



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

NEWCASTLE
RACECOURSE
• EST 1907 •

NEWCASTLE JOCKEY CLUB

Annual Report 2022 - 2023



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 Board of Directors I take much pleasure in reporting the 2022/2023 Newcastle Jockey Club Annual report.

Members will notice the many and varied improvements to our club during the past years as already outlined in our CEOs report, and we can contribute this to the excellent management structure now in place. CEO Duane Dowell along with a highly skilled staff know what members and the public need from a modern racing and entertainment facility.

I personally thank Duane and our senior management team Jane Wood, Glynn Haslam and Chris Nation for their individual expertise and their positive approach to keeping our processes and facilities at a very high standard.

The above, along with the expertise of the NJC Board members Brian Judd, Robert Dan OAM, Darren Turner, Craig Kimmorley, Alex Wheeler and David Irwin contributes to your Club's success. I thank them for their support and continued service.

Regarding our racing participants, owners, trainers, jockeys and strappers, thank you for your continued support of NJC. We currently have local champions in all aspects of the racing industry and we congratulate them on their successes.

Our Club, The Newcastle Jockey Club is in great shape in many aspects. Our track is proclaimed as one of the best in Australia. Our improved facilities now encourage more and more patrons to come to Newcastle Racecourse and enjoy the racing, food and beverage offerings.

We are in a very strong financial position as the included report suggests with a positive master plan going forward.

The NJC's recent Spring Carnival included the running of the 125th Newcastle Gold Cup. To think this club has continued successfully for all those years and can still run a spectacular Spring Carnival including a fabulous Ladies Day is in my mind something special.

With our Spring Carnival and the \$1m The Hunter our club is firmly entrenched on the Australian racing calendar, this doesn't happen by coincidence but by the genuine input of many committed staff.

With consideration of the above, this makes me a very proud NJC Chairman.

Yours Faithfully



Geoffrey Barnett,
Chairman

AWARD RECIPIENTS

FOR THE 2022 NEWCASTLE JOCKEY CLUB RACING AWARDS

CATEGORY	WINNER(S)
HORSE OF THE YEAR	Amokura
OUTSTANDING ACHIEVEMENT	Aaron Bullock
LEADING TRAINER	Matthew Smith
LEADING JOCKEY	Keagan Latham
LEADING APPRENTICE	Dylan Gibbons
MAX LEES MEDAL	James Cummings
BILL WADE MEDAL	Jean Van Overmeire
2YO OF THE YEAR	Rush Hour

FEATURE RACE WINNERS FOR 2023

FEATURE RACE DAY WINNERS

\$200,000 NEW ZEALAND BLOODSTOCK NJC 3YO SPRING STAKES 2022

WINNER	Pierossa	Sam Clipperton	Peter & Paul Snowden
2ND	Kazalark	Tim Clark	Chris Waller
3RD	Robusto	James McDonald	Chris Waller

\$1,000,000 THE HUNTER 2022

WINNER	Vilana	Nash Rawiller	James Cummings
2ND	In The Congo	Tim Clark	Gai Waterhouse & Adrian Bott
3RD	Gravina	Tyler Schiller (A)	James Cummings

\$200,000 HORSEPOWER NEWCASTLE STAKES 2023

WINNER	Cross Talk	Tim Clark	Gai Waterhouse & Adrian Bott
2ND	Gem Song	Dylan Gibbons (A)	Kris Lees
3RD	Cuban Royale	Brock Ryan	Robert & Luke Price

\$300,000 SHARP OFFICE NEWCASTLE GOLD CUP 2023

WINNER	Military Mission (IRE)	Rachel King	Gai Waterhouse & Adrian Bott
2ND	Spirit Ridge (GB)	Ryan Maloney	Annabel Neasham
3RD	Hosier (IRE)	Jason Collett	Mark Minervini

\$250,000 YARRAMAN PARK STUD TIBBIE STAKES 2023

WINNER	Banana Queen	Kerrin Mcevoy	Gerald Ryan & Sterling Alexiou
2ND	Sanstoc (NZ)	Tom Sherry	John O'Shea
3RD	Mirra View	Chad Schofield	Peter & Paul Snowden

\$250,000 AUSTRALIAN BLOODSTOCK CAMERON HANDICAP 2023

WINNER	Democracy Manifest	Tyler Schiller	Chris Waller
2ND	Palmetto (NZ)	Kerrin Mcevoy	John Sargent
3RD	Spangler (IRE)	Tom Sherry	Kris Lees

CEO REPORT

I have great pleasure in delivering my second CEO report for Newcastle Jockey Club with my time at the club now exceeding two years. When I reflect on what has been achieved and the changes that have occurred in this relatively short time frame, I am excited not only about our recent achievements but also what is in store for the future. I have said to many, there are so many opportunities at Newcastle Racecourse and myself and the NJC Board are very committed to delivering a club and facility that will continue to improve.

While the previous year we reported on the challenges of Covid, I am pleased to say that our performance over the last 12 months in terms of race day trading and attendance exceeded the 12 months prior to Covid. We have certainly come out of the pandemic better than what we went into it! These pleasing results can be attributed to everyone at the club and is very much a team effort. I am sincerely thankful for the entire NJC team for their hard work, enthusiasm, and effort towards continuous improvement.

The end of year financial result of \$61,139 profit, (EBITDA of \$1,883,801) is a good result which includes the fruits of a successful trading result from our race days and diligence in managing our expenses. The wagering landscape delivered below average results to our original racing income however Racing NSW were able to 'top-up' this revenue to enable a result exceeding budget which we are most thankful for. Given the uncertainty with racing distribution revenue, we need to continue to look at diversifying our revenue streams into the future so we are more protected against any volatility.

We were successful in conducting every race meeting over the last 12 months without any cancellations due to poor weather or the state of the track. So yes, we may have been fortunate, but this achievement is also a huge testament to the work of the Track Maintenance team lead by Chris Nation, General Manager of Tracks and Facilities. Some days did experience adverse weather however the track held up incredibly well to continue racing and provide prizemoney to our participants and stakeholders.

It's no secret that we rely heavily on our revenue outside of racing which predominantly comes from our race day trade and hospitality. General Manager of Hospitality Operations Glynn Haslam and his team have provided excellent race day hospitality and service which has most certainly assisted our sound financial result and attracted more return visits to our race days. More importantly though, is the team's desire to keep improving our service and offering as we compete with other local venues for people's entertainment spend. Increases in race day attendance is also very much a result of our focus on digital marketing and increased presence in other key media platforms. Our Admin team, well led by Admin Operations Manager Jane Wood, have provided outstanding support in Admin, Member and Owners Servicing, Finance, Marketing, Sponsorship, Community and Racing Operations.

Again, one of the highlights of the year was The Hunter Race Day which continues to deliver so many great stories. It was fantastic to see 5000 trackside to watch the James Cummings trained Vilana take out the \$1 million feature and I have fond memories of the crowd singing to Bon Jovi shortly before the horses jumped in that race. The expectation is that crowds will grow again this year as we open more areas of the course and continue an aggressive marketing campaign with our now well-known catch phrase, Our Region, Our Town, Our Race, The Hunter.

One challenge we face is the ever-growing list of upgrades required at our facility. While the project list is significant, we can only achieve what we can afford each year. All Provincial clubs are in the same situation, and we hope to discuss these challenges with Racing NSW in the hope of speeding up the number of projects we can achieve each year with an increase in industry funding. Projects include upgrades to toilet facilities, Elevators, Members Bistro, Jockey Rooms, Grandstand and Track Maintenance equipment to name a few. In total, we estimate more than \$4million in improvements over the next 3 years. A value ranking process is constantly reviewed to ensure we prioritise the most risk mitigating and value adding projects first.

In recent times, the club has undertaken a process of Strategic Masterplanning to confirm guiding principles and high level objectives for any future development plans within the NJC racecourse precinct. While new stables have been the main topic of conversation, there are many other aspects to also consider to ensure a sustainable future for the club and the surrounding community. We continue to engage with Racing NSW to discuss revised stables alternatives on the site along with potential funding solutions. The NJC Board will also continue to refine the medium and longer term precinct development alternatives and work with State and Local Governments to ensure our plans are complementary to other planned developments within the Broadmeadow Catalyst Area all while delivering opportunities for our desired diversity in future revenue.

CEO REPORT

It is well known that clubs would not exist without the generous support of sponsors, and we are blessed to have a great cohort of corporate partners. We thank them all for their amazing support and loyalty over recent 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, New Era Technology and Klosters. Our week-to-week raceday sponsors and signage patrons are also very important and contribute greatly to the success of the club. We are also exploring a new sponsorship program in the future which will be very exciting and be aimed at increasing the networking value even more of our sponsors. Watch this space.

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 and I know our staff get great joy working with these groups. Our charity and community engagement continues to grow and more programs will be developed in the future.

Members are the heart and soul of any club and I thank all our members for their support and feedback to help us become even better. We continue to work through more efficient ways to communicate, reward and service our members, so we hope to be able to unveil more enhancements in the near future.

In concluding, I'd like to again thank our amazing staff at the NJC lead by the senior management team of Jane Wood (Administration Operations Manager), Chris Nation (General Manager Tracks & Facilities) and Glynn Haslam (General Manager Hospitality Operations). We have gone through a lot of change in the last two years and some of the benefits of our efforts are evident now, with more to come.

Thanks also to our Chairman Geoff Barnett who has been an amazing support and the NJC Directors for their support and guidance 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 an extremely bright future at the club with an abundance of opportunity.



Duane Dowell,
Chief Executive

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023
NEWCASTLE JOCKEY CLUB LIMITED
ACN 13 000 002 513

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Newcastle Jockey Club Limited

Directors' Report

30 June 2023

The directors present their report on Newcastle Jockey Club Limited for the financial year ended 30 June 2023.

1. General information

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 at Newcastle (Broadmeadow).

No significant changes in the nature of the Company's activity occurred during the financial year.

Information on directors

Geoffrey Barnett	Chairman
Experience	Elected to NJC Board in October 1999 Appointed Chairman of NJC in November 2011 Member of 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
Alexander Wheeler	
Qualifications	B.A, LLB
Experience	Appointed to NJC Board in November 2018 Principal Lawyer, Hickey Wheeler and Co. Member of the Projects Committee Member of the Finance and Risk Committee

Newcastle Jockey Club Limited

Directors' Report

30 June 2023

Information on directors

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

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 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.

Meetings of directors

During the financial year, [insert number] 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	14	13
Brian Judd	14	12
Darren Turner	14	14
Robert Dan	14	13
Alexander Wheeler	14	13
Craig Kimmorley	14	11
David Irwin	14	10

Review and results of operations

The Newcastle Jockey Club has recorded a profit of \$1,538,521 for 2022/23 compared to a profit of \$787,041 for 2021/22. After accounting for Other Comprehensive Income, the Club recorded total Comprehensive income attributable to the members of \$61,139 compared to total Comprehensive income \$895,194 for the previous year.

Short term objectives

The Company's short term objectives are to provide a modern and appealing facility centered 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. The Company seeks to maintain a sustainable business model underpinned by qualified vision, sound financial management, industry collaboration and diligent corporate governance.

Directors' Report

30 June 2023

Review and results of operations

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 Provisional 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

	2023	2022	2021
	\$	\$	\$
Total Revenue Change (year on year)	20.64%	14.80%	(4.40%)
Total Expense Charge (year on year)	12.22%	21.40%	(8.40%)
Working Capital ratio	3.2:1	4.1:1	4.3:1
Debt to Equity Ratio	0.04:1	0.09:1	0.06:1
Total Revenue derived from Racecourse Operations	72%	80%	72%
Food & Beverage cost of goods to Food & Beverage revenue	31%	34%	33%
Gross Profit Margin Bar, Broadmeadow	69%	69%	69%
Gross Profit Margin Catering, Broadmeadow	67%	63%	68%

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	987	1,974
Honorary Member	96	192
Life Member	4	8
Total	1087	\$2,174

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Directors' Report

30 June 2023

Events after the reporting date

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.

Future developments and results


Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

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 2023 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:

Director: 

Director: 

Dated this 26th day of October 2023



PKF(NS) Audit & Assurance Limited Partnership
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NEWCASTLE JOCKEY CLUB LIMITED

Auditors Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 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.

A stylized, handwritten-style signature of the letters 'PKF' in black ink.

PKF

A handwritten signature in black ink that reads 'Martin Matthews' in a cursive script.

MARTIN MATTHEWS
PARTNER

26 OCTOBER 2023
NEWCASTLE, NSW

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2023

		2023	2022
	Note	\$	\$
Revenue	4	30,691,021	25,140,841
Finance income		82,264	4,645
Other income	4	877,884	1,089,884
Cost of sales		(1,465,577)	(832,408)
Administration expenses		(816,166)	(524,454)
Advertising expenses		(183,423)	(255,315)
Cleaning expenses		(510,964)	(460,741)
Consumables		(57,188)	(33,832)
Depreciation and amortisation expense		(1,877,597)	(1,434,975)
Equipment hire		(145,353)	(104,177)
Insurance expense		(419,279)	(439,422)
Motor vehicle expenses		(82,797)	(74,390)
Promotion expenses		(209,529)	(173,332)
Racebook costs		(68,425)	(72,923)
Raceday expenses		(17,691,609)	(16,576,974)
Rates expenses		(213,402)	(132,187)
Rental expenses		(12,186)	(6,273)
Repairs and maintenance		(984,706)	(715,450)
Employee benefits expense		(4,390,813)	(3,504,388)
Security costs		(264,160)	(209,555)
Staff expenses		(51,294)	(32,514)
Utilities expenses		(281,670)	(258,139)
Finance costs		(41,230)	(37,860)
Profit before income tax, valuation increments and asset sales/write-offs		1,883,801	356,061
Income tax expense		-	-
Valuation increment on investment properties		-	1,005,000
(Loss)/gain on disposal of assets		(345,280)	21,725
Write-off of Pro-Ride track surface		-	(595,745)
Profit for the year		1,538,521	787,041
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss			
Transfer from reserves		433,951	280,176
Transfer to reserve		(1,911,333)	(172,023)
Total comprehensive income for the year		61,139	895,194

The accompanying notes form part of these financial statements.

Statement of Financial Position

As At 30 June 2023

	Note	2023 \$	2022 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,297,392	3,139,508
Trade and other receivables	6	3,897,740	4,253,009
Inventories	7	198,956	181,851
Other financial assets	8	1,500,000	-
Other assets		22,630	38,377
TOTAL CURRENT ASSETS		6,916,718	7,612,745
NON-CURRENT ASSETS			
Trade and other receivables	6	-	17,011
Property, plant and equipment	9	28,255,014	27,232,435
Investment properties	10	7,340,000	7,340,000
Intangible assets		82,500	-
Right-of-use assets	11	157,008	219,926
TOTAL NON-CURRENT ASSETS		35,834,522	34,809,372
TOTAL ASSETS		42,751,240	42,422,117
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	1,672,562	1,301,584
Lease liabilities	11	41,369	46,482
Employee benefits	13	477,179	519,712
TOTAL CURRENT LIABILITIES		2,191,110	1,867,778
NON-CURRENT LIABILITIES			
Borrowings		-	1,500,000
Lease liabilities	11	111,564	154,608
Employee benefits	13	81,082	70,768
TOTAL NON-CURRENT LIABILITIES		192,646	1,725,376
TOTAL LIABILITIES		2,383,756	3,593,154
NET ASSETS		40,367,484	38,828,963
EQUITY			
Reserves		14,194,525	12,717,143
Retained earnings		26,172,959	26,111,820
TOTAL EQUITY		40,367,484	38,828,963

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2023

2023

	Retained Earnings	Property Revaluation Reserve	Other Reserves	Total
	\$	\$	\$	\$
Balance at 1 July 2022	26,111,820	3,006,027	9,711,116	38,828,963
Profit for the year	1,538,521	-	-	1,538,521
Other comprehensive income				
Recognition of reserve	(1,911,333)	-	1,911,333	-
Transfer from reserves	433,951	-	(433,951)	-
Balance at 30 June 2023	26,172,959	3,006,027	11,188,498	40,367,484

2022

	Retained Earnings	Property Revaluation Reserve	Other Reserves	Total
	\$	\$	\$	\$
Balance at 1 July 2021	25,216,626	3,006,027	9,819,269	38,041,922
Profit for the year	787,041	-	-	787,041
Other comprehensive income				
Transfer to reserves	(172,023)	-	172,023	-
Transfer from reserves	280,176	-	(280,176)	-
Balance at 30 June 2022	26,111,820	3,006,027	9,711,116	38,828,963

The accompanying notes form part of these financial statements.

Newcastle Jockey Club Limited

Statement of Cash Flows For the Year Ended 30 June 2023

	2023	2022
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	33,941,269	27,813,505
Payments to suppliers and employees	(31,582,094)	(27,508,050)
Interest received	82,264	4,645
Finance costs	(41,230)	(26,412)
Net cash provided by/(used in) operating activities	<u>2,400,209</u>	<u>283,688</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	-	43,450
Purchase of property, plant and equipment	(1,989,551)	(1,593,693)
Cash receipts from investment property	877,884	783,559
Purchase of intangible assets	(82,500)	-
Purchase of financial assets	(1,500,000)	-
Net cash provided by/(used in) investing activities	<u>(2,694,167)</u>	<u>(766,684)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of lease liabilities	(48,158)	(76,715)
(Repayment)/proceeds from borrowings	(1,500,000)	750,000
Net cash provided by/(used in) financing activities	<u>(1,548,158)</u>	<u>673,285</u>
Net increase/(decrease) in cash and cash equivalents held	(1,842,116)	190,289
Cash and cash equivalents at beginning of year	<u>3,139,508</u>	<u>2,949,219</u>
Cash and cash equivalents at end of financial year	5 <u><u>1,297,392</u></u>	<u><u>3,139,508</u></u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2023

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 principal activities of the Company for the year ended 30 June 2023 were:

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

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

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

1 Basis of Preparation

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.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

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 contracts are 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

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(a) Revenue and other income

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

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 bookmakers' fees, nominations and acceptance 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 accrual 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.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(a) Revenue and other income

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.

Other income

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

(b) Income tax

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

(c) 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.

(d) 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 deemed cost.

(e) 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.

Land and Buildings

Land and buildings are measured using the cost model.

Plant and equipment

Plant and equipment are measured using the cost model.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(e) Property, plant and equipment

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the asset's 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.

(f) Investment property

Investment property, comprising residential housing and commercial premises, is held to generate long-term rental yield. 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 by the Directors. The Directors' valuation takes into consideration a number of factors, including the annual valuation undertaken, the nature of the properties and their rental yields, and market information including the annual performance of properties in similar locations. The annual valuation is undertaken by a independent valuer who has recognised and appropriate professional qualifications. 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 AASB 140 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 is recognised in a revaluation reserve prior to transferring the property from property, plant and equipment to investment properties.

(g) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(g) Financial instruments

Financial assets

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(g) Financial instruments

Financial assets

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables, bank and other loans and lease liabilities.

(h) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is 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 and loss.

When 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 2023

2 Summary of Significant Accounting Policies

(i) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(j) Leases

At inception of a contract, the Company assesses whether a lease exists.

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.

Exceptions to lease accounting

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(k) Employee benefits

Provision is made for the Company's liability for employee benefits, those 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

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(k) **Employee benefits**

employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

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 2023.

Key estimates - Valuation of Investment Properties

The investment properties were valued by the Directors as at 30 June 2023. As note in Note 2(f) the Directors valuation takes into consideration a number of factors, including the annual valuation undertaken by Skelton Valuers, the nature of the properties and their rental yields, and market information including the annual performance of properties in similar locations. The Directors did not recognise any movement in investment properties in the year ended 30 June 2023.

Key judgements - 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 judgement 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 option 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.

Notes to the Financial Statements

For the Year Ended 30 June 2023

4 Other Revenue and Income

Revenue from continuing operations

	2023	2022
	\$	\$
Revenue		
- Racing	23,363,475	21,888,672
- Race day bar and catering	4,674,295	2,484,603
- Track	283,023	225,701
- Non raceday events	-	30,954
- General and administration	139,385	306,219
- Advertising and promotion	319,510	204,692
- Racing NSW funding	1,911,333	-
Total Revenue	30,691,021	25,140,841

Other Income

- Investment property income	877,884	783,559
- Government stimulus	-	306,325
	877,884	1,089,884

5 Cash and Cash Equivalents

Cash on hand	15,100	120,532
Bank balances	1,282,292	3,018,976
	1,297,392	3,139,508

6 Trade and Other Receivables

CURRENT

Trade receivables	376,201	234,876
Provision for doubtful debts	-	(3,052)
	376,201	231,824

NSW TRB debtor	3,409,942	3,975,430
NSW CRC debtor	71,610	23,961
Other debtors	4,667	2,506
Loans receivable	17,011	19,288
Accrued interest	18,309	-
Total current trade and other receivables	3,897,740	4,253,009

NON-CURRENT

Trade receivables	-	17,011
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Notes to the Financial Statements

For the Year Ended 30 June 2023

7 Inventories

	2023	2022
	\$	\$
CURRENT		
Bar stock - at cost	182,379	159,715
Catering stock - at cost	16,577	22,136
	198,956	181,851

Write downs of inventories to net realisable value during the year were \$ NIL (2022: \$ NIL).

8 Other Financial Assets

CURRENT		
Term deposits	1,500,000	-

9 Property, Plant and Equipment

Land and buildings		
At cost	10,339,004	10,569,199
Accumulated depreciation	(2,873,480)	(2,687,568)
Total land and buildings	7,465,524	7,881,631
PLANT AND EQUIPMENT		
Capital works in progress		
At cost	175,265	979,495
Plant and equipment		
At cost	5,196,193	4,646,887
Accumulated depreciation	(3,560,235)	(3,167,816)
Total plant and equipment	1,635,958	1,479,071
Motor vehicles		
At cost	192,944	192,944
Accumulated depreciation	(103,641)	(84,713)
Total motor vehicles	89,303	108,231
Racecourse		
At cost	22,000,016	20,521,378
Accumulated depreciation	(3,111,052)	(3,737,371)
Total racecourse	18,888,964	16,784,007
Total plant and equipment	20,789,490	19,350,804
Total property, plant and equipment	28,255,014	27,232,435

Notes to the Financial Statements

For the Year Ended 30 June 2023

9 Property, Plant and Equipment

(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:

	\$	\$	\$	\$	\$	\$
Year ended 30 June 2023						
Balance at the beginning of year	7,881,631	16,784,007	1,479,071	108,231	979,495	27,232,435
Additions	44,946	1,846,365	467,629	-	2,655,309	5,014,249
Disposals	(294,623)	(1,877,350)	(5,000)	-	-	(2,176,973)
Transfers	178,625	3,186,775	94,139	-	(3,459,539)	-
Depreciation expense	(345,055)	(1,050,833)	(399,881)	(18,928)	-	(1,814,697)
Balance at the end of the year	7,465,524	18,888,964	1,635,958	89,303	175,265	28,255,014

Notes to the Financial Statements

For the Year Ended 30 June 2023

10 Investment Properties

	2023 \$	2022 \$
At fair value		
Balance at beginning of year	7,340,000	6,335,000
Market value adjustment	-	1,005,000
Balance at end of year	7,340,000	7,340,000

The Company's investment properties were valued at 30 June 2023 by the Directors. The Directors' valuation takes into consideration a number of factors, including the annual valuation undertaken by Skelton Valuers, the nature of the properties and their rental yields, and market information including the annual performance of properties in similar locations. The Directors did not recognise any movement in investment properties in the year ended 30 June 2023.

11 Leases

Right-of-use assets

	Plant and equipment \$	Total \$
Year ended 30 June 2023		
Balance at beginning of year	219,926	219,926
Depreciation charge	(62,918)	(62,918)
Balance at end of year	157,008	157,008

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year \$	1 - 5 years \$	> 5 years \$	Total undiscounted lease liabilities \$	Lease liabilities included in this Statement Of Financial Position \$
2023					
Lease liabilities	46,968	119,962	-	166,930	152,933
2022					
Lease liabilities	46,968	166,930	-	213,898	201,091

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

Notes to the Financial Statements

For the Year Ended 30 June 2023

12 Trade and Other Payables

	2023	2022
	\$	\$
CURRENT		
Trade payables	1,235,574	790,407
Income received in advance	393,764	471,651
Deposits held	43,224	39,526
	1,672,562	1,301,584

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.

13 Employee Benefits

Current liabilities		
Provision for employee benefits	477,179	519,712
Non-current liabilities		
Long service leave	81,082	70,768

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) Other reserves

The other reserves record the amounts received from Racing NSW for redevelopment or infrastructure projects on the racecourse. These amounts are reduced by the depreciation charge for the applicable capital assets purchased with the funding each year.

15 Financial Risk Management

Financial assets

Cash and cash equivalents	1,297,392	3,139,508
Trade and other receivables	3,879,740	4,270,020
Total financial assets	5,177,132	7,409,528

Financial liabilities

Trade payables	1,235,574	790,407
Deposits held	43,224	39,526
Borrowings (current)	41,369	46,482
Borrowings (non-current)	111,564	1,654,608
Total financial liabilities	1,431,731	2,531,023

Notes to the Financial Statements

For the Year Ended 30 June 2023

16 Key Management Personnel Disclosures

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 remuneration paid to key management personnel of the Company is \$ 707,724 (2022: \$ 564,724).

17 Auditors' Remuneration

	2023	2022
	\$	\$
Remuneration of the auditor PKF NS (PY: Prosperity), for:		
- auditing the financial statements	29,750	31,050
- tax compilation and advisory services	-	139,255
Total	29,750	170,305

18 Contingent Assets and Contingent Liabilities

Newcastle Jockey Club Limited recognised the following contingent liabilities at the end of the reporting period:

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 2023. The maximum contingent liability at 30 June 2023 in respect of this loan, excluding GST, amounts to approximately \$13.035m.

19 Capital Commitments

The company has committed to \$1,429,682 in future capital projects (2022: nil).

20 Economic Dependency

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

21 Events Occurring After the Reporting Date

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 Statutory Information

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

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 23, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards - Simplified Disclosure Standard; and
 - b. give a true and fair view of the financial position as at 30 June 2023 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 

Director 

Dated 26 October 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NEWCASTLE JOCKEY CLUB LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Newcastle Jockey Club Limited (the Company), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 Newcastle Jockey Club Limited, is in accordance with the *Corporations Act 2001*, including:

- (a) Giving a true and fair view of the company's financial position as at 30 June 2023, and of its financial performance for the year then ended; and
- (b) The financial statements are general purpose financial statements that have been prepared in accordance with the *Australian Accounting Standards – Simplified Disclosures* and *Corporations Act 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified 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 has 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 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 the 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.

Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.



PKF



MARTIN MATTHEWS
PARTNER

26 OCTOBER 2023
NEWCASTLE, NSW

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NEWCASTLE JOCKEY CLUB

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