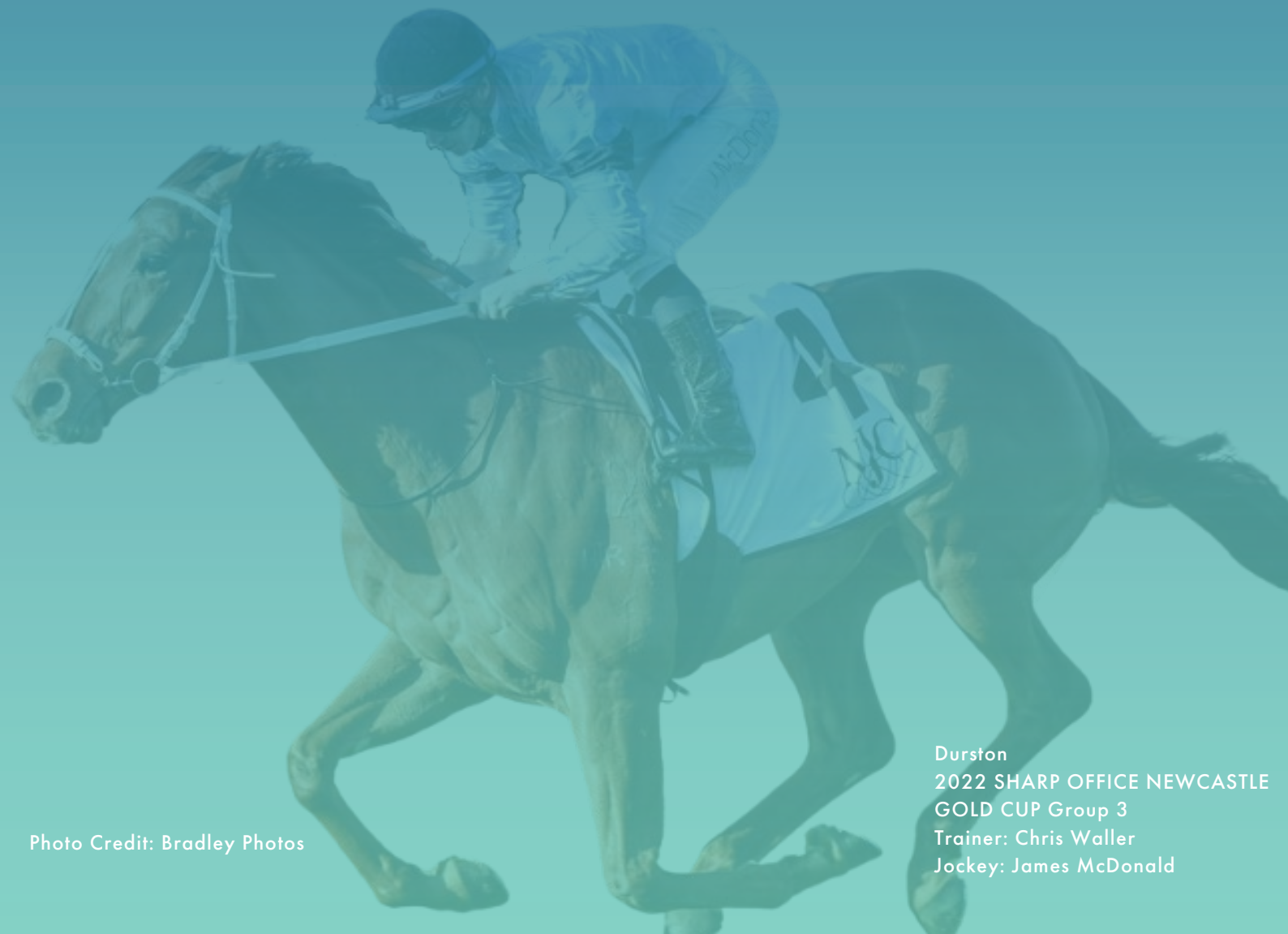


Photo Credit: Bradley Photos

Durston
2022 SHARP OFFICE NEWCASTLE
GOLD CUP Group 3
Trainer: Chris Waller
Jockey: James McDonald

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

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CHAIRMAN'S REPORT

Dear NJC Members,

On behalf of the NJC Board I thank you for your continued support, particularly during these interrupted racing periods due to the Covid 19 pandemic and the severe weather patterns that we experienced through the year. This is the toughest racing year that I have experienced in my years on the Board.

You will see on the financials that, considering all the issues, we have still managed to keep our finances in check. This result is a credit to all involved and a special thanks to CEO Duane Dowell for his leadership and commitment to the success of our Club.

We congratulate Matt Benson (past CEO) for the achievements that he managed over the 6 years of his tenure. While the timing for Duane to take the reins from Matt was key to the continuation of the works and projects underway, Duane had been in our employ for several months as Racing Operations Manager prior to Matt's departure.

Congratulations to the NJC Board members for their time and expertise, Brian Judd - Vice Chairman and Racing Sub Committee Chairman, Darren Turner - Finance and Risk Committee Chairman, David Irwin-Projects Sub Committee Chairman and Rob Dan OAM, Alex Wheeler and Craig Kimmorley. This Board makes it easy for me to be Chairman due the knowledge and experience these people bring to the Boardroom table.

Richard Sonnichsen recently stepped down from the Board. Please be assured that Richard's input into the majority of on-site projects has been second to none. We thank you Richard for the time and wisdom during the 8 years you gave the club chairing our Projects Sub Committee.

From the new Course Proper, Pro-Ride and Beaumont tracks to the most recent tie-up stalls construction, Richard played an important role helping to design and oversee these major works. At the same time there were many other projects that saw Richard take the lead, again thanks to Richard for his input.

My thanks goes to all the NJC Staff. We have a great team of permanent and casual staff that maintain our club standards at a high level. Thank you also to our team leaders Jane Wood, Chris Nation, and Glynn Haslam for their ongoing commitment to the NJC and their continued supervision of our race day operations.

To all the trainers, owners, jockeys, trackwork riders, strappers and stable hands 'thank you' for your continued support of the NJC, we trust you had successes during the year.

The aim of the NJC Directors, management and staff is to continually improve the race day experience at Newcastle Racecourse. This can only be done when and if funds are available. We are aware of several areas within the facility that needs attention and these issues are logged and placed on a priority list, we will get to them all in time.

Thank you again Members for your continued support and I look forward to seeing you at the AGM and more importantly at Newcastle Racecourse.



Geoffrey Barnett, Chairman

AWARD RECIPIENTS FOR THE 2021

NEWCASTLE JOCKEY CLUB RACING AWARDS

CATEGORY	WINNER(S)
HORSE OF THE YEAR	RUSTIC STEEL (KRIS LEES)
2YO OF THE YEAR	PROMITTO (DAVID ATKINS)
RISING STAR	NATHAN DOYLE
LEADING TRAINER	CHRIS WALLER
LEADING JOCKEY	DYLAN GIBBONS
LEADING APPRENTICE	DYLAN GIBBONS
STRIKE RATE MEDALS	RORY HUTCHINGS (BILL WADE MEDAL) BRAD WIDDUP (MAX LEES MEDAL)

FEATURE RACE WINNERS IN 2022

\$160,000 NEW ZEALAND BLOODSTOCK NJC 3YO SPRING STAKES – SATURDAY NOVEMBER 13, 2021

	HORSE	JOCKEY	TRAINER
WINNER	FESTIVAL DANCER	DYLAN GIBBONS (A)	MATTHEW SMITH
2ND	WAR ETERNAL	JOSHUA PARR	BJORN BAKER
3RD	ARNAQUEUR	TOMMY BERRY	JEAN DUBOIS

\$1,000,000 TAB THE HUNTER – SATURDAY NOVEMBER 13, 2021

	HORSE	JOCKEY	TRAINER
WINNER	LOST AND RUNNING	HUGH BOWMAN	JOHN O'SHEA
2ND	WANDABAA	ANDREW ADKINS	KRIS LEES
3RD	TOP RANKED	JAMES MCDONALD	ANNABEL NEASHAM

\$160,000 HORSEPOWER NEWCASTLE NEWMARKET HANDICAP – FRIDAY MARCH 4, 2022

	HORSE	JOCKEY	TRAINER
WINNER	WANDABAA	JASON COLLETT	KRIS LEES
2ND	NIMALEE	BRENTON AVDULLA	MATTHEW SMITH
3RD	THROUGH THE CRACKS	TOM SHERRY (A)	ANGELA DAVIES

\$250,000 SHARP OFFICE NEWCASTLE GOLD CUP – FRIDAY SEPTEMBER 16, 2022

	HORSE	JOCKEY	TRAINER
WINNER	DURSTON (GB)	JAMES MCDONALD	CHRIS WALLER
2ND	CARIF	SAM CLIPPERTON	PETER & PAUL SNOWDEN
3RD	ARAPAH0 (FR)	RACHEL KING	BJORN BAKER

\$200,000 YARRAMAN PARK TIBBIE STAKES – FRIDAY SEPTEMBER 16, 2022

	HORSE	JOCKEY	TRAINER
WINNER	HOPE IN YOUR HEART	TIM CLARK	KERRY PARKER
2ND	RIDUNA	RACHEL KING	GAI WATERHOUSE & ADRIAN BOTT
3RD	KATALIN	JAMES MCDONALD	JAMES CUMMINGS

\$200,000 AUSTRALIAN BLOODSTOCK CAMERON HANDICAP – FRIDAY SEPTEMBER 16, 2022

	HORSE	JOCKEY	TRAINER
WINNER	WILD CHAP	REECE JONES (A)	BRETT LAZZARINI
2ND	LUNCIES (GB)	JASON COLLETT	KRIS LEES
3RD	CHARACTER	TOMMY BERRY	JAMES CUMMINGS

CEO REPORT

I have great pleasure in delivering my first CEO report for Newcastle Jockey Club. I would firstly like to acknowledge the work of former CEO Matt Benson who was responsible for positive change over his 6 years with the completion of many projects, improving the race day hospitality experience and a rebranding that resonates with our next generation of race goer. Matt left the club in a great position and established what will be continued growth well into the future.

Without doubt, this was the most challenging year I have experienced as a racing administrator since I started in this industry in 2010 with unprecedented wet weather and the continued challenges due to Covid. In particular, the last 2 race meetings of the 2021 calendar year were disrupted with no crowds after a significant local outbreak of Covid, just when we thought we'd seen the end of it!

Our staff have showed great resilience during this time with many periods of disappointment, but they have always risen to the challenge. I am sincerely thankful for our entire NJC team for their patience, understanding and hard work during this time.

After the significant effects of Covid abated and we started to live with the Pandemic, we experienced extraordinary periods of wet weather from January with more than 1200mm falling up to early July. The fact that we only endured one abandoned race meeting during that time was testament to Chris Nation and his Track Maintenance team. Several other clubs were forced to transfer meetings to Newcastle including the first ever Group 1 race day ever held when we hosted Rosehill's Tancred Stakes Day including the running of two Group 1 races on Monday 28 March – all with less than 48hrs notice. An incredible achievement from all the team and a day we won't forget. Congratulations to our first two Group 1 winners at Newcastle, Fangirl trained by Chris Waller and Duais trained by Edward Cummings."

The total comprehensive income of \$895,194 is a satisfactory result however with an increase on our balance sheet in our assets of \$1 million due to investment property values, this somewhat understates the financial challenges faced through the year. With wagering being a key component of our revenue and despite our best efforts, the industry suffered with reduced wagering (due to Covid lockdowns and wet weather) and therefore these results were passed on through our racing distribution revenue. All that said, the financial result would have been impacted more significantly without a one-off top-up industry payment from Racing NSW which we are very grateful for. Given the uncertainty with racing distribution revenue, we have needed to look at diversifying our revenue streams into the future so we are more protected against the ebbs and flows.

Despite the lower racing revenues, it must be recognised that Glynn Haslam and the Hospitality team have done a great job at times under restricted trading to deliver a first class race day hospitality experience to our members, sponsors and patrons. Together with an increased presence in digital media from our Marketing and Admin team, well led by Jane Wood, we have exceeded expected attendance levels in the last 6 months to make up for the restrictions encountered in late 2021. A job well done by all.

In the hope that the Pandemic is less intrusive in our lives now, I have lofty ambitions to grow attendances over the next 2 years and beyond. This will come about as we continue to expand the relevance and footprint of racing in Newcastle from greater engagement with our community and innovative marketing strategies.

CEO REPORT

One of the highlights of the year was The Hunter Race Day which delivered so many great stories including the outstanding win of Lost And Running in The Hunter, the first Group winner for apprentice local jockey Dylan Gibbons and the great scenes when jockey Jenny Duggan won the inaugural running of The Beauford in front of her adoring young family. We are very fortunate to be hosting a large racing event such as The Hunter and it's important we continue to grow this event into the future.

Much has been achieved over the last 12 months regarding facilities improvements none more than the new \$3 Million Poly Track. This state of the art all weather synthetic training track was a critical next step to provide world class training facilities for our trainers so they can compete on a level playing field on the racetrack. This track was a co-funded project between the NJC and Racing NSW delivered on time and on budget. We again thank Racing NSW for their support to help deliver this great asset.

With a new training track, the next welcome news was the approval of our new Stables Project. This state significance development will be a major infrastructure project costing more than \$35 million. The benefits to the club, the industry and the local economy are substantial ensuring that the club and its facilities are a major employer in Newcastle. While some funding from the NJC and Racing NSW have been committed, the balance of funds is yet to be determined. We are however exploring several avenues of funding including through the NSW State Govt and more industry funding. There is a degree of optimism that this could be confirmed over the next 12 months.

We continue to work through the details of providing a more sustainable water supply with an MOU signed earlier in the year between the NJC, Hunter Water and Newcastle City Council to explore storm water capture and treatment on site to irrigate not only our grass tracks but also nearby sporting fields. This project was started and energetically progressed by Matt Benson while he was CEO and I am committed to continuing the work started to ensure this project becomes a reality in the future.

Thoroughbred racing clubs simply wouldn't exist without the generous support of sponsors, and we are blessed to have a fantastic cohort of corporate partners. We thank them all for their amazing support and loyalty over what has been difficult times and look forward to an exciting future with all our sponsors. Notable mentions go to our Newcastle Cup sponsor Sharp Office and our other major partners New Zealand Bloodstock, Tabcorp, Australian Bloodstock, Yarraman Park, Horsepower, Prince of Merewether, Hungerford Hill, Lion and Klosters. Our week-to-week raceday sponsors and signage patrons are also very important and contribute greatly to the success of the club.

I'm very proud of how we facilitate and support charity group functions on race days which has resulted in hundreds of thousands of dollars raised each year. Our charity and community engagement is excellent however we will look to further expand on this in the future providing more community support.

Members are the heart and soul of any club and I thank all our members for their support, understanding and patience as we navigated through the last couple of difficult years. I hope most of you have had a chance to experience our newly renovated Members Lounge with more upgrades planned to include more work in our Member's Grandstand.

CEO REPORT

In concluding, I'd like to again thank our amazing staff at the NJC led by the senior management team of Jane Wood (Administration Operations Manager), Chris Nation (General Manager Tracks & Facilities) and Glynn Haslam (General Manager Hospitality Operations).

Thanks also to our Chairman Geoff Barnett and the NJC Directors for their support and trusting me with this most privileged position as CEO of the NJC. We have a diverse and very skilled Board of Directors and I am very excited to be working with them into what is a bright future at the club with so much opportunity.



Duane Dowell, CEO

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2022

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 2022

The directors present their report on Newcastle Jockey Club Limited for the financial year ended 30 June 2022.

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 GAICD
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 Former Chairman of the Projects Sub Committee Building and Property Manager of Godolphin Resigned in December 2021
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

Newcastle Jockey Club Limited

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Directors' Report

30 June 2022

Information on directors

David Irwin

Experience

Appointed to the NJC Board in April 2021
Chairman of the Projects Sub Committee
Former CEO of Pacific National

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 Duane Dowell. Mr Dowell was appointed to this position on 1 November 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)

Review and results of operations

The Newcastle Jockey Club has recorded a profit of \$787,041 for 2021/22 compared to a profit of \$3,292,427 for 2020/21. After accounting for Other Comprehensive Income, the Club recorded Total Comprehensive income attributable to members of \$895,194 compared to Total Comprehensive income \$3,555,402 for the previous year.

During 2021/22 and 2020/21 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 amounts to \$1,005,000 for 2021/22 and \$405,000 for 2020/21.
- In the prior year, the Club sold the Cessnock racecourse to Racing NSW generating a gain of \$2,418,323.
- The write-off of the Pro-Ride Track Surface which was replaced by the Poly Track with an impact of \$595,745 in 2021/22.

The Directors therefore consider Profit before income tax, valuation increments and asset sales/write-offs to be an appropriate measure of the Club's underlying performance. The Club recorded a Profit before income tax, valuation increments and asset sales/write-offs for 2021/22 of \$356,061 compared to \$469,104 in 2020/21.

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.

Newcastle Jockey Club Limited

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Directors' Report

30 June 2022

Strategies

The strategies assisting the Company achieve its objectives 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 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 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	2022	2021	2020
Total revenue change (year on year)	14.8%	-4.4%	2.6%
Total expense change (year on year)	21.4%	-8.4%	7.6%
Working Capital Ratio	4.1:1	4.3:1	2.7:1
Debt to Equity Ratio	0.09:1	0.06:1	0.04:1
Total revenue derived from Racecourse operations	80%	72%	75%
Food and beverage cost of goods to F&B revenue	34%	33%	34%
Gross profit margin: Bar, Broadmeadow	69%	69%	65%
Gross profit margin: Catering, Broadmeadow	63%	68%	70%

Net Cash provided by Operating Activities was \$284k in 2021/22 compared to Net Cash provided by Operating Activities of \$994k in 2020/21.

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	624	1,248
Honorary Member	97	194
Life Member	4	8
Total	725	\$1,450

At 30 June 2022 the collective liability of members was \$ 1,450 (2021: \$ 1,790).

Newcastle Jockey Club Limited

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Directors' Report

30 June 2022

Significant changes in state of affairs

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	12
Brian Judd	12	12
Darren Turner	12	10
Robert Dan	12	12
Richard Sonnichsen	6	6
Alexander Wheeler	12	12
Craig Kimmorley	12	10
David Irwin	6	6

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 2022 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 20 October 2022

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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 2022, there have been:

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

Prosperity Audit Services

PROSPERITY AUDIT SERVICES



ALEX HARDY
Director

Newcastle
20 October 2022

Newcastle Jockey Club Limited

A.C.N. 000 002 513

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2022

	Note	2022 \$	2021 \$
Revenue	4	25,140,841	21,900,912
Other income	4	1,094,529	1,813,864
Cost of sales		(832,408)	(806,628)
Expenses			
Advertising		(255,315)	(111,288)
Administration		(562,314)	(489,997)
Amortisation		(39,213)	(34,502)
Cleaning		(460,741)	(490,461)
Consumables		(33,832)	(31,623)
Depreciation and amortisation		(1,395,762)	(1,281,507)
Equipment Hire		(104,177)	(93,020)
Insurance		(439,422)	(372,154)
Motor Vehicle		(74,390)	(46,312)
Promotion		(173,332)	(134,115)
Racebook costs		(72,923)	(81,154)
Raceday expenses		(16,576,974)	(13,915,551)
Rates		(132,187)	(85,575)
Rental		(6,273)	(3,422)
Repairs and maintenance		(715,450)	(542,159)
Employment expenses		(3,504,388)	(4,249,097)
Security expenses		(209,555)	(180,789)
Staff expenses		(32,514)	(36,153)
Utilities		(258,139)	(260,165)
Profit before income tax, valuation increments and asset sales/write-offs		356,061	469,104
Income tax expense		-	-
Valuation increment on investment properties		1,005,000	405,000
Gain on sale of property, plant and equipment		21,725	2,418,323
Write-off of Pro-Ride track surface		(595,745)	-
Profit for the year		787,041	3,292,427
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Transfer to slit drainage reserve		(172,023)	-
Transfers from reserves		280,176	262,974
Total Comprehensive Income/(Loss) attributable to members		895,194	3,555,402

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 2022

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	3,139,508	2,949,219
Trade and other receivables	6	4,253,009	3,335,138
Inventories	7	181,851	168,270
Other assets		38,377	24,268
TOTAL CURRENT ASSETS		7,612,745	6,476,895
NON-CURRENT ASSETS			
Trade and other receivables	6	17,011	36,298
Property, plant and equipment	8	27,232,435	27,645,372
Investment property	9	7,340,000	6,335,000
Right of use assets (ROU)	10	219,926	66,332
Other financial assets		-	6,605
TOTAL NON-CURRENT ASSETS		34,809,372	34,089,607
TOTAL ASSETS		42,422,117	40,566,502
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	1,301,584	1,215,222
Borrowings	12	46,482	70,312
Employee benefits	13	519,712	426,847
TOTAL CURRENT LIABILITIES		1,867,778	1,712,381
NON-CURRENT LIABILITIES			
Borrowings	12	1,654,608	764,690
Employee benefits	13	70,768	47,509
TOTAL NON-CURRENT LIABILITIES		1,725,376	812,199
TOTAL LIABILITIES		3,593,154	2,524,580
NET ASSETS		38,828,963	38,041,922
EQUITY			
Reserves	14	12,717,143	12,825,297
Retained earnings		26,111,820	25,216,625
TOTAL EQUITY		38,828,963	38,041,922

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 2022

	Retained Earnings	Property Revaluation Reserve	Racecourse Redevelopment Reserve	Slit Drainage Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2021	25,216,626	3,006,027	9,819,269	-	38,041,922
Profit/ (Loss) for the year	787,041	-	-	-	787,041
Other comprehensive income					
- transfer to reserves	(172,023)	-	-	172,023	-
- transfer from reserves	280,176	-	(262,974)	(17,202)	-
Balance at 30 June 2022	26,111,820	3,006,027	9,556,295	154,821	38,828,963

	Retained Earnings	Property Revaluation Reserve	Racecourse Redevelopment Reserve	Slit Drainage 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

The accompanying notes form part of these financial statements.

Newcastle Jockey Club Limited

A.C.N. 000 002 513

Statement of Cash Flows For the Year Ended 30 June 2022

	2022	2021
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	27,813,505	24,495,299
Payments to suppliers and employees	(27,508,050)	(23,501,489)
Interest received	4,645	6,332
Finance costs	(26,412)	(5,985)
Net cash provided by/(used in) operating activities	283,688	994,157
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	43,450	3,482,335
Purchase of property, plant and equipment	(1,593,693)	(4,909,156)
Cash receipts from investment property	783,559	847,532
Net cash provided by/(used in) investing activities	(766,684)	(579,289)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of lease liabilities	(76,715)	(73,219)
Proceeds from loan	750,000	750,000
Net cash provided by/(used in) financing activities	673,285	676,781
Net increase/(decrease) in cash and cash equivalents held	190,289	1,091,649
Cash and cash equivalents at beginning of year	2,949,219	1,857,570
Cash and cash equivalents at end of financial year	5 3,139,508	2,949,219

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2022

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.

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures 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

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 contract 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.

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:

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Rendering of service

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.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(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 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.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(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 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%

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(g) Property, plant and equipment

Fixed asset class	Depreciation rate
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.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(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.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(j) Financial instruments

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.

(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.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(o) New and Amended Accounting Policies Adopted by the Company

AASB 1060: General Purpose Financial Statements – Simplified Disclosures for Not-for-Profit Tier 2 Entities

The Company has adopted AASB 1060: General Purpose Financial Statements – Simplified Disclosures for Not-for-Profit Tier 2 Entities for the first time this reporting period. The Standard, which sets out a new separate disclosure Standard to be applied by all entities that are reporting under Tier 2 of the Differential Reporting Framework in AASB 1053: Application of Tiers of Australian Accounting, replaces the previous Reduced Disclosure Requirements (RDR) framework. The application of this standard has resulted in reductions in disclosures for Revenue, Leases and Financial Instruments; however has resulted in new and/or increased disclosures in areas such as Audit Fees and Related Parties.

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 2022.

Key Estimates - Valuation of Investment Properties

The investment properties were independently valued at 30 June 2022 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 \$1,005,000 being recognised for the year ended 30 June 2022.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2022

3 Critical Accounting Estimates and Judgments

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 likeliness 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.

Key judgments – Write-off of Pro-Ride Track Surface

The original cost of the Pro-Ride Track installation of \$2.4 million has been componentized into the base layer (\$1.3 million), sand track (\$0.4 million) and surface layer (\$0.7 million) based on project documentation and invoices from the original installation in 2013. The club replaced the surface layer of the Pro-Ride Track with the new Poly Track in June/July 2022 with the sand track unaffected and the base of the Pro-Ride Track remaining in place as the base for the Poly Track. The surface material has been further componentized based on its re-use with an immediate write-off of 61% of the material for general purposes, with 39% used to re-surface training facilities with a substantially reduced useful life of 3 years due to increased use of the material. The net result of the above judgment is an impairment expense (write-off) of \$595,745 for the year ended 30 June 2022.

4 Revenue and Other Income

Revenue

	2022	2021
	\$	\$
- Racing	21,888,672	18,975,800
- Race day bar and catering	2,484,603	2,410,720
- General and administration	306,219	82,157
- Advertising and promotion	204,692	188,667
- Track	225,701	209,886
- Non race day events	30,954	33,682
	25,140,841	21,900,912

Other Income

- Investment property income	783,559	847,532
- Interest and investment distributions received	4,645	6,332
- Government stimulus (JobKeeper, JobSaver)	306,325	960,000
	1,094,529	1,813,864

5 Cash and Cash Equivalents

Cash on hand	120,532	73,100
Bank balances	3,018,976	2,876,119
	3,139,508	2,949,219

Notes to the Financial Statements

For the Year Ended 30 June 2022

6 Trade and Other Receivables

	2022	2021
	\$	\$
CURRENT		
Trade receivables	234,876	525,113
Provision for doubtful debts	(3,052)	(4,279)
	231,824	520,834
NSW TRB debtor	3,975,430	2,799,268
NSW CRC debtor	23,961	(6,515)
Other debtors	2,506	3,423
Loans receivable	19,288	18,128
	4,253,009	3,335,138
NON-CURRENT		
Loans receivable	17,011	36,298
	17,011	36,298

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	159,715	145,295
Catering stock- at cost	22,136	22,975
	181,851	168,270

8 Property, plant and equipment

Land and buildings		
At cost	10,569,199	10,879,178
Accumulated depreciation	(2,687,568)	(2,359,317)
Total land and buildings	7,881,631	8,519,861
Capital works in progress		
At cost	979,495	4,344,807
Total capital works in progress	979,495	4,344,807
Plant and equipment		
At cost	4,646,887	4,432,934
Accumulated depreciation	(3,167,816)	(2,766,326)
Total plant and equipment	1,479,071	1,666,608

Notes to the Financial Statements

For the Year Ended 30 June 2022

8 Property, plant and equipment

	2022	2021
	\$	\$
Motor vehicles		
At cost	192,944	111,287
Accumulated depreciation	(84,713)	(68,990)
Total motor vehicles	108,231	42,297
Racecourse		
At cost	20,521,378	16,264,960
Accumulated depreciation	(3,737,371)	(3,193,161)
Total Racecourse	16,784,007	13,071,799
Total property, plant and equipment	27,232,435	27,645,372

(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:

	Land and Buildings	Works in Progress	Plant and Equipment	Motor Vehicles	Racecourse	Total
	\$	\$	\$	\$	\$	\$
Balance at the beginning of the year	8,519,861	4,344,807	1,666,608	42,297	13,071,799	27,645,372
Additions	-	674,235	214,889	81,657	622,912	1,593,693
Transfers	(298,387)	(4,039,547)	-	-	4,337,934	-
Disposals / impairment	-	-	-	-	(610,868)	(610,868)
Depreciation	(339,843)	-	(402,426)	(15,723)	(637,770)	(1,395,762)
Balance at the end of the year	7,881,631	979,495	1,479,071	108,231	16,784,007	27,232,435

9 Investment Properties

Balance at the beginning of the year	6,335,000	5,930,000
Market value adjustment	1,005,000	405,000
Balance at end of the period	7,340,000	6,335,000

The Company's investment properties were revalued at 30 June 2022 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 \$1,005,000 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 2022

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.

	2022	2021
	\$	\$
Right of use assets (ROU)	204,483	214,823
Accumulated amortisation	15,443	(148,491)
	219,926	66,332

11 Trade and Other Payables

CURRENT

Trade payables and accruals	790,407	843,479
Deposits held	39,526	38,652
Income received in advance	471,651	333,091
	1,301,584	1,215,222

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 Borrowings

CURRENT

Lease liability	46,482	70,312
	46,482	70,312

NON-CURRENT

Lease liability	154,608	14,690
Bank loans	1,500,000	750,000
	1,654,608	764,690

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 4.46% for the year (2021: 2.54%). The facility expire date is 31 October 2023. The facility limit is \$1,500,000 which was fully drawn at the reporting date.

Notes to the Financial Statements

For the Year Ended 30 June 2022

13 Employee Benefits

	2022	2021
	\$	\$
CURRENT		
Provisions for long service leave	249,953	218,626
Provision for annual leave	269,759	208,221
	519,712	426,847
NON-CURRENT		
Provisions for long service leave	70,768	47,509
	70,768	47,509

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.

(c) Slit Drainage Reserve

The slit drainage reserve records the amount received from Racing NSW for 50% of the slit drainage infrastructure installed on the racecourse. 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 2022

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:

	2022 \$	2021 \$
Financial assets		
Cash and cash equivalents	3,139,508	2,949,219
Trade and other receivables (Current)	4,253,009	2,683,416
Trade and other receivables (Non-current)	17,011	36,298
Financial assets	-	6,605
Total financial assets	7,409,528	5,675,538
Financial liabilities		
Deposits held	39,526	38,652
Borrowings (Current)	46,482	70,312
Borrowings (Non-current)	1,654,608	764,690
Trade payables and accruals	790,407	843,479
Total financial liabilities	2,531,023	1,717,133

16 Related Parties

There were no related party transactions during the 2022 financial year (2021: 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	255,672	525,591
Superannuation	22,528	47,470
	278,200	573,061

18 Auditors' Remuneration

Remuneration of the auditor for:

- Auditing the financial statements	31,050	30,450
- Tax compilation and advisory services*	139,255	32,917
	170,305	63,367

Notes to the Financial Statements

For the Year Ended 30 June 2022

18 Auditors' Remuneration

* Tax compilation and advisory services includes:

- Support regarding COVID-19 government stimulus eligibility
- Assistance in budget compilation and cashflow forecasting
- ASIC annual review lodgement
- FBT return compilation
- Review of Finance and Risk Committee reporting .

19 Capital Commitments

There are no capital commitments at the reporting date.

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 2022. The maximum contingent liability at 30 June 2022 in respect of this loan, excluding GST, amounts to approximately \$11.2m.

There were no other contingencies at 30 June 2022.

21 Economic Dependency

Significant levels of revenue are sourced from Racing NSW. The financial viability of the Company is highly dependant on this source of funds, with no other major source being immediately available should Racing NSW reduce the revenue.

22 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.

23 Statutory Information

The registered office and principal place of business of the company is:
Newcastle Jockey Club Limited
Darling St Broadmeadow NSW 2292

Newcastle Jockey Club Limited

A.C.N. 000 002 513

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 (Simplified Disclosures); and
 - b. give a true and fair view of the financial position as at 30 June 2022 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 20 October 2022

Sydney
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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, being a special purpose financial report of Newcastle Jockey Club Limited (the Company), which comprises the statement of financial position as at 30 June 2022, 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 2022 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards (Simplified Disclosures) 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.

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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 2022, 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 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 (Simplified Disclosures) 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.

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- 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
20 October 2022



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