



NEWCASTLE JOCKEY CLUB
ANNUAL REPORT 2015 -2016



NEWCASTLE JOCKEY CLUB

NEWCASTLE JOCKEY CLUB LIMITED
(A COMPANY LIMITED BY GUARANTEE)

ABN 13 000 002 513



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CHAIRMAN'S WELCOME AND REPORT

Dear NJC Members,

On behalf of the Board of Directors I take much pleasure in welcoming you to the 2015/16 Newcastle Jockey Club (NJC) Annual report.

The NJC Board for the past two years has included Bill Moncrieff (Vice Chairman), Paul Leaming (Finance and Risk Committee Chairman), Helen Wild, Rob Dan, Richard Sonnichsen and Mike Hadaway.

I thank them for their support and individual contribution to our club and congratulate them on guiding the NJC and in continuing our very strong financial position. Members should be very proud of this Board and the decision making that has been implemented.

NJC members, racehorse owners, jockeys, trainers, strappers and patrons should also be congratulated on their continued support of our Broadmeadow and Cessnock facilities during the uncertainty caused by the major track upgrades that have recently taken place. Without these important stakeholders and of course our racecourse staff lead by Peter Birch and Steve Tapp, our club could not maintain its position as a leader in NSW racing.

Welcome to our new CEO Matt Benson. Matt has certainly hit the ground running and, amongst other things, continues to build our

strategic focus on upgrading and improving facilities at the NJC.

Members may be aware that from October last year to early February this year, we were without a CEO and during that time the support from the NJC management team was unbelievable. We had several projects 'on the go' including critical stages of the new course proper development and between the staff and Board members we didn't miss a beat. I could not be more proud of this team at NJC.

The invaluable assistance provided by Brian Judd during this period and also during Matt Benson's first few weeks should also be acknowledged.

Again - congratulations and thanks to all the staff and stakeholders that make this club what it is as we all look forward to our new racing facilities being launched on Newcastle Newmarket day in March 2017.

Yours Sincerely,

Geoffrey Barnett
Chairman Newcastle Jockey Club Limited

BROADMEADOW GROUP 3 AND CESSNOCK FEATURE WINNERS AND PLACE GETTERS FOR 2016:

Newcastle Gold Cup (G3)	Horse	Jockey	Trainer
Winner	Sacred Master (NZ)	Hugh Bowman	Chris Waller
2nd	Dee I Cee (NZ)		
3rd	Junoob (GB)		
Cameron Handicap (G3)			
Winner	Chetwood	Tim Cark	John O'Shea
2nd	Le Romain		
3rd	Famous Seamus (NZ)		
Spring Stakes (G3)			
Awaiting status confirmation from Racing NSW			
Tibbie Stakes (G3)			
Winner	Spirit Bird (NZ)	Glyn Schofield	James Cummings
2nd	Fitou		
3rd	Savoureux		
2016 Newmarket Hcp (G3)			
Race was run at Rosehill Gardens due to weather at Broadmeadow Racecourse			
Winner	Artistry	Thomas Huet	Peter and Paul Snowden
2nd	Nancy		
3rd	Amovatio		
Tooheys New Cessnock Cup (1350m)			
Winner	Next Level	Mitchell Bell	Gary Portelli
2nd	Patinage		
3rd	Clunes Rocket		
Cessnock Leagues Club Jungle Juice Cup (1350m)			
Winner	Ultima Chance	Greg Ryan	Scott Collings
2nd	Three Sheets		
3rd	Annandale Lass		



CHIEF EXECUTIVE'S REPORT

Firstly, may I thank the NJC Board for providing me with the opportunity to take on this most exciting and challenging role, and secondly, may I sincerely thank the aforementioned Directors, as well as staff, members and sponsors of the NJC and numerous industry participants for your very warm welcome to Newcastle and the unprecedented support I have received since arriving in February.

Many of you would have heard me speak of the benefit of not being a local coming into this job – and I mean this very positively. To move to Newcastle and experience first-hand your wonderful lifestyle, but more importantly the uniqueness of the centrally located racing facilities and space we have at Broadmeadow is a truly motivating experience. It is one that I hope to enjoy both professionally and personally well into the future.

We will launch the best track in Australia next March. StrathAyr's eye for detail and pride in their workmanship was simply superior, and the patience of both the club and industry to now let our new course proper consolidate and mature is highly commendable and will pay back in spades. The Beaumont track has been an incredible work-horse during the construction phase and will be the best supporting 'B' Grass track in the land as well. Peter Birch and his team should also be commended.

In addition, the Directors have generously supported my strong view that we improve our facilities

for patrons and I thank them for allowing implementation of some initial proposals prior to the spring carnival. Due to the nature of the racing season – had we not completed these projects we would not have been in a position to do so until next April. We will re-visit concepts for future upgrades in the new year and rest assured that any and all recently completed or planned future developments will have a critical eye to the commercial realities of increasing cost structures and key income streams applied to them.

Of particular note have been the following:

1. Total renovation of the old Broadmeadow Bar into the 'Ascot Bar' with new TAB and bookmaker facilities;
2. Renovation of the Newmarket Bar that had remained unused for some years;
3. Replacement of all analogue TV's with digital flat screens throughout the course – including on tables in Chevals Restaurant;
4. Opening of the new Mounting Yard marquee for both raceday and non-raceday events;
5. Completion of the new track and external fencing in support of the new course proper;
6. Planting of new hedge around the entire facility and ongoing garden upgrades;
7. Renovation of on-course plumbing including supply to jockey's room.

It is truly refreshing coming into a state where there is 'good news story' after 'good news story' regarding track developments and prize money – and our recent increase to \$30,000 for Provincial Races is a significant case in point. John Messara, Peter V'landys and the team at Racing NSW have done an incredible job of setting our industry up for the future, and we should all be equally excited about the pivotal role that Newcastle should increasingly play in that vision in the future.

May I take this opportunity to thank the sponsors of the club who not only give financially, but invariably devote considerable time to promoting functions, fundraisers and events at NJC.

On a personal note, I would like to especially thank Geoff Barnett for his support during these first few months and I very much look forward to working with the whole Board through this most exciting period.

May I also thank the staff of NJC who work tirelessly to ensure we put our best foot forward – and, in closing, a very special mention to my wife Min and kids Bella, Emily and Will for so selflessly supporting my passion to get back into Thoroughbred Racing Administration.

Matt Benson
Chief Executive
Newcastle Jockey Club Limited

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2016

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

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

FINANCIAL REPORT

30 JUNE 2016

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NEWCASTLE JOCKEY CLUB LIMITED
A.C.N. 000 002 513
FOR THE YEAR ENDED 30 JUNE 2016

DIRECTORS' REPORT

Your Directors present their report on the Company for the financial year ended 30 June 2016.

DIRECTORS

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

Name	Experience and Special Responsibilities
Geoffrey Barnett (Chairman)	Elected to NJC Board in October 1999 Appointed Chairman of NJC in November 2011 Member of NJC Finance and Risk Committee Managing Director and CEO of Minco Tech Australia Pty Limited
William Moncrieff (Vice-Chairman)	Elected to NJC Board in October 2005 Member of NJC Finance and Risk Committee Managing Director of Steel Fabrication Company
Michael Hadaway Dip. BM	Elected to NJC Board in June 2011 (resigned 24 November 2015) Regional Manager for Security Company
Robert Dan B.A, Dip. Teach	Elected to NJC Board in May 2012 Retired Head Teacher of Mathematics
Paul Leaming B.Bus, FCPA	Appointed to NJC Board in March 2013 Chairman of NJC Finance and Risk Committee Former CFO for AMP
Helen Wild B.Com, FCPA, CIA, FAICD, JP	Appointed to NJC Board in March 2013 Former CFO and Company Secretary for Newcastle Airport Pty Limited
Richard Sonnichsen	Appointed to NJC Board in March 2013 Building and Property Manager of Godolphin

COMPANY SECRETARY

The name of the Company Secretary in office at any time during or since the end of the year are:

- Mr Cameron Williams from 1 July 2015 to 12 October 2015;
- Mr Paul Leaming from 12 October 2015 to 12 July 2016; and
- Mr Matthew Benson from 12 July 2016.

DIRECTORS' MEETINGS

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

Director	Eligible	Attended *
Geoffrey Barnett (Chairman)	12	12
William Moncrieff (Vice-Chairman)	12	12
Michael Hadaway	4	2
Robert Dan	12	10
Paul Leaming	12	11
Helen Wild	12	10
Richard Sonnichsen	12	11

* Directors further attended the annual general meeting held on the 24 November 2015.

NEWCASTLE JOCKEY CLUB LIMITED
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FOR THE YEAR ENDED 30 JUNE 2016

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

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

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

There were no significant changes in the nature of those activities during the year. These activities, in the opinion of the Directors, will assist in achieving the Company's objectives.

REVIEW AND RESULTS OF OPERATIONS

The Newcastle Jockey Club has recorded a profit of \$7,443,795 for 2015/16 compared to a profit of \$4,624,857 for 2014/15. After accounting for Other Comprehensive Income, the Club recorded Total Comprehensive Income attributable to members of \$966,169 compared to \$1,310,855 for the previous year.

During 2014/15 and 2015/16, the Club recorded a number of transactions that are not considered by the Directors to reflect the underlying performance of the Club's operations. These include:

- The receipt of Racecourse Redevelopment Funding of \$6,564,448 (2014/15: \$3,347,002).
- The revaluation of the Club's investment properties in the amount of \$527,320 increment (2014/15: \$435,000 increment).
- The Club lodged an insurance claim for damage incurred during the April 2015 storms in the 2014/15 year. A payment of \$400,000 was received in June 2015 and was recognised as income in the 2014/15 year. The corresponding expenses and asset replacement costs recognised in 2014/15 were \$62,394, resulting in a net impact on the underlying performance of \$337,606. A further payment of \$143,164 was received in May 2016 as final settlement of this claim.

The Directors therefore consider Total Comprehensive Income before Investment Property Revaluations, and after Transfers to Reserves, to be an appropriate measure of the Club's underlying performance. The Club recorded Total Comprehensive Income before Property Revaluation, and after Transfers to Reserves, for 2015/16 of \$295,685 compared to \$538,249 for 2014/15.

COMPANY OBJECTIVES

The Company's primary objective is to be a premier Thoroughbred racing and entertainment destination.

- *Short Term Objectives:*
Provide a modern and appealing facility centred on the sport of Thoroughbred racing for members of the Club, industry stakeholders and visitors.
- *Long Term Objectives:*
Create a superior, multi-purpose venue that maintains a leadership position for provincial Thoroughbred racing and non-racing events. Maintain a sustainable business model underpinned by qualified vision, sound financial management, industry collaboration and diligent corporate governance.

NEWCASTLE JOCKEY CLUB LIMITED
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FOR THE YEAR ENDED 30 JUNE 2016

DIRECTORS' REPORT

STRATEGIES

The principal strategies of the Company include:

- Operate as a surplus generating enterprise to create cash reserves for reinvestment into the Club, the Thoroughbred industry and the local community. In doing so, adopt a business culture that seeks return on investment supported by comprehensive due diligence, risk management and stakeholder engagement.
- Strive to be a leading Provincial Race Club at Broadmeadow and a leading Country Race Club at Cessnock complete with an integrated strategic plan, facility upgrade program and self sufficient funding model.
- Promote and support the thoroughbred racing industry.
- Administer all Club activity in line with contemporary governance practices.

PERFORMANCE MEASUREMENT AND KEY PERFORMANCE INDICATORS

The Company measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the Directors to assess the financial sustainability of the Company and whether the Company's short-term and long-term objectives are being achieved. Performance is assessed regularly against previous results, approved budgets and relevant industry benchmarks.

Key Performance Indicators	2016	2015	2014
Total revenue change (year on year)	1.3%	-9.6%	9.8%
Total expense change (year on year)	4.9%	-7.6%	6.6%
Working Capital Ratio	3.09:1	3.00:1	2.04:1
Debt to Equity Ratio	0.05:1	0.07:1	0.11:1
Total revenue derived from Racecourse operations	74%	76%	75%
Food and beverage cost of goods to F&B revenue	33%	31%	34%
Gross profit margin: Bar, Broadmeadow	67%	69%	66%
Gross profit margin: Bar, Cessnock	66%	64%	63%
Gross profit margin: Catering, Broadmeadow	68%	68%	66%
Gross profit margin: Catering, Cessnock	74%	47%	35%

Net Cash provided by Operating Activities was down from \$1.44m in 2014/15 to \$1.37m for 2015/16.

LIMITATION OF MEMBER'S LIABILITY

If the Company is wound up, the Company's Constitution states that each member is required to contribute a maximum of \$2 each towards meeting any outstanding obligations of the Company.

Membership Category	Number	Maximum Liability
Full Member	851	\$1,702
Honorary Member	53	\$106
Life Member	4	\$8
Total	908	\$1,816



NEWCASTLE JOCKEY CLUB LIMITED
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FOR THE YEAR ENDED 30 JUNE 2016

DIRECTORS' REPORT

	Broadmeadow		Cessnock		Total	
	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$
Revenue & Other Income						
Advertising & Promotion	693,147	705,092	47,701	18,845	740,848	723,937
Race Day Bar	1,422,514	1,563,026	46,193	26,554	1,468,707	1,591,544
Race Day Catering	1,181,738	974,654	28,190	12,557	1,209,928	990,235
Racing	11,326,428	10,982,704	1,503,329	1,192,927	12,829,757	12,180,798
Track	814,675	808,092	140,555	94,900	955,230	902,992
Non Race Day Events	162,998	733,618	-	-	162,998	733,618
General & Administrative	15,345	39,452	-	-	15,345	39,452
Investment	535,286	483,728	1,560	1,598	536,846	485,326
Racecourse Redevelopment	6,564,448	3,341,973	-	-	6,564,448	3,347,002
Insurance Recovery	143,146	400,000	-	-	143,146	400,000
	22,859,725	20,037,368	1,767,528	1,347,381	24,627,253	21,394,904
Cost of Goods Sold						
Race Day Bar	(526,402)	(538,737)	(15,912)	(10,347)	(542,314)	(549,084)
Race Day Catering	(376,685)	(415,239)	(7,340)	(9,005)	(384,025)	(423,560)
Non Race Day Events	(1,245)	(188,579)	-	-	(1,245)	(188,579)
	(904,332)	(1,142,556)	(23,252)	(19,352)	(927,584)	(1,161,223)
Expenditure						
Advertising	(251,960)	(282,947)	(20,822)	(9,623)	(272,782)	(292,570)
Administration	(548,005)	(359,930)	(2,247)	(2,938)	(550,252)	(362,868)
Cleaning	(308,690)	(291,371)	(15,177)	(15,271)	(323,867)	(306,642)
Depreciation	(805,188)	(1,086,772)	(64,329)	(77,113)	(869,517)	(1,163,885)
Equipment hire	(161,599)	(195,364)	(14,897)	(3,792)	(176,496)	(199,156)
Insurance	(209,329)	(237,661)	(20,651)	(18,697)	(229,980)	(256,358)
Motor vehicle	(38,897)	(38,717)	(8,625)	(10,037)	(47,522)	(48,754)
Promotions	(123,837)	(130,634)	(8,954)	(1,697)	(132,791)	(132,331)
Racebook costs	(119,089)	(114,355)	(3,278)	(6,150)	(122,367)	(120,505)
Raceday expenses	(7,996,932)	(7,501,131)	(1,120,471)	(911,203)	(9,117,403)	(8,412,334)
Rates	(130,946)	(118,689)	(12,239)	(11,823)	(143,185)	(130,512)
Repairs and maintenance	(205,009)	(253,404)	(26,216)	(22,984)	(231,225)	(276,388)
Employment expenses	(3,508,060)	(3,403,824)	(278,133)	(221,156)	(3,786,193)	(3,624,980)
Security	(213,807)	(214,103)	(11,993)	(7,134)	(225,800)	(221,237)
Staff expenses	(192,472)	(146,051)	(1,305)	(1,061)	(193,777)	(147,112)
Utilities	(269,570)	(269,517)	(11,762)	(10,387)	(281,332)	(279,904)
Consumables	(7,843)	(8,125)	(471)	(285)	(8,314)	(8,410)
Rental	(5,434)	(5,873)	-	-	(5,434)	(5,873)
Loss on disposal	(64,957)	(53,405)	-	(600)	(64,957)	(54,005)
	(15,161,624)	(14,735,564)	(1,621,570)	(1,331,951)	(16,783,194)	(16,043,825)
Profit/(Loss) *	6,793,769	4,159,249	122,706	(3,922)	6,916,475	4,189,857

* Before Investment Property Revaluation Increment

Transfers (to)/from Reserves

Transfer of Funding to the Racecourse Redevelopment Reserve	(6,564,448)	(3,347,002)
Transfer of Capital Asset Depreciation from the Racecourse Redevelopment Reserve	86,822	33,000
Total Comprehensive Income before Investment Property Revaluations ^	438,849	875,855
Investment Property Revaluation Increment	527,320	435,000
Total Comprehensive Income Attributable to Members	966,169	1,310,855

^ The Directors consider Total Comprehensive Income before Investment Property Revaluations and after Transfers (to)/from Reserves, to be an appropriate measure of the Club's underlying performance. After adjusting for the April 2015 storm insurance recovery, the Directors consider the following comparison reflective of the underlying performance of the Club:

Total Comprehensive Income before Investment Property Revaluation ^	438,849	875,855
Adjustment for the impact of the April 2015 storm insurance recovery	(114,129)	(337,606)
Underlying Performance of the Club	324,720	538,249

**NEWCASTLE JOCKEY CLUB LIMITED
A.C.N. 000 002 513
FOR THE YEAR ENDED 30 JUNE 2016**

DIRECTORS' REPORT

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

LIKELY DEVELOPMENTS

The Company is preparing for the transfer of the Broadmeadow track's racing fixtures from the "B Grass" track to the "A Grass" track in time for the Autumn Carnival in March 2017. The transfer will represent the finalisation of the Racecourse Redevelopment Project commenced in 2014. The Project is further outlined in Notes 1 (b) and 16.

There are no other likely developments expected to impact the Company in the future.

DIRECTORS INTERESTS AND BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with a director or with a firm of which they are a member, or with a Company in which they have a substantial financial interest other than as disclosed in Note 17.

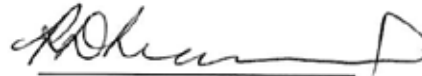
AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2016, as required under section 307C of the *Corporations Act 2001*, has been received and can be found on page 6.

Signed in accordance with a resolution of the Directors:



Geoffrey Barnett
Chairman of the Board



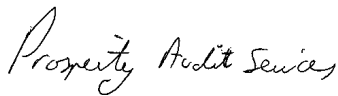
Paul Leaming
Chairman of the Finance and Risk Committee

30 September 2016

**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 2016 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



PROSPERITY AUDIT SERVICES



LUKE MALONE
Partner
30 September 2016
Newcastle

Sydney
Level 11
309 Kent Street
Sydney NSW 2000
PO Box 20726
World Square NSW 2002
T 02 8262 8700
F 02 8026 8377

Newcastle
Hunter Mall Chambers
2nd Floor, 175 Scott Street
Newcastle NSW 2300
PO Box 234
Newcastle NSW 2300
T 02 4907 7222
F 02 8026 8376

Brisbane
Level 22
333 Ann Street
Brisbane QLD 4000
GPO Box 2246
Brisbane QLD 4001
T 07 3839 1755
F 07 3839 1037

mail@prosperityadvisers.com.au
www.prosperityadvisers.com.au

Prosperity Audit Services
ABN 87 879 283 831



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NEWCASTLE JOCKEY CLUB LIMITED
A.C.N. 000 002 513
FOR THE YEAR ENDED 30 JUNE 2016

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2016 \$	2015 \$
Revenue	2	17,382,813	17,162,576
Other income	2	7,771,760	4,667,328
Cost of Goods Sold		(927,584)	(1,161,223)
Expenses			
Advertising		(272,782)	(292,570)
Administration		(550,252)	(362,868)
Cleaning		(323,867)	(306,642)
Depreciation		(869,517)	(1,163,885)
Equipment hire		(176,496)	(199,156)
Insurance		(229,980)	(256,358)
Motor vehicle		(47,522)	(48,754)
Promotions		(132,791)	(132,331)
Racebook costs		(122,367)	(120,505)
Raceday expenses		(9,117,403)	(8,412,334)
Rates		(143,185)	(130,512)
Repairs and maintenance		(231,225)	(276,388)
Employment expenses		(3,786,193)	(3,624,980)
Security		(225,800)	(221,237)
Staff expenses		(193,777)	(147,112)
Utilities		(281,332)	(279,904)
Consumables		(8,314)	(8,410)
Rental		(5,434)	(5,873)
Loss on disposal		(64,957)	(54,005)
Total expenses		<u>(16,783,194)</u>	<u>(16,043,824)</u>
Profit/(Loss) for the year	3	<u>7,443,795</u>	<u>4,624,857</u>
Profit/(Loss) attributable to members		<u><u>7,443,795</u></u>	<u><u>4,624,857</u></u>
Other Comprehensive Income			
<i>Items that will not be reclassified subsequently to profit or loss when specific conditions are met:</i>			
Transfer to Racecourse Development Reserve		(6,564,448)	(3,347,002)
Transfer from Racecourse Development Reserve		<u>86,822</u>	<u>33,000</u>
Total Comprehensive Income attributable to members		<u><u>966,169</u></u>	<u><u>1,310,855</u></u>

The accompanying notes form part of these financial statements.

NEWCASTLE JOCKEY CLUB LIMITED
A.C.N. 000 002 513
AS AT 30 JUNE 2016

STATEMENT OF FINANCIAL POSITION

	Note	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	4	2,619,242	2,680,780
Trade and other debtors	5	2,312,634	2,584,262
Inventory	6	135,663	142,615
Other current assets		<u>56,554</u>	<u>30,470</u>
Total Current Assets		<u>5,124,093</u>	<u>5,438,127</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	26,681,685	19,808,160
Investment property	8	3,840,000	3,300,000
Financial assets		<u>5,698</u>	<u>14,099</u>
Total Non-Current Assets		<u>30,527,383</u>	<u>23,122,259</u>
TOTAL ASSETS		<u>35,651,476</u>	<u>28,560,386</u>
CURRENT LIABILITIES			
Trade and other payables	9	1,285,494	1,387,938
Interest-bearing liabilities	10	31,694	80,800
Employee provisions	11	<u>342,344</u>	<u>346,053</u>
Total Current Liabilities		<u>1,659,532</u>	<u>1,814,791</u>
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	10	34,227	167,678
Employee provisions	11	<u>53,628</u>	<u>117,624</u>
Total Non-Current Liabilities		<u>87,855</u>	<u>285,302</u>
TOTAL LIABILITIES		<u>1,747,387</u>	<u>2,100,093</u>
NET ASSETS		<u>33,904,090</u>	<u>26,460,293</u>
EQUITY			
Reserve - Property Revaluation	12	1,411,977	1,411,977
Reserve - Racecourse Redevelopment	12	10,933,878	4,456,252
Retained profits		<u>21,558,235</u>	<u>20,592,066</u>
TOTAL EQUITY		<u>33,904,090</u>	<u>26,460,293</u>

The accompanying notes form part of these financial statements.

NEWCASTLE JOCKEY CLUB LIMITED
A.C.N. 000 002 513
FOR THE YEAR ENDED 30 JUNE 2016

STATEMENT OF CHANGES IN EQUITY

	Property Revaluation Reserve \$	Racecourse Redevelopment Reserve \$	Retained Earnings \$	Total \$
BALANCE AT 1 JULY 2014	1,411,977	1,142,250	19,281,211	21,835,436
Profit/(Loss) for the year	-	-	4,624,857	4,624,857
Other comprehensive income	-	3,314,002	(3,314,002)	-
BALANCE AT 30 JUNE 2015	1,411,977	4,456,252	20,592,066	26,460,293
Profit/(Loss) for the year	-	-	7,443,795	7,443,795
Other comprehensive income	-	6,477,626	(6,477,626)	-
BALANCE AT 30 JUNE 2016	1,411,977	10,933,878	21,558,235	33,904,090

The accompanying notes form part of these financial statements.

NEWCASTLE JOCKEY CLUB LIMITED
A.C.N. 000 002 513
FOR THE YEAR ENDED 30 JUNE 2016

STATEMENT OF CASH FLOWS

	2016 \$ Inflows (Outflows)	2015 \$ Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and other sources	19,972,087	19,205,965
Payments to suppliers and employees	(18,653,155)	(17,805,641)
Interest received	74,623	65,620
Borrowing costs	<u>(24,704)</u>	<u>(27,924)</u>
Net cash provided by operating activities	<u>1,368,851</u>	<u>1,438,020</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant & equipment	(7,807,999)	(3,693,048)
Payments for investment property	(12,680)	-
Proceeds from maturity/sale of investments	<u>8,401</u>	<u>756</u>
Net cash provided by / (used in) investing activities	<u>(7,812,278)</u>	<u>(3,692,292)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash receipts from grant funding	6,564,448	3,341,973
Repayment of borrowings	<u>(182,557)</u>	<u>(132,332)</u>
Net cash provided by / (used in) financing activities	<u>6,381,891</u>	<u>3,209,641</u>
Net increase / (decrease) in cash and cash equivalents held	(61,538)	955,367
Cash and cash equivalents at beginning of financial year	<u>2,680,780</u>	<u>1,725,413</u>
Cash and cash equivalents at end of financial year	4 <u><u>2,619,242</u></u>	<u><u>2,680,780</u></u>

The accompanying notes form part of these financial statements.

NEWCASTLE JOCKEY CLUB LIMITED
A.C.N. 000 002 513
FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

The financial statements are for Newcastle Jockey Club Limited as an individual entity, incorporated and domiciled in Australia. Newcastle Jockey Club Limited is a company limited by guarantee.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

Newcastle Jockey Club Limited has elected to adopt the Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards*.

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on the date that the Directors' Declaration was signed.

Accounting Policies

a) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, rebates, trade allowances and amounts collected on behalf of third parties.

Rendering of Services

Revenue from the rendering of services is recognised upon the delivery of the service. This revenue includes:

- *TAB Distribution*
The TAB / racing industry agreements set out a formula under which distributions to the NSW racing industry, and amongst various stakeholders are made. Those agreements stipulate that each stakeholder will receive an amount determined after the deduction of industry related expenses such as administration costs associated with running NSW racing's regulatory bodies. The Company recognises this income on a net income basis.
- *Sponsorship*
Sponsorship revenue is recognised based on contractual invoice dates adjusted for the timing of sponsor race day requirements and sponsorship activity.
- *Racing Revenue*
Racing revenue comprises of bookmakers' fees, nominations and acceptances fees. These are recognised on an accrual basis.
- *Membership Subscriptions*
Membership revenue collected in advance and is recognised as revenue in the year in which the membership is held on a straight line basis.
- *Television Rights*
Television rights are recognised on an accruals basis.

NEWCASTLE JOCKEY CLUB LIMITED
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FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *Property*
Property revenue is the rental income from investment property, it is recognised in the statement of profit or loss and other comprehensive income on a straight-line basis over the term of the lease.

Sale of Goods

Sales revenue comprises bar and catering revenue and is recognised upon the delivery of goods to customers.

All revenue is stated net of the amount of Goods and Services Tax (GST).

b) Grant Funding and Other Income

Grant Funding

The company received funding from Racing NSW to fund a significant ongoing infrastructure project (the race course redevelopment) during the year. As these payments are outside of the ordinary course of business, they have been recorded as other income in the statement of comprehensive income. The income is recognised when the company obtains control of the contribution or the right to receive the contribution. Refer to note 16 for additional information on grant funding.

Gain or Loss on Sale of Assets

The profit or loss on disposal of assets is brought to account at the date an unconditional contract of sale is signed or the transaction is carried out, whichever is the former.

Interest Income

Interest income is the income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Sundry Income

Sundry income is recognised as it accrues.

All income is stated net of the amount of Goods and Services Tax (GST).

c) Income Tax

The Company does not provide for income tax as it is currently exempt under Section 50.45 of the *Income Tax Assessment Act (1997)*.

d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits at call, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the balance sheet.

e) Receivables

Accounts receivable and other debtors include amounts due from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets. Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

f) Inventories

Inventories are measured at the lower of cost or net realisable value. Components of cost include the purchase price and, where applicable, any charges in the delivery of inventories.

NEWCASTLE JOCKEY CLUB LIMITED
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FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value, less, where applicable, any accumulated depreciation and any impairment losses.

Freehold Property

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

Property, Plant & Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is available for use. The depreciation rates used for each class of asset are as follows:

Asset Class	Depreciation Rate
Buildings	2%
Plant and Equipment	2% to 40%
Motor Vehicles	15% to 25%
Racecourse Improvements	2% to 20%

h) Investment Property

Investment property, comprising residential housing and commercial premises, is held to generate long-term rental yields. All tenant leases are on an arm's length basis. Investment property is initially measured at cost and subsequently measured at fair value.

The fair value of an investment property is the amount for which the asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. Fair value of investment properties is determined annually based on a valuation by an independent valuer who has recognised and appropriate professional qualifications and recent experience in the location and category of investment property being valued. Fair values are determined by the valuer using market information, including prices for similar properties in comparable locations. Changes to fair values of investment properties are recognised in profit or loss in the period in which they occur.

In accordance with the requirements of Australian Accounting Standard AASB140 *Investment Property*, when an item of property, plant and equipment is identified as an investment property for the first time, these properties are subject to a market valuation and the revaluation surplus recognised in a revaluation reserve prior to transferring the property from property, plant and equipment to investment properties.

NEWCASTLE JOCKEY CLUB LIMITED
A.C.N. 000 002 513
FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Impairment of Assets

At the end of each reporting period, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an asset's class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

j) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets will be deemed to be impaired if, and only if, there is objective evidence of impairment as a result of the occurrence of one or more events (a "loss event"), which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors, or a group of debtors, are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter into bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

NEWCASTLE JOCKEY CLUB LIMITED
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FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having undertaken all possible measures of recovery, if the management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

k) Accounts Payable

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 45 days of recognition of the liability.

l) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated over their estimated useful lives where it is likely that the entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

m) Employee Provisions

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee provisions that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee provisions payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee provisions.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

n) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

NEWCASTLE JOCKEY CLUB LIMITED
A.C.N. 000 002 513
FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

p) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year. Comparative figures for expenses in the statement of profit or loss and other comprehensive income have been restated based on their nature rather than function as allowed under the Accounting Standards.

q) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key Estimates

Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. The Directors have assessed that no impairment of assets exist at 30 June 2016.

Key judgments

Racecourse Redevelopment Funding

During the year, funding was provided to the Company by way of an interest free, interminable loan from Racing NSW for the purposes of funding the racecourse redevelopment project. The Directors believe that the economic substance of the funding resembles grant income rather than the legal form of a loan. This is primarily due to the absence of a future repayment schedule and the funding being provided for a specific purpose on an interest free basis.

Accordingly, the funding has been recognised in accordance with the recognition criteria in Note 1 (b). Further detail on the funding arrangements has been included in Note 16.

r) New Australian Accounting Standards

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company has decided not to early adopt any of the new and amended pronouncements. The Company has not yet assessed the new and amended pronouncements at this time.

NEWCASTLE JOCKEY CLUB LIMITED
A.C.N. 000 002 513
FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

	2016	2015
	\$	\$
2 REVENUE AND OTHER INCOME		
Revenue:		
Advertising and promotion	740,848	723,937
Race day bar	1,468,707	1,591,544
Race day catering	1,209,928	990,235
Racing	12,829,757	12,180,798
Track	955,230	902,992
Non race day events	162,998	733,618
General and administration	15,345	39,452
	<u>17,382,813</u>	<u>17,162,576</u>
Other income:		
Insurance recovery - April 2015 storm	143,146	400,000
Interest and investment distributions received	74,623	65,620
Investment property income (rent)	462,223	419,706
Gain on revaluation of investment properties	527,320	435,000
Grant funding - Racing NSW	6,564,448	3,347,002
	<u>7,771,760</u>	<u>4,667,328</u>
3 PROFIT FOR THE YEAR		
Profit for the year has been determined after:		
a) Expenses		
Interest expense on financial liabilities	24,704	27,924
Bad and doubtful debts	-	660
Depreciation of property, plant and equipment:		
Buildings	310,636	277,494
Plant and equipment	223,835	456,699
Motor vehicles	5,567	15,066
Racecourse improvements	329,479	414,626
	<u>869,517</u>	<u>1,163,885</u>
b) Gains or (losses) realised		
Gain or (loss) on revaluation of investment property	527,320	435,000
Gain or (loss) on disposal of property, plant and equipment	(64,957)	(54,005)
Gain or (loss) on available for sale financial assets	259	(170)

NEWCASTLE JOCKEY CLUB LIMITED
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FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

	2016	2015
	\$	\$
4 CASH AND CASH EQUIVALENTS		
Cash on hand	152,450	96,400
Cash at bank	460,060	855,400
Term deposit	<u>2,006,732</u>	<u>1,728,980</u>
	<u><u>2,619,242</u></u>	<u><u>2,680,780</u></u>
5 RECEIVABLES		
CURRENT		
Trade debtors	143,149	112,454
Provision for doubtful debts	<u>(4,957)</u>	<u>(4,957)</u>
	138,192	107,497
NSW TRB debtor	2,044,773	2,344,546
NSW CRC debtor	85,037	103,750
Other debtors	38,519	23,467
Accrued interest	<u>6,112</u>	<u>5,002</u>
	<u><u>2,174,441</u></u>	<u><u>2,476,765</u></u>
	<u><u>2,312,634</u></u>	<u><u>2,584,262</u></u>

The company does not have any significant debts considered "past due". Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the company and the counterparty to the transaction.

6 INVENTORIES

CURRENT		
Bar stock - at cost	98,388	106,162
Catering stock - at cost	<u>37,275</u>	<u>36,453</u>
	<u><u>135,663</u></u>	<u><u>142,615</u></u>

NEWCASTLE JOCKEY CLUB LIMITED
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FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

	2016	2015
	\$	\$
7 PROPERTY, PLANT & EQUIPMENT		
Freehold land and buildings - at cost	11,865,953	11,037,501
Less: Accumulated depreciation	<u>(1,652,046)</u>	<u>(1,291,668)</u>
	<u>10,213,907</u>	<u>9,745,833</u>
Plant and Equipment - at cost	3,381,133	3,054,772
Less: Accumulated depreciation	<u>(2,294,346)</u>	<u>(1,985,156)</u>
	<u>1,086,787</u>	<u>1,069,616</u>
Motor Vehicles - at cost	84,967	79,808
Less: Accumulated depreciation	<u>(70,580)</u>	<u>(59,854)</u>
	<u>14,387</u>	<u>19,954</u>
Racecourse - at cost	8,436,607	5,116,366
Less: Accumulated depreciation	<u>(110,598)</u>	<u>(94,904)</u>
	<u>8,326,009</u>	<u>5,021,462</u>
Capital work in progress	<u>7,040,595</u>	<u>3,951,295</u>
Total property, plant & equipment	<u><u>26,681,685</u></u>	<u><u>19,808,160</u></u>

NEWCASTLE JOCKEY CLUB LIMITED
A.C.N. 000 002 513
FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Movements in Carrying Amounts

Reconciliations of the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are set out below:

For the financial year ended 30 June 2016:

	Land and buildings \$	Plant and equipment \$	Motor vehicles \$	Racecourse \$	Work in progress \$	Total \$
Balance at 1 July	9,745,833	1,069,616	19,954	5,021,462	3,951,295	19,808,160
Additions	778,710	241,621	-	447,843	6,339,825	7,807,999
Transfers *	-	-	-	3,189,425	(3,189,425)	-
Disposals	-	(615)	-	(3,242)	(61,100)	(64,957)
Depreciation	(310,636)	(223,835)	(5,567)	(329,479)	-	(869,517)
Balance at 30 June	<u>10,213,907</u>	<u>1,086,787</u>	<u>14,387</u>	<u>8,326,009</u>	<u>7,040,595</u>	<u>26,681,685</u>

* Represents the capitalisation of the "B Grass" Beaumont Track during the financial year.

NEWCASTLE JOCKEY CLUB LIMITED
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FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

	2016	2015
	\$	\$
8 INVESTMENT PROPERTY		
Balance at the beginning of the year	3,300,000	2,865,000
Purchase of improvements	12,680	-
Market value adjustments	527,320	435,000
Balance at the end of the year	<u>3,840,000</u>	<u>3,300,000</u>

The company's investment properties were revalued at 30 June 2016 by the independent valuers, Steven Leonard of Wotton Curtis & Partners (Valuer Registration No. 22573) and Nick Cesta of Skelton Valuers (Valuer Registration No. 3324). Valuations were made on the basis of market value for residential properties by comparison to recent market evidence and the capitalisation approach for commercial properties. A revaluation increment of \$527,320 was recognised in the 2016 financial year which was primarily driven by strong growth in the property market for both residential and commercial property.

9 TRADE AND OTHER PAYABLES

CURRENT

Trade creditors and accruals	1,003,911	1,024,624
Income received in advance	175,873	211,401
Deposits held	105,712	151,913
	<u>1,285,494</u>	<u>1,387,938</u>

10 INTEREST BEARING LIABILITIES

CURRENT

Hire purchase liability	<u>31,694</u>	<u>80,800</u>
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NON-CURRENT

Hire purchase liability	<u>34,227</u>	<u>167,678</u>
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Hire purchase liabilities are secured by the underlying financed asset. The Company has an equipment finance facility in place with National Australia Bank for \$350,000 which was drawn down at 30 June 2016 by \$63,039 (2015: \$236,753). The Company also has a loan facility in place with National Australia Bank for \$1,300,000 which was undrawn at 30 June 2016 (2015: undrawn).

(a) Hire purchase commitments payable:

Not later than one year	36,372	99,942
Later than one year but not later than five	36,109	184,102
Minimum hire purchase payments	72,481	284,044
Less: future finance charges	(6,560)	(35,566)
Total hire purchase liability	<u>65,921</u>	<u>248,478</u>

(b) Operating lease commitments not recognised on the statement of financial position

The company has entered an operating lease commitment for office equipment. At 30 June 2016 the remaining minimum operating lease commitment was \$9,625 (2015: \$35,154).

NEWCASTLE JOCKEY CLUB LIMITED
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FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

	2016	2015
	\$	\$
11 PROVISIONS		
CURRENT		
Provision for annual leave	185,631	210,775
Provision for long service leave	<u>156,713</u>	<u>135,278</u>
	<u>342,344</u>	<u>346,053</u>
NON-CURRENT		
Provision for long service leave	<u>53,628</u>	<u>117,624</u>
a) Aggregate employee entitlements liability	<u>395,972</u>	<u>463,677</u>

The current portion for employee provisions includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

12 RESERVES

(a) Property Revaluation Reserve

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

(b) Racecourse Redevelopment Reserve

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

13 AUDITOR'S REMUNERATION

Remuneration of auditor for auditing the financial report	23,400	22,700
Other services	<u>3,810</u>	<u>21,505</u>
	<u>27,210</u>	<u>44,205</u>

Other services provided by the Prosperity Advisers Group during the 2014/15 and 2015/16 years were tax compliance and compilation services and also included payroll services in the 2014/15 year.

NEWCASTLE JOCKEY CLUB LIMITED
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FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

	2016	2015
	\$	\$

14 CAPITAL COMMITMENTS

The company's Racecourse Redevelopment Project is nearing completion. At the reporting date, the company's remaining capital commitment totalled \$51,785 (excl. GST). This expenditure has occurred post 30 June 2016 and was funded from the company's cash reserves. In the 2016/17 year, the company expects that there may be some costs associated with the completion of the track that are outside the scope of the original project of approximately \$380,000 (excl. GST).

15 FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, and leases. The carrying amounts for each category of financial instruments, measured in accordance with the accounting policies to these financial statements, are as follows:

Financial Assets

Cash and cash equivalents	2,619,242	2,680,780
Trade and other debtors	2,312,634	2,584,262
Financial assets (available for sale)	5,698	14,099
	4,937,574	5,279,141

Financial Liabilities

Trade and other payables (excluding income in advance)	1,109,621	1,176,537
Interest-bearing liabilities (leases)	65,921	248,478
	1,175,542	1,425,015

16 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

(a) Racecourse Development Project - Contingent Liability

During the year, funding was provided to the company by way of an interest free, interminable loan from Racing NSW for the purposes of the Racecourse Development project. This loan is only repayable if one of the following conditions is triggered:

- The company conducts business activities in such a manner that it becomes financially unstable or insolvent;
- The company ceases to operate as a race club;
- The company disposes of land or other freehold property without the agreement of Racing NSW;
- The company merges, amalgamates or otherwise associates with any other race club;
- The company amends its governance structure; or
- The company is in material breach of any of its obligations, duties and functions under the funding agreement.

The Directors are of the opinion that the circumstances outlined above are unlikely to occur in the ordinary course of business and accordingly, no liability has been made in the financial report at 30 June 2016. The maximum contingent liability at 30 June 2016 in respect of this loan, excluding GST, amounts to \$11,111,449 (2015: \$4,547,000).

(b) Sponsorship Agreement - Contingent Liability

The term for the company's major sponsorship agreement finished at 31 December 2015. Under this agreement, the company is responsible for any shortfall between the base level of stock purchased from the sponsor and the actual stock purchased. Where such a shortfall exists, the company may either refund, on a proportional basis, the percentage of sponsorship income received over the course of the agreement or, extend the agreement until such time the shortfall has been extinguished. The Board has not yet agreed on a preferred resolution at this time and no provision has been recognised in these financial statements.

NEWCASTLE JOCKEY CLUB LIMITED
A.C.N. 000 002 513
FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

	2016	2015
	\$	\$

17 RELATED PARTY TRANSACTIONS

(a) Key Management Personnel Compensation

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel. Key management personnel compensation:

Short term benefits

Salaries, wages and allowances	415,791	533,020
Superannuation	42,728	47,843
Non-cash benefits	<u>26,186</u>	<u>63,828</u>
 Total compensation	 <u><u>484,705</u></u>	 <u><u>644,691</u></u>

(b) Related Party Transactions

During the year, Engineering Services Company (a related party of Director, Richard Sonnichsen) provided certain engineering services in conjunction with the Racecourse Redevelopment Project's Control Group (PCG). These services were provided free of charge.

There were no other related party transactions during the 2016 financial year (2015: nil).

18 EVENTS AFTER REPORTING DATE

No matters or circumstances have arisen since 30 June 2016 that have significantly affected or may significantly affect the operations, results or state of affairs of the company.

**NEWCASTLE JOCKEY CLUB LIMITED
A.C.N. 000 002 513
FOR THE YEAR ENDED 30 JUNE 2016**

DIRECTORS' DECLARATION

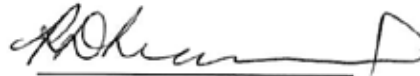
The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 24 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards and the *Corporations Regulations 2001*; and
 - b. give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the Company.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Geoffrey Barnett
Chairman of the Board



Paul Leaming
Chairman of the Finance and Risk Committee

30 September 2016

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

Report on the Financial Report

We have audited the accompanying financial statements of Newcastle Jockey Club Limited (the "Company"), which comprises the statement of financial position as at 30 June 2016 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Directors' declaration.

Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These 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 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the Directors of the Company a written Auditor's independence declaration, a copy of which is included on page 6 of the financial report.

Sydney

Level 11
309 Kent Street
Sydney NSW 2000
PO Box 20726
World Square NSW 2002
T 02 8262 8700
F 02 8026 8377

Newcastle

Hunter Mall Chambers
2nd Floor, 175 Scott Street
Newcastle NSW 2300
PO Box 234
Newcastle NSW 2300
T 02 4907 7222
F 02 8026 8377

Brisbane

Level 22
333 Ann Street
Brisbane QLD 4000
GPO Box 2246
Brisbane QLD 4001
T 07 3839 1755
F 07 3839 1037

mail@prosperityadvisers.com.au
www.prosperityadvisers.com.au

Prosperity Audit Services
ABN 87 879 283 831



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

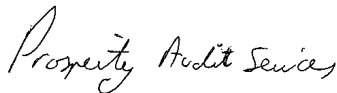
Auditor's Opinion

In our opinion, the financial report of Newcastle Jockey Club Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



PROSPERITY AUDIT SERVICES



LUKE MALONE
Partner
30 September 2016
Newcastle





NEWCASTLE JOCKEY CLUB

DARLING STREET, BROADMEADOW
PO BOX 30, BROADMEADOW NSW 2292
(02) 4961 1573 | NJC.COM.AU

