



newcastle jockey club

# ANNUAL REPORT

# 2010

FOR THE YEAR ENDED 30TH JUNE 2010

**NEWCASTLE JOCKEY CLUB LIMITED**

(A COMPANY LIMITED BY GUARANTEE) ABN 13 000 002 513

**NEWCASTLE JOCKEY CLUB LIMITED  
NOTICE OF MEETING  
REPORT FOR THE YEAR ENDED 30TH JUNE, 2010**

Notice is hereby given that the 109th Annual General Meeting of members of Newcastle Jockey Club Limited will be held in Chevals Restaurant (Roy Mahony Lounge) at Broadmeadow racecourse on Tuesday, October 26, 2010 at 6:00pm.

**BUSINESS:**

1. Confirmation of minutes of Annual General Meeting held on October 27, 2009;
2. Confirmation of minutes of the General Meeting of Members held on May 22, 2010;
3. To receive the Annual Report for the year ended June 30, 2010;
4. To receive the Auditor's Report for the year ended June 30, 2010; and
5. The transaction of such other business as may be in accordance with the Constitution.

Please note: To enable comprehensive answers to be provided, any questions pertaining to the Annual Financial Statements must be in writing and lodged with the Chief Executive no later than the close of business on Thursday, October 21, 2010.



M. Sinclair  
**CEO**

## **FROM THE CHAIRMAN...**

Dear Members,

I am pleased to present the Chairman's Report for the 2009-2010 financial year.

Overall the NJC is in a strong position for the future. To enable the NJC to grow and maintain its status as a premier provincial club in Australia it is necessary to ensure that new and appropriate business foundations are laid to meet the ever changing needs of the racing industry. The Boards decision to invest in its processes and people has created a platform for efficiency and excellence from which the Club will prosper over many years.

With key staff changes and new administration systems the club is able to get instant transparency of its trading position therefore giving the Board an early opportunity to stay abreast of potential issues and take decisive action as required.

The Club had a significant reduction in operating income for 2009/2010, but through diligent cost control, the impact was kept to a minimum with only a small increase in the trading loss despite the large revenue fall. In addition there were a number of one off cost impacts and a well below par Boxing Day 2009 (coldest and wettest on record). Despite these adverse factors the Club has produced an encouraging result and is on target to meet the expectation of a significant improvement in the pre depreciation trading surplus.

Our management team continues to evolve and we welcome new members Darren Parmenter who is working in the Functions area and managing our Wyong catering contract and Lee Evans our Head Chef. Both compliment the skills and experience of our existing Team by providing new skills and capability, so essential in an ever changing market place.

I would like to acknowledge and thank our staff for their dedicated and loyal service to the club. The continued success of our club is an indication of their efforts in creating a strong and vibrant experience for our members and the general public on both racedays and non-race days.

To my fellow Directors, I say thank you for the significant time, effort and commitment you have put in over the last 12 months along with your support and encouragement in our desire to become a Centre Of Excellence and the premier provincial thoroughbred racing club in Australia.

I take this opportunity to say thank you to our sponsors whose ongoing support is critically important and very much appreciated.

**OUR MAJOR SPONSORS INCLUDE:**

- . Tooheys Limited (Newcastle Gold Cup) who have just signed for a further 5 years;
- . Patinack Farm (Cameron Handicap and Tibbie Stakes);
- . MGA Insurance Brokers (Spring Stakes);
- . Showcase Jewellers (Newmarket Handicap).

On the racing front there were a number of outstanding achievements which were validated through our annual awards.

Schweppes - Horse of the Year was taken out by Absolutely Fabulous trained by Kris Lees.

NSW Colour TV Company - 2 Year Old of the Year was taken out by Parriwi also trained by Kris Lees.

Bill Wade Medal - for the jockey with the best strike rate went to Jessie Whipp..

Max Lees Medal - for the trainer with the best strike rate went to Darren Smith.

Herrington Club Supplies - Trainers premiership went to Kris Lees

All Pro Cleaning - Jockeys Premiership went to Robert Thompson

NCP Printing - Apprentices Premiership went to Jessie Whipp

Lings Trophies - Achiever of the Year went to Blake Spriggs

Ross Joice Agencies - Rising Star went to Alex Stokes.

Congratulations to all on your achievement.

Our TAB Hold continues to outperform many clubs with the final figure for 2010 showing a 4% increase in dollar terms on the previous year. This is an even more pleasing result when you take into account the Club had one washed out meeting and one transferred meeting reducing the total number of meetings held to 29

compared to 32 the previous year. Owners, Trainers and Punters, continue to have confidence in our track as evidenced by the large fields and betting turnover. The Board of the NJC wishes to thank these key racing stakeholders for the great support that they have given throughout the year.

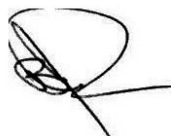
With eyes firmly fixed on the future the Board is commissioning the development of a Master Plan. This plan will address the future needs by providing a blue print to help guide our capital investment decisions for this and subsequent Boards. The first step is to determine how best to utilise the vast tracks of undeveloped land on our property. This study will have a bearing on the terms of reference for the Master Plan. It is a very exciting time in this clubs history and it is wonderful being part of it.

The Board continued to invest in areas to increase the enjoyment of Members. This year the Club created a new function room facility called the History Room which is under the Members Grandstand. In addition the installation of new awnings to shield our members and guests from the hot sun has been favourably received by all. Chevals Restaurant continues to go from strength to strength and is gaining a reputation as a fine dining place in Newcastle. Financially, our catering facilities performed well for 2010 and the trading surpluses gained were used to support our core business of racing. The results certainly validate the NJC's investment into improving its hospitality assets.

Finally the Club is on track to deliver a pre depreciation trading surplus this year with better than budget performance for the year to date. The Board looks forward to continually improving the free cash generated by the business as we continue to build on the many growth opportunities that exist to make this the Premier Provincial Club in Australia.

Members can look forward to the good times ahead.

Yours sincerely



**B.J. (Brian) Reardon**  
**Chairman**



## CEO'S REPORT

I welcome the opportunity to provide my report for Newcastle Jockey Club for the 2009-2010 financial year.

Firstly, I would like to thank the NJC Board of Directors for their continued support throughout the year. Thank you to all staff for their efforts in helping us improve the overall performance of NJC, their sustained efforts are central to the success of this Club.

The overall operating loss in 2009 of \$1,630,700 has reduced by over 32% netting out at \$1,098,647 after depreciation. Comparing the 2009 loss before depreciation and including asset impairment of \$751,229 against the loss for 2010 of \$168,593 there is an improvement of over 77%. The improvement in the investment market has reduced last year's impairment loss of \$425K which has positively impacted this years results.

In many ways this has been a difficult trading year with a substantial cut in operating income which was down by \$1.22m on 2009 and a number of adverse conditions affecting our ability to achieve optimum results. The disappointing Boxing Day being the coldest and wettest on record, combined with a number of one off expenses has had an impact on the bottom line. When the investment into new systems, people and amenities, plus the start up costs associated with a new external catering business is taken into account, it is easy to see the benefits flowing from the continuous business improvements being made across the organization.

The purchase of the new administration system has enabled the Board to have instant transparency of business performance which in turn allows early intervention where the need arises. With the new Financial Controller in place, revised methods of doing business and substantially improved reporting through to the Board, the Club is well positioned to reap the benefits going forward.

For the past year and a half our business focus has been to consolidate our operations in order to position us for growth. The broad strategy continues to rest on the three platforms of Growth, Efficiency and Excellence. Operating efficiently and with the very best of systems will allow sustainable growth for many years to

come. We have not wavered from this focus and the rewards are now starting to materialize as we move towards elevating our race club status to that of a Centre Of Excellence.

To improve efficiency our administration processes and procedures have been streamlined including setting tighter protocols and delegations. The structure of the executive management team continues to emerge around the goal of creating single points of accountability and multiple points of responsibility. This has had a positive affect on the NJC in terms of culture and increased skills and competencies, which has seen early encouraging results.

The business performance has been solid and will continue to improve each year as we build the organization into the show piece for the Hunter and wider community to enjoy. The early investment into building an efficient platform will further benefit from a planned upgrading of our point of sale technology and supporting information management system providing an integrated business intelligence platform. This will include the ability to introduce Members swipe cards thus allowing differential benefits to flow back to Members.

Through the careful management of costs our hospitality operations, although down in operating revenue by \$320K, was able to improve its net margin by 1% even after the impact of startup costs associated with our new Wyong catering business. There was a massive improvement in catering profitability up by 11.7% in net margin over 2009 results. This uplift in profits validates the Clubs decision to invest in new hospitality areas such as Chevals Restaurant, Swish Bar, the History Room and the proposed extension of the downstairs members area.

## **CEO'S REPORT (CONTINUED)**

Our racing operations had to operate with a significant cut in operating revenue of over \$841K mainly as a result of adverse industry changes plus the elimination of funds associated with subsidies paid to support prize money increases in previous years. This is expected to be resolved in the very near future. From July 1, 2010, Racing NSW restored additional subsidies to maintain prize money and this will have a significant impact on the current year's results. Despite the cut in revenue the Club was able to reduce costs to minimise the impact however, there was still an impact at the margin level stripping the club of valuable cash.

In this changing environment it is necessary to maintain our sponsorship with this year's results showing a reduction in revenue of 6% which was offset by a corresponding reduction in operating cost. The non-race day functions continue to play an important part in our performance with an estimated 160 functions held on non-race days for about 34000 people and hundreds of thousands dollars in revenue. This is an area of our business that has substantial opportunity for growth and the Board has approved several actions to capitalize on this growth.

The impact of staff payouts, a new web site, increased consulting costs associated with our new systems and other capital projects plus additional recruitments costs has been offset by judicious control of costs in our administration area with only a slight increase of 0.6% over 2009. The slight increase was offset by a small rise in administration revenue.

The Vision being provided by the Board of Directors is enabling the development of detailed plans to guide our growth. The Master Plan will set the investment agenda for many years to come as it will address the question of how we utilise our asset base to grow the club. In the meantime we are exploring the opportunity to place our racing infrastructure into the middle of the track including stabling, equine pools, sand rolls and other necessary assets to support our trainers. Once we answer the question of whether or not we can use the middle of the track we can then develop the terms of reference for the Master Plan, thus exploring exciting opportunities to support our core business of racing.



With the positive feel around our Club and the drive by most people to support our endeavours this club will continue go from strength to strength. The vast improvement in business results will continue this year and after the first three months of trading the Club is well ahead of its budget.

Finally, as I said last year the future is in our hands and I will do everything in my power to help make the NJC the Premier Provincial Club in the country and a Centre Of Excellence.

Yours sincerely,



Maurice Sinclair  
**CEO**



**NEWCASTLE JOCKEY CLUB LIMITED**

**A.C.N. 000 002 513**

**CONCISE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2010**

**NEWCASTLE JOCKEY CLUB LIMITED**

**CONCISE FINANCIAL REPORT**

**30 JUNE 2010**

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**NEWCASTLE JOCKEY CLUB LIMITED**  
**A.C.N. 000 002 513**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**DIRECTORS' REPORT**

Your directors present their report on the Company for the financial year ended 30 June 2010.

**DIRECTORS**

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

<u>Position</u>	<u>Name</u>	<u>Experience</u>	<u>Committee Members</u>	<u>Director Since</u>
Chairman	Brian Reardon	Company Director	Finance, Cessnock, Operations, Future Planning	22 October 1993
Vice-Chairman	John Cleaves	Retired Solicitor	Finance, Cessnock	17 April 1991
Director	Allen Hardes	Business Proprietor	Cessnock, Operations	17 October 1997
Director	Gary Dowling	Real Estate Principle	Operations	17 October 1997
Director	Phillip Priestley	Company Director	Operations, Future Planning	17 October 1997
Director	Geoffrey Barnett	Company Director	Finance	22 October 1999
Director	Anthony Hall	Company Director	Finance	22 October 2002
Director	William Moncrieff	Company Director	Finance, Cessnock, Future Planning	25 October 2005
Director	Murray McKeough	Company Director	Finance, Operations, Future Planning	27 October 2006
Director	David Williams	Retired Regional Manager	Finance, Future Planning	29 May 2008

The Company Secretary is John Curtis. John Curtis has held the position of Company Secretary since 1991.

**DIRECTORS' MEETINGS**

The number of meetings attended by each of the directors of the Company during the financial year are: -

<u>Director</u>	<u>Board Meetings</u>	
	<u>Eligible</u>	<u>Attended</u>
Brian Reardon	16	16
John Cleaves	16	15
Allen Hardes	16	15
Gary Dowling	16	15
Phillip Priestley	16	15
Geoff Barnett	16	15
Anthony Hall	16	16
William Moncrieff	16	15
Murray McKeough	16	12
David Williams	16	15

Directors further attended sub-committee meetings throughout the year.

**NEWCASTLE JOCKEY CLUB LIMITED**  
**A.C.N: 000 002 513**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**DIRECTORS' REPORT**

**REVIEW AND RESULTS OF OPERATIONS**

	<b>Total</b>		<b>Broadmeadow</b>		<b>Cessnock</b>		<b>Wyong</b>	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Operating Revenue</b>								
Advertising & Promotion	448,060	477,457	424,622	445,495	23,438	31,962	-	-
Auditorium	8,618	7,265	8,618	7,265	-	-	-	-
Bar	2,077,715	2,407,903	1,967,558	2,298,898	110,157	109,005	-	-
Catering	2,024,245	2,014,250	1,803,582	1,965,020	77,355	49,230	143,308	-
Racing	8,693,759	9,533,469	7,566,382	8,232,933	1,127,377	1,300,536	-	-
Rental	284,778	291,722	284,778	291,722	-	-	-	-
Track	148,330	151,060	90,312	91,298	58,018	59,762	-	-
General & Administration	269,032	260,119	269,032	260,119	-	-	-	-
<b>Total Operating Revenue</b>	<b>13,954,537</b>	<b>15,143,245</b>	<b>12,414,884</b>	<b>13,592,750</b>	<b>1,396,345</b>	<b>1,550,495</b>	<b>143,308</b>	<b>-</b>
<b>Cost of Goods Sold</b>								
Bar	(756,274)	(819,187)	(715,502)	(785,506)	(40,772)	(33,681)	-	-
Catering	(615,430)	(630,375)	(516,567)	(608,229)	(33,103)	(22,146)	(65,760)	-
<b>Total Cost of Goods Sold</b>	<b>(1,371,704)</b>	<b>(1,449,562)</b>	<b>(1,232,069)</b>	<b>(1,393,735)</b>	<b>(73,875)</b>	<b>(55,827)</b>	<b>(65,760)</b>	<b>-</b>
<b>Expenditure</b>								
Advertising & Promotion	(567,705)	(604,666)	(551,727)	(582,505)	(15,978)	(22,161)	-	-
Auditorium	(11,801)	(11,257)	(11,801)	(11,257)	-	-	-	-
Bar	(895,061)	(910,683)	(863,586)	(874,185)	(31,475)	(36,498)	-	-
Catering	(1,093,954)	(1,306,779)	(978,742)	(1,267,202)	(45,093)	(39,577)	(70,119)	-
Depreciation	(930,054)	(879,471)	(863,029)	(826,773)	(67,025)	(52,698)	-	-
Racing	(7,177,513)	(7,744,801)	(6,165,575)	(6,524,478)	(1,011,938)	(1,220,323)	-	-
Rental	(205,432)	(257,757)	(205,432)	(257,757)	-	-	-	-
Track	(1,590,846)	(1,695,781)	(1,352,929)	(1,460,581)	(237,917)	(235,200)	-	-
General & Administration	(1,408,670)	(1,399,874)	(1,408,670)	(1,399,874)	-	-	-	-
<b>Total Expenditure</b>	<b>(13,881,036)</b>	<b>(14,811,069)</b>	<b>(12,401,491)</b>	<b>(13,204,612)</b>	<b>(1,409,426)</b>	<b>(1,606,457)</b>	<b>(70,119)</b>	<b>-</b>
Net Operating Profit/(Loss)	(1,298,203)	(1,117,386)	(1,218,676)	(1,005,597)	(86,956)	(111,789)	7,429	-
<b>Non Operating Items</b>								
Bad Debts	-	(318,758)						
Impairment of Investments	-	(425,853)						
Interest received	180,512	305,344						
Gain/(Loss) Realised on Sale of Investments	19,044	(74,047)						
<b>Profit/(Loss)</b>	<b>(1,098,647)</b>	<b>(1,630,700)</b>						

**NEWCASTLE JOCKEY CLUB LIMITED  
A.C.N. 000 002 513  
FOR THE YEAR ENDED 30 JUNE 2010**

**DIRECTORS' REPORT**

**REVIEW AND RESULTS OF OPERATIONS (continued)**

The overall operating loss in 2009 of \$1,630,700 has reduced by over 32% netting out at \$1,098,647 after depreciation. Comparing the 2009 loss before depreciation and including asset impairment of \$751,229 against the loss for 2010 of \$168,593 there is an improvement of over 77%. The improvement in the investment market has reduced last year's impairment loss of \$425K which has positively impacted this year's result.

The Club had a significant reduction in operating income for 2009/2010 (down by \$1.22M on the prior year), but through diligent cost control, the impact was kept to a minimum with only a small increase in the trading loss despite the large revenue fall.

When the investment into new systems, people and amenities, plus the start up costs associated with a new external catering business is taken into account, the Club is well positioned to reap the benefits going forward.

**PRINCIPAL ACTIVITIES**

The principal activities of the Company during the course of the financial year were: -

- a) the carrying on of the business of a race club at all of its branches; and
- b) the provision of a racecourse or racecourses at Newcastle (Broadmeadow) and at Cessnock and to provide training facilities for horses.

There were no significant changes in the nature of those activities during the year.

**INDEMNIFICATION AND INSURANCE OF OFFICERS**

Clause 80 of the Company's Articles of Association states "The Directors shall be indemnified from the funds of the Club against the costs of any legal proceedings that may be instituted against them in consequence of the performance of their duties".

**INSURANCE PREMIUMS**

During the financial year, the Company has paid, or has agreed to pay a premium in respect of a contract of insurance insuring the Directors and Officers, former Directors and Officers (and any persons who are Directors and Officers in the future) against certain liabilities incurred in that capacity. Disclosure of the total amount of the premiums paid and the nature of the liabilities in respect of such insurance is prohibited by the contract of insurance.

**NEWCASTLE JOCKEY CLUB LIMITED**  
**A.C.N. 000 002 513**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**DIRECTORS' REPORT**

**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 he is a member, or with a Company in which he has a substantial financial interest other than as disclosed in Note 6 of the concise financial statements.

**AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration for the year ended 30 June 2010, as required under section 307C of the Corporations Act 2001, has been received and is included with the financial report.

**DIVIDENDS**

As the Company is limited by guarantee, it is prohibited from paying dividends.

**SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

In the opinion of the directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

**EVENTS SUBSEQUENT TO BALANCE DATE**

No matters or circumstances have arisen since 30 June 2010 that have significantly affected or may significantly affect the operations, results or state of affairs of the company.

**LIKELY DEVELOPMENTS**

There are no significant likely new developments not otherwise stated in the financial report.

**ENVIRONMENTAL ISSUES**

There are no significant environmental regulations that apply at the date of this report.

**PROCEEDINGS ON BEHALF OF COMPANY**

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

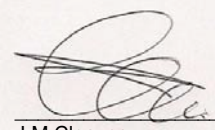
**NEWCASTLE JOCKEY CLUB LIMITED  
A.C.N. 000 002 513  
FOR THE YEAR ENDED 30 JUNE 2010**

**DIRECTORS' REPORT**

Signed in accordance with a resolution of the directors:



B J Reardon  
Director (Chairman)



J M Cleaves  
Director (Vice Chairman)

30 September 2010



**NEWCASTLE JOCKEY CLUB LIMITED**  
**A.C.N. 000 002 513**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS**

**Information on the Newcastle Jockey Club Limited Concise Financial Report**

The concise financial report is an extract from the full financial report for the year ended 30 June 2010. The financial statements and disclosures in the concise financial report have been derived from the 2010 Financial Report of Newcastle Jockey Club Limited. A copy of the full financial report and auditor's report will be sent to any member, free of charge, upon request.

The discussion and analysis is provided to assist members in understanding the concise financial report. The discussion and analysis is based on Newcastle Jockey Club Limited financial statements and the information contained in the concise financial report has been derived from the full 2010 Financial Report of Newcastle Jockey Club Limited.

**Discussion and Analysis of the Financial Statements**

**Statement of Comprehensive Income**

Overall performance of the Club was affected by a major income shortfall of \$1.22M of which racing revenue fell by \$840K. Racing revenue is received via the Provincial Distribution Agreement and is dependent on the overall performance of the industry. Unfortunately the overall performance of the industry is not known until around May each year making it difficult to adjust to a major revenue shortfall. However, the Board's resolve to manage costs tightly in this difficult year has limited the impact of this shortfall with only a slight increase in operating loss of \$180K. With investments returning a positive \$180K the overall loss improved from \$1.63M in 2009 to \$1.098M in 2010. The Club is in excellent shape for the 2011 financial year and it expects a major improvement in profitability before depreciation as a result of the benefits of positive business changes.

From a trading perspective, advertising and promotion was reasonably consistent and hospitality had revenues of just over \$4.1M, a 7.2% reduction on 2009. This was offset however by only a 1.8% reduction in margin down from \$755K in 2009 to \$741K in 2010. This result shows the Boards diligent approach to bring costs down in line with revenue falls. The hospitality business achieved a healthy 21% margin to sales for bar trade and 16% margin for catering with an overall net margin of 18% against sales.

**Statement of Financial Position**

The overall loss of \$1.098M has reduced equity; however this includes the impact of depreciation of \$930K. The Club was able to reduce its interest bearing liabilities by reducing the lease liability by \$50K. With strong cash reserves and a healthy balance sheet, the Club is well positioned to trade positively for 2011.

**Statement of Cash Flows**

Although the overall loss was over \$1M, this only translated into a net cash outflow from operating activities of \$259,039. The Club has continued to invest in its future through the purchase of property plant and equipment totalling \$332,858. The net proceeds from the sale of investments was \$1,246,160 which added to our cash assets.

These movements resulted in a net cash inflow of \$590,171.

**NEWCASTLE JOCKEY CLUB LIMITED**  
**A.C.N. 000 002 513**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**STATEMENT OF COMPREHENSIVE INCOME**

	Note	2010 \$	2009 \$
<b>Revenue &amp; Other Income</b>			
Revenue from Operating Activities		13,954,537	15,143,245
Revenue from Non-Operating Activities		<u>199,556</u>	<u>231,297</u>
Total Revenue and Other Income	2	<u>14,154,093</u>	<u>15,374,542</u>
<b>Cost of Goods Sold</b>		(1,371,704)	(1,449,562)
<b>Operating Expenses</b>			
Advertising & Promotion		(567,705)	(604,666)
Auditorium Costs		(11,801)	(11,257)
Bar Expenses		(895,061)	(910,683)
Catering Expenses		(1,093,954)	(1,306,779)
Depreciation		(930,054)	(879,471)
Racing Expenses		(7,177,513)	(7,744,801)
Rental		(205,432)	(257,757)
Track Expenses		(1,590,846)	(1,695,781)
General & Administration		(1,408,670)	(1,399,874)
Impairment of Investments		-	(425,853)
Impairment of Receivables		-	(318,758)
Total Operating Expenses		<u>(13,881,036)</u>	<u>(15,555,680)</u>
Profit/(Loss) for the Year		<u>(1,098,647)</u>	<u>(1,630,700)</u>
Profit/(Loss) Attributable to Members of the Entity		<u>(1,098,647)</u>	<u>(1,630,700)</u>
<b>Other Comprehensive Income</b>			
Investment (Gains)/Losses Realised During the Year		(3,940)	74,047
Reversal of Previous Impairment Losses		30,198	-
Impairment Loss Recognised for the Year		-	425,853
Increase/(Decrease) in Fair Value of Available-for-sale Investments		-	(317,176)
<b>Total Comprehensive Income</b>		<u>(1,072,389)</u>	<u>(1,447,976)</u>

**NEWCASTLE JOCKEY CLUB LIMITED**  
**A.C.N. 000 002 513**  
**AS AT 30 JUNE 2010**

**STATEMENT OF FINANCIAL POSITION**

	2010	2009
	\$	\$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	1,360,275	770,104
Receivables	1,349,001	1,083,882
Inventories	109,711	98,890
Other	78,359	40,153
	<u>2,897,346</u>	<u>1,993,029</u>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	16,296,066	16,893,262
Investment property	521,307	521,307
Other financial assets	2,622,258	3,823,116
	<u>19,439,631</u>	<u>21,237,685</u>
<b>TOTAL ASSETS</b>	<u>22,336,977</u>	<u>23,230,714</u>
<b>CURRENT LIABILITIES</b>		
Payables	1,023,174	797,401
Interest-bearing liabilities	757,303	771,111
Provisions	239,616	208,201
	<u>2,020,093</u>	<u>1,776,713</u>
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing liabilities	430,430	480,714
Provisions	39,782	54,226
	<u>470,212</u>	<u>534,940</u>
<b>TOTAL LIABILITIES</b>	<u>2,490,305</u>	<u>2,311,653</u>
<b>NET ASSETS</b>	<u>19,846,672</u>	<u>20,919,061</u>
<b>EQUITY</b>		
Asset revaluation reserve	134,323	8,065
Retained profits	19,712,349	20,910,996
<b>TOTAL EQUITY</b>	<u>19,846,672</u>	<u>20,919,061</u>

**NEWCASTLE JOCKEY CLUB LIMITED**

**A.C.N. 000 002 513**

**FOR THE YEAR ENDED 30 JUNE 2010**

**STATEMENT OF CHANGES IN EQUITY**

	Asset Revaluation Reserve \$	Retained Earnings \$	Total \$
<b>BALANCE AT 1 JULY 2008</b>	(174,659)	22,541,696	22,367,037
Loss attributable to members of the company	-	(1,630,700)	(1,630,700)
<b>Other Comprehensive Income</b>			
(Gains) / Losses realised during the year	74,047	-	74,047
Impairment loss recognised	425,853	-	425,853
Increase / (Decrease) in fair value of Available-for-sale financial assets	-	-	-
	(317,176)	-	(317,176)
<b>BALANCE AT 30 JUNE 2009</b>	8,065	20,910,996	20,919,061
Loss attributable to members of the company	-	(1,098,647)	(1,098,647)
<b>Other Comprehensive Income</b>			
(Gains) / Losses realised during the year	(3,940)	-	(3,940)
Restatement of prior year impairment	100,000	(100,000)	-
Reversal of previous impairment losses	30,198	-	30,198
<b>BALANCE AT 30 JUNE 2010</b>	134,323	19,712,349	19,846,672

**NEWCASTLE JOCKEY CLUB LIMITED**  
**A.C.N. 000 002 513**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**STATEMENT OF CASH FLOWS**

	2010 \$ Inflows (Outflows)	2009 \$ Inflows (Outflows)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts in the course of operations	14,979,426	17,580,445
Payments to suppliers and employees	(15,166,121)	(17,102,079)
Borrowing costs	(78,918)	(99,829)
Interest received	6,574	305,344
Net Cash provided by / (used in) operating activities	<u>(259,039)</u>	<u>683,881</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for property, plant & equipment	(332,858)	(1,022,231)
Proceeds from maturity/sale of investments	1,898,077	1,892,328
Purchase of investments	<u>(651,917)</u>	<u>(1,539,252)</u>
Net Cash provided by / (used in) investing activities	<u>913,302</u>	<u>(669,155)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan to NJC All Sports Club	-	(21,954)
Proceeds from Borrowings	700,000	-
Repayment of Borrowings	<u>(764,092)</u>	<u>(85,828)</u>
Net Cash provided by / (used in) financing activities	<u>(64,092)</u>	<u>(107,782)</u>
Net increase / (decrease) in Cash Held	590,171	(93,056)
Cash at Beginning of Financial Year	<u>770,104</u>	<u>863,160</u>
Cash at End of Financial Year	<u><u>1,360,275</u></u>	<u><u>770,104</u></u>

**NEWCASTLE JOCKEY CLUB LIMITED  
A.C.N. 000 002 513  
FOR THE YEAR ENDED 30 JUNE 2010**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The concise financial report is an extract for the full financial report for the year ended 30 June 2010. The concise financial report has been prepared in accordance with Accounting Standard AASB 1039: Concise Financial Reports, and the *Corporations Act 2001*.

The financial statements, specific disclosures and other information included in the concise financial report are derived from and are consistent with the full financial report of Newcastle Jockey Club Limited. The concise financial report cannot be expected to provide as detailed an understanding of the financial performance, financial position and financing and investing activities of Newcastle Jockey Club Limited as the full financial report.

The presentation currency used in this concise financial report is Australian dollars.

**NEWCASTLE JOCKEY CLUB LIMITED**  
**A.C.N. 000 002 513**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**NOTES TO THE FINANCIAL STATEMENTS**

	2010	2009
	\$	\$
<b>2 REVENUE</b>		
Operating activities:		
Advertising & Promotion	448,060	477,457
Auditorium	8,618	7,265
Bar	2,077,715	2,407,903
Catering	2,024,245	2,014,250
Racing	8,693,759	9,533,469
Rental	284,778	291,722
Track	148,330	151,060
General & Administration	269,032	260,119
	<u>13,954,537</u>	<u>15,143,245</u>
Non-operating activities:		
Interest and investment distributions received	180,512	305,344
Profit/(Loss) on sale of investments	19,044	(74,047)
	<u>199,556</u>	<u>231,297</u>
	<u>14,154,093</u>	<u>15,374,542</u>

**3 SEGMENT INFORMATION**

The Company operates in Australia in the racing industry, namely the provision of racecourses in Newcastle (Broadmeadow) and at Cessnock, and to provide training facilities for horses.

**4 CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

There were no contingent assets or liabilities at the balance date.

**5 SUBSEQUENT EVENTS**

No matters or circumstances have arisen since 30 June 2010 that have significantly affected or may significantly affect the operations, results or state of affairs of the Club.

**NEWCASTLE JOCKEY CLUB LIMITED  
A.C.N. 000 002 513  
FOR THE YEAR ENDED 30 JUNE 2010**

**NOTES TO THE FINANCIAL STATEMENTS**

**6 RELATED PARTY TRANSACTIONS**

Mr G C Dowling (Director) is a principal of Dowling Real Estate, which provided real estate management services to the Company and also sponsored the Club for race day events. The value of these transactions were:

- Real estate services - \$1,532 (2009: \$1,364)
- Sponsorship revenue - \$nil (2009: \$4,400)

Mr A J Harges (Director) is an employee of Punter's Mate, which provides betting services to the Club in 2010. The value of transactions during the year was \$6,024 (2009: \$6,105).

Mr A A Munro (Financial Controller) is a principal of Clark Rubber (Kotara), which provided matting products to the Club in 2010. The value of transactions during the year was \$1,560 (2009: \$nil).

**7 COMPANY DETAILS**

The registered office and principal place of business of the company is: -

Darling Street  
BROADMEADOW NSW 2292




**NEWCASTLE JOCKEY CLUB LIMITED  
A.C.N. 000 002 513  
FOR THE YEAR ENDED 30 JUNE 2010**

**DIRECTORS' DECLARATION**

The Directors of the Company declare that the concise financial report of Newcastle Jockey Club Limited for the year ended 30 June 2010, comprised of the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and related notes and the discussion and analysis:

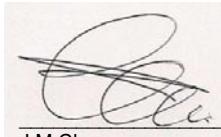
- (a) complies with Accounting Standard AASB 1039: Concise Financial Reports; and
- (b) is an extract from the full financial report for the year ended 30 June 2010 and has been derived from and is consistent with the full financial report of Newcastle Jockey Club Limited.

This declaration is made in accordance with a resolution of the Board of Directors.



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B J Reardon  
Director (Chairman)



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J M Cleaves  
Director (Vice Chairman)

30 September 2010



**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 2010, there have been:

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

**PROSPERITY AUDIT SERVICES**



**PAUL HORNE**  
Partner

24 September 2010

Newcastle

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Prosperity Audit Services  
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### INDEPENDENT AUDIT REPORT TO THE MEMBERS OF NEWCASTLE JOCKEY CLUB LIMITED

#### REPORT ON THE CONCISE FINANCIAL REPORT

The accompanying concise financial report of Newcastle Jockey Club Limited ("the Company") comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and related notes, derived from the audited financial report of Newcastle Jockey Club Limited for the year ended 30 June 2010, and the discussion and analysis. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards.

#### DIRECTORS' RESPONSIBILITY FOR THE CONCISE FINANCIAL REPORT

The directors are responsible for the preparation and presentation of the concise financial report in accordance with Accounting Standard AASB 1039: Concise Financial Reports (including the Australian Accounting Interpretations), statutory and other requirements. This responsibility includes establishing and maintaining internal control relevant to the preparation of the concise financial report; selecting and applying the appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of Newcastle Jockey Club Limited for the year ended 30 June 2010. Our audit report on the financial report for the year was signed on 30 September 2010 and was not subject to any modification. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

Our procedures in respect of the concise financial report included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Accounting Standard AASB 1039: Concise Financial Reports and whether the discussion and analysis complies with the requirements laid down in AASB 1039: Concise Financial Reports.

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

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**INDEPENDENT AUDIT REPORT  
TO THE MEMBERS OF NEWCASTLE JOCKEY CLUB LIMITED (CONT'D)**

**INDEPENDENCE**

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Newcastle Jockey Club Limited on 24 September 2010, would be in the same terms if provided to the directors as at the date of this auditor's report.

**AUDITOR'S OPINION**

In our opinion, the concise financial report including the discussion and analysis of Newcastle Jockey Club Limited for the year ended 30 June 2010 complies with Accounting Standard AASB 1039: Concise Financial Reports.

**PROSPERITY AUDIT SERVICES**



**PAUL HORNE**  
Partner

30 September 2010

Newcastle



newcastle jockey club



newcastle jockey club

## **NOTES**

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