

**Albury Racing  
Club Limited**

**ABN 61 053 857 819**

**Annual Financial Statements**

**30 June 2016**

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## **President's Report 15/16**

On behalf of your Committee, I have pleasure in presenting the Annual Report of the Albury Racing Club Ltd activities for the year ending 30 June 2016. The club made a profit of \$46,416 before depreciation and consideration of associated grants.

During the year the club conducted 16 race meetings, distributing \$1,968,715 in prize money and trophies.

The Commercial Club Albury Gold Cup meeting was hit by the rain and despite the poor conditions the local community again came out and supported the feature event with the Lee and Anthony Freedman trained Tom Melbourne winning the Albury Cup.

I would like to thank the Commercial Club for their support of the event and of the club throughout the year. Without their support we would not be able to conduct the event to such high standards and we look forward to working with them for many years to come.

Barlens sponsored the City Handicap and they have been major supporters of the Racing Club and racing in the district and we thank them greatly for their support.

The club continues to work closely with Albury City Council and I thank them for all their support during the year particularly with the Albury Cup Carnival.

### **MEDIA**

We thank all the wonderful staff at the Border Mail, who again had a major influence on the success of this year's carnival, with a fantastic coverage of our cup meeting. Thanks also goes to Southern Cross TEN and Macquarie Radio, Radio 2AY, WIN television, Prime TV and the dedicated staff at 107.3FM and the Wagga Wagga Daily Advertiser.

Thank you also to Sydney racing journalist Chris Scholtz for his dedicated support of the club which is greatly appreciated.

### **STAFF**

Thank you to CEO John Miller for producing some excellent results during the year and for his work securing funding for the track upgrades.

A special thanks once again to Carol Broadfoot in the office who does a remarkable job and works tirelessly all year.

Amy Collins continues to do a great job managing hospitality and events and has worked very hard to accommodate sponsors and clients.

Thank you to Wayne Osteraas and Ash Hockin for their hard work throughout the year and presenting the track and facilities in great order.

### **VALE**

Unfortunately during the year we lost some great members and supporters of the Albury Racing Club. I would like to acknowledge Ray Williams, a former Committee Member and Life Member of the club who will be sadly missed by all at the club.

### **RACE CLUB AWARDS**

The Club congratulates local trainer Brett Cavanaugh in winning the Albury Trainers premiership, John Kissick for winning the Albury Jockeys premiership and in a three way tie for Horse of the Year honours we acknowledge Never Pegasus, Overdue and Vinnie Vega.

**COMMITTEE**

As we commence works on the much awaited track redevelopment, this will be my final Presidents Report as I have decided the timing perfect to retire from the Albury Racing Club Committee after 50 years involvement.

The Albury Racing Club has obviously been a huge part of my life and it will continue to be so, however I can now enjoy a day at the races as a spectator and pass the baton to the younger brigade with the knowledge the club is in a very strong financial position.

I have enjoyed seeing the development of the club over many years, meeting wonderful friends and I thank all my fellow Committee Members past and present for their support.

Good luck to the new Board for 2016/17 and I hope the club continues to go from strength to strength.

**David Wallace**  
President (30/6/16)

## **Chief Executive's Report**

It was a challenging year of racing at Albury with several meetings including the feature Commercial Club Albury Gold Cup Carnival impacted by wet weather and the loss of four race meetings over the past 12 months.

Despite this the club continues to trade strongly and with the \$1.6 million track upgrade underway it is a very exciting time at the Albury Racing Club.

All going to plan it is anticipated that we will be back racing in late February and be ready for the 2017 Commercial Club Albury Gold Cup Carnival in March. New camber adjustments, a 1500m chute, automated irrigation system and full course sand slit drainage will be major improvements to the Albury racecourse.

The improvements are being funded by Racing NSW, Racing NSW Country and the Albury Racing Club and we thank all of our members and sponsors for their support over many years so that we are now in a position to be able to complete these works.

The 2016 Commercial Club Albury Gold Cup Carnival offered \$553,100 in prize money and trophies. This would not have been possible without the support of our corporate partners including major sponsor Commercial Club Albury and we thank you all for the continued support.

Once again the club worked closely with AlburyCity and Destination NSW to market the event and grow visitation to the city of Albury. It is a huge vote of confidence in the event to have this support and thank you to the team at AlburyCity for driving this initiative.

Thanks again to the local media who play a big part in promoting the Club and racing in the district. The coverage plays a major part in the success of the carnival and now through social media the club has a very strong following.

Thank you to SDRAs stewards John Davidson, Troy Vassallo and their team for their support throughout the year.

We are very lucky to have strong support from trainers, owners and jockeys to continue to grow the racing product in the area. I thank all of our participants for racing at Albury during the season.

Wayne Osteraas has done an excellent job since taking the reins as Racecourse Manager in December and we welcome Ash Hockin to the team as Track Curator. In a fantastic initiative, Racing NSW will be employing a Turf Management Apprentice based at Albury to work with Wayne and Ash. Thank you to Racing NSW and Dave Hodgson for supporting this.

Thank you to Amy Collins and Carol Broadfoot who run all the hospitality and administration functions. Together with a team of enthusiastic casual staff, everyone has done a great job working towards improving the Albury Racing Club for members and guests.

Three of our long serving Committee Members have retired this year and I would like to sincerely thank all of them for their hard work and support. Geoff Alexander and John Ervin have been on the Committee for 18 and 24 years respectively and their knowledge and experience at Board level will be greatly missed. Both are passionate racing men that I have thoroughly enjoyed working with and I have no doubt they will continue to be involved with the club in a non-official capacity most notably as avid punters.

It will certainly be different not having David Wallace as President after 31 years and a total of 50 years involvement on the Committee. An amazing record that will never be matched, he has dedicated so much time to the development of the Albury Racing Club and racing in the district and should be very proud of what he has achieved. He has been a great friend and mentor to me and I am so grateful for the opportunity to have worked with him.

To Geoff, John and David I wish you all the best and look forward to seeing you at the Albury races in the future.

**John Miller**  
Chief Executive

## Sponsors

The Committee of the Albury Racing Club greatly appreciates the support of our many sponsors who enable the Club to maintain a high standard of racing and who greatly assist those involved in the industry. We thank you.

Our Major Sponsors, Platinum and Corporate Sponsors throughout 2015/16 included:

Ace Radio 2AY	High Rollers Limousines
Albury Day Surgery	Hi-Tech Antenna's
Albury Demolitions	Inglis
Armada Hospitality Group	Jayco Albury Wodonga
Avis	Johnsons MME
Atura Albury	Just Safes Australia
Baileys Removals & Storage	KDEC Data & Electrical
Barlens	Laser Electrical
Baxters Concrete	Leigh Martin Marine
Blacklocks Landrover	Lexus of Wodonga
Border Bandag	Martins Travel Albury
Border Mail	Morris Wines
Boss Better Living Systems	M & S Graham Plumbing
Boudoir	Myer
Buller Wine	Myer Centrepoint
Canville Holdings Electrical Contractors	Pinners Refrigeration
Chapman, Gould & May	Pogson Cronin Solicitors
Choices Wodonga	Programmed
City Central Finance	Riverina Horizontal Boring
Coca Cola	Signarama
Commercial Club Albury	Slickpix
Complete Wealth	Smiths Ice
Conway Printing	Somerset Rise
CUB	Southern Asset Services
Dahlsens	Southern Cross Media
Daro Twin City	Springdale Heights Tavern
Davidson White Accountants	Star Hotel Albury
Destination NSW	Stuart Gordon Landscaping & Paving Specialist
Garry Purtell Purjen Couriers	Tabcorp
Gazebo & Shade Centre	The Bird Cage Fashions
GPE Electrical & Communications	The Essential Utensil
Greener Grass	The Newmarket Hotel
Greens Garden & Ag	Twin City Truck Centre
HIB Insurance Brokers	Vision Screenprinting
	Wilson Transformer Company

## Directors' report

The Directors present their report together with the financial statements of the Albury Racing Club Limited (the Club), for the year ended 30 June 2016 and the auditor's report thereon.

### Directors

The Directors of the Club at any time during or since the end of the financial year are:

DA Wallace OAM Age 78 Member for 51 years Committee for 49 years Occupation – Grazier	MA Cronin Age 60 Member for 25 years Committee for 25 years Occupation – Solicitor	GJ Miller Age 64 Member for 44 years Committee for 31 years Occupation – Chartered Accountant
GW Alexander Age 69 Member for 27 years Committee for 18 years Occupation – Insurance Broker	GW Judd Age 58 Member for 26 years Committee for 14 years Occupation – Company Director	JD Ervin Age 67 Member for 37 years Committee for 24 years Occupation – Sales
R Sloane Age 60 Member for 26 years Committee for 11 years Occupation – Grazier	C Sheather Age 37 Member for 10 years Committee for 4 years Occupation – Public Servant	R Mullavey Age 61 Member for 8 years Committee for 2 years Occupation – Chartered Accountant
A McHardy Age 58 Member for 6 years Committee for 2 years Occupation – CEO	W Matsinos Age 58 Member for 7 years Committee for 2 year Occupation – Business Owner	G Chapman Age 53 Member for 7 years Committee for 2 years Occupation – Company Director/Electrician

All Directors are considered non-executive Directors of the Club.

### Company secretary

Mr John Miller, Chief Executive Officer of the Club, was appointed to the position of Company Secretary in October 2004 and continues to act in this capacity subsequent to year end.

### Qualifications

- Bachelor of Commerce - Majors: Marketing & Human Resource Management.

### Experience

- 20 years employment in the Racing industry, including 16 years management experience.

## Directors' report (continued)

### Principal activities

The principal activities of the Club during the course of the financial year were those of conducting and promoting Thoroughbred Horse Racing. There were no significant changes in the nature of the activities of the Club during the year.

### State of affairs

By resolution at the Special General Meeting held on 19 May 2016, the Club adopted a new constitution and revoked the existing memorandum and Articles of association. The new constitution adopted is available on the Club's website. In the opinion of the Directors there were no other significant changes in the state of affairs of the Club that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

### Operating and financial review

The operating profit for the year was \$28,970 (operating profit in 2015: \$134,566).

### Short & long term objectives

- Consolidate the Commercial Club Albury Gold Cup Carnival as the premier country NSW racing event.
- Establish the Melbourne Cup Meeting as the second largest meeting conducted by the Albury Racing Club behind the Albury Gold Cup.
- Continue to grow the Functions & Events division and develop new non-wagering revenue streams.
- Invest in the improvement of facilities and hospitality services on course for Albury Racing Club Members.

### Dividends

The Club is a company limited by guarantee and therefore has not declared or paid any dividend during the financial year, nor is it recommended that any dividend should be declared or paid from the operating result disclosed in the accounts.

### Membership

The Club is a company limited by guarantee and without a share capital. The number of members as at 30 June 2016 were as follows:

Type of member	Number of members	Guarantee amount
Life members	8	-
Honorary members	9	-
Standard members	457	\$10
Corporate members	48	\$10
Platinum members	26	\$10
Club Festivus members	26	\$10

If the Company is wound up, the Constitution states that each member is required to contribute as indicated above towards meeting any outstanding obligations of the Club.

### Environmental regulation

The Club's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Directors believe that the Club has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Club.

### Events subsequent to balance date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Club, the results of those operations, or the state of affairs of the economic entity, in subsequent financial years.



## Directors' report (continued)

### Likely developments

There are no significant likely developments not otherwise disclosed in this report or the financial statements.

### Indemnification and insurance of directors and officers

The Club has indemnified all Directors and certain Executive Officers in respect of liabilities to other persons (other than the Club or a related body corporate) that may arise from their position as Director or Executive Officer of the Club, except where the liability arises out of conduct involving a lack of good faith. The policy agreement stipulates that the Thoroughbred Racing Board will meet the relevant liability. The premium paid in respect of this policy is \$110.

The Club has not indemnified its auditors, Crowe Horwath Albury.

### Auditors' independence declaration

A copy of the auditors' independence declaration as required by section 307C of the *Corporations Act 2001* is set out on page 9.

### Directors' benefits

Since the end of the previous financial year no Director of the Club has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the accounts, or the fixed salary of a full time employee of the Club or related corporation) by reason of a contract made by a company or a related corporation with the Director or with a firm of which the Director has a substantial financial interest, other than entities associated with G Chapman, who supplied goods and services on a commercial basis.

### Directors' meetings

The number of Directors' and race meetings attended by each of the Directors of the Club during the financial year are:


	No. of Directors' Meetings Attended	No. of Directors' Meetings Held*	No. of Race Meetings Attended	No. of Race Meetings Held*
Mr DA Wallace OAM	10	11	13	17
Mr MA Cronin	8	11	13	17
Mr GJ Miller	10	11	16	17
Mr GW Alexander	7	11	10	17
Mr G Judd	9	11	13	17
Mr R Sloane	6	11	11	17
Mr J Ervin	5	11	11	17
Mr C Sheather	8	11	14	17
Ms A McHardy	10	11	14	17
Mr G Chapman	10	11	12	17
Mr W Matsinos	10	11	8	17
Mr R Mullavey	6	11	10	17

\* reflects the number of meetings held during the time the Director held office during the year.

Signed in Albury in accordance with a resolution of the Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

  
\_\_\_\_\_  
GW Judd  
Director

Date: 5 October 2016

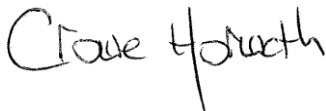
  
\_\_\_\_\_  
GJ Miller  
Director

Date: 5 October 2016

**AUDITOR INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE  
CORPORATIONS ACT 2001 TO THE DIRECTORS OF ALBURY RACING CLUB LIMITED**

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2016 there have been:

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

**CROWE HORWATH ALBURY****BRADLEY D BOHUN**  
Partner

Dated at Albury this 5<sup>th</sup> day of October 2016

## Statement of profit or loss and other comprehensive income for the year ended 30 June 2016

	Note	2016 \$	2015 \$
<b>Revenue</b>	3	4,053,207	4,112,791
<b>Expenses</b>			
Cost of goods sold		357,818	399,491
Prize money and rebates		1,968,715	1,933,127
Raceday expenses		724,352	724,042
Racecourse maintenance		442,375	410,637
Administration expenses		527,217	503,164
<b>Result from operations</b>		32,730	142,330
Financing income		3,115	4,042
Financing expenses		(6,875)	(11,806)
Net financing costs		(3,760)	(7,764)
<b>Profit/(loss) before tax</b>		28,970	134,566
Income tax expense	1(e)	-	-
<b>Net profit/(loss)</b>		28,970	134,566
<b>Other comprehensive income</b>			
Net gain on revaluation of property plant equipment		-	-
<b>Total comprehensive income for the year</b>		28,970	134,566

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 14 to 27.

## Statement of changes in equity for the year ended 30 June 2016

	Retained Earnings \$	Total Equity \$
Balance at 1 July 2014	2,990,199	2,990,199
<b>Total comprehensive income for the period</b>		
Profit or (loss)	134,566	134,566
Other comprehensive income	-	-
<b>Total comprehensive income</b>	3,124,765	3,124,765
Transactions with owners recorded directly in equity	-	-
<b>Balance at 30 June 2015</b>	3,124,765	3,124,765
	<b>Retained Earnings \$</b>	<b>Total Equity \$</b>
Balance at 1 July 2015	3,124,765	3,124,765
<b>Total comprehensive income for the period</b>		
Profit or (loss)	28,970	28,970
Other comprehensive income	-	-
<b>Total comprehensive income</b>	3,153,735	3,153,735
Transactions with owners recorded directly in equity	-	-
<b>Balance at 30 June 2016</b>	3,153,735	3,153,735

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 14 to 27.

## Statement of financial position As at 30 June 2016

	Note	2016 \$	2015 \$
<b>Current assets</b>			
Cash and cash equivalents	5	166,499	152,252
Trade and other receivables	6	139,542	77,892
Inventories		44,515	49,170
<b>Total current assets</b>		<b>350,556</b>	<b>279,314</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	3,134,575	3,141,965
<b>Total non-current assets</b>		<b>3,134,575</b>	<b>3,141,965</b>
<b>Total assets</b>		<b>3,485,131</b>	<b>3,421,279</b>
<b>Current liabilities</b>			
Trade and other payables	8	190,264	131,231
Loans and borrowings	9	19,695	32,200
Employee benefits	10	80,017	74,882
<b>Total current liabilities</b>		<b>289,976</b>	<b>238,313</b>
<b>Non-current liabilities</b>			
Loans and borrowings	9	34,280	54,717
Employee benefits	10	7,140	3,484
<b>Total non-current liabilities</b>		<b>41,420</b>	<b>58,201</b>
<b>Total liabilities</b>		<b>331,396</b>	<b>296,514</b>
<b>Net assets</b>		<b>3,153,735</b>	<b>3,124,765</b>
<b>Equity</b>			
Retained profits	18	3,153,735	3,124,765
<b>Total equity</b>		<b>3,153,735</b>	<b>3,124,765</b>

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 14 to 27.

## Statement of cash flows For the year ended 30 June 2016

	Note	2016 \$	2015 \$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		4,458,528	4,524,070
Cash payments in the course of operations		(4,296,652)	(4,306,492)
		161,876	217,578
Interest received		3,115	4,042
Borrowing costs paid		(6,875)	(11,806)
<b>Net cash from/ (used in) operating activities</b>	16	158,116	209,814
<b>Cash flows from investing activities</b>			
Proceeds from sale of non current assets		-	21,363
Payments for property, plant and equipment		(110,926)	(101,042)
<b>Net cash from/(used in) investing activities</b>		(110,926)	(79,679)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		(32,943)	(53,608)
<b>Net cash from/ (used in) financing activities</b>		(32,943)	(53,068)
<b>Net (decrease) in cash held</b>		14,247	76,527
<b>Cash and cash equivalents at beginning of the financial year</b>		152,252	75,725
<b>Cash and cash equivalents at end of the financial year</b>	5	166,499	152,252

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 14 to 27.

## Notes to and forming part of the financial statements For the year ended 30 June 2016

### 1 Statement of significant accounting policies

Albury Racing Club Ltd (the "Club") is a public company limited by guarantee domiciled in Australia.

The financial statements were authorised for issue by the Directors on 5 October 2016.

#### (a) Statement of compliance

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

#### (b) Basis of preparation

The financial statements are presented in Australian dollars.

##### *Not-for-profit status*

Under AIFRS, there are requirements that apply specifically to not-for-profit entities that are not consistent with International Financial Reporting Standards (IFRS) requirements. The Club has analysed its purpose, objectives and operating philosophy and determined that it does not have profit generation as a prime objective. Consequently, where appropriate the Club has elected to apply options and exemptions within AIFRS that are applicable to not-for-profit entities.

The financial statements are prepared on the basis of historical costs and except where stated.

##### *Critical accounting estimates*

The preparation of the financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the Club.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards that have a significant effect on the financial statements and estimates.

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.



## Notes to and forming part of the financial statements For the year ended 30 June 2016

### 1 Statement of significant accounting policies (continued)

#### (c) Revenue

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST). Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

##### *Sales revenue*

Sales revenue comprises revenue earned from the provision of products or services to customers outside the Club. Sales revenue is recognised when the goods are provided, or when the fee in respect of the services provided is receivable. Non-refundable function deposits are recognised as revenue when received.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return of goods or there is continuing management involvement with the goods.

##### *Asset sales*

The profit or loss on disposal of assets is brought to account at the date an unconditional contract of sale is signed and is accounted for as other income.

##### *Other revenue*

Other revenue comprises nominations and acceptance fees, sponsorships, admissions and other sundry revenue.

##### *Grants & commissions*

Grants are recognised at their fair value when the Club obtains control of the grant, it is possible that the economic benefits comprising the grant will flow to the Club and the amount of the grant can be measured reliably. Control over granted assets is normally obtained upon receipt. A significant portion of revenue is obtained via the track maintenance scheme which is based predominately on the number of local trained starters.

From time to time the Club receives grant funding for various miscellaneous purposes.

#### (d) Expenses

##### *Net financing costs*

Net financing costs comprise interest payable on borrowings calculated using the effective interest method and interest receivable on funds invested.

Interest income is recognised in profit or loss as it accrues, using the effective interest method. The interest expense component of finance lease payments is recognised in profit or loss using the effective interest method.

##### *Operating lease payments*

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense and spread over the lease term.

##### *Finance lease payments*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### (e) Income tax

The income tax laws exempt the Club from income tax liability.

## Notes to and forming part of the financial statements For the year ended 30 June 2016

### 1 Statement of significant accounting policies (continued)

#### (f) Cash and cash equivalents

Cash and cash equivalents comprises cash balances, call deposits and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Club's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

#### (g) Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses (refer Note 1(k)). Receivables are due for settlement no more than 30 days from the date of recognition unless specific payment arrangements have been approved.

#### (h) Inventory

Inventories are stated at the lower of cost and net realisable value.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

#### (i) Property, plant and equipment

##### *Owned assets*

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation/amortisation and impairment losses. The cost of self-constructed assets includes the cost of materials and direct labour and an appropriate proportion of production overheads.

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 July 2004, the date of transition to Australian Accounting Standards – AIFRSs, are measured on the basis of deemed cost, being the revalued amount at the date of the transition.

##### *Depreciation/ amortisation*

Depreciation/Amortisation is charged to profit or loss over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The depreciation rates and methodology applied in the current and comparative periods are as follows:

Leasehold improvements	2.5% - 10%
Plant and equipment	5% - 40%
Furniture and fittings	10%

##### *Subsequent costs*

The Club recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Club and the cost of the item can be measured reliably. All other costs are recognised in profit or loss as an expense as incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included as other income in profit or loss.

#### (j) Trade and other payables

Trade and other payables are stated at cost, which approximates amortised cost. The amounts are unsecured and are usually paid within 30 days of recognition.

## Notes to and forming part of the financial statements For the year ended 30 June 2016

### 1 Statement of significant accounting policies (continued)

#### (k) Impairment

The carrying amounts of the Club's assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its value in use. Value in use in respect of a not-for-profit entity is the depreciated replacement cost of an asset when the future economic benefits of the asset are not primarily dependent on the assets ability to generate net cash inflows. Impairment losses are recognised in profit or loss, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

#### (l) Employee benefits

##### *Short-term benefits*

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Club expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

##### *Long-term service benefits*

The Club's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attaching to Commonwealth Government bonds at balance date which have maturity dates approximating the terms of the Club's obligations. Where the Club does not have the unconditional right to defer settlement beyond twelve months, the liability is recognised as a current liability.

##### *Defined contribution plans*

The Club contributes to several defined contribution superannuation plans. Contributions are recognised as an expense as they are incurred.

#### (m) Provisions

A provision is recognised in the statement of financial position when the Club has a present legal, equitable or constructive obligation as a result of a past event, and it is probable (more likely than not) that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are not recognised for future operating losses.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is treated as an expense as part of borrowing expenses related to the particular provision.

## Notes to and forming part of the financial statements For the year ended 30 June 2016

### 1 Statement of significant accounting policies (continued)

#### (n) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of the GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated without the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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

#### (o) Interest bearing loans and borrowings

Interest bearing loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of profit or loss and comprehensive income over the period of the borrowings on an effective interest basis.

Borrowings are classified as current liabilities unless the Club has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### (p) Leases

Leases of property, plant and equipment where the Club has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Lease payments are accounted for as described in Note 1(d).

## Notes to and forming part of the financial statements For the year ended 30 June 2016

### 2 Accounting estimates & judgements

Management has been involved in, and discussed with Directors the development, selection and disclosure of the Albury Racing Club Ltd's critical accounting policies and estimates and the application of those policies and estimates. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

#### *Estimation of useful lives of assets*

The Club determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

#### *Employee benefits provision*

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

	2016 \$	2015 \$
<b>3 Revenue</b>		
Sale of goods	500,994	558,898
Subscriptions, sponsorship & packages	727,143	813,233
Admissions	169,676	209,408
Grants and commissions	2,396,778	2,338,160
Other	258,616	193,092
<b>Total revenue</b>	<b>4,053,207</b>	<b>4,112,791</b>
<b>4 Expenses</b>		
Depreciation of:		
Plant and equipment	67,914	61,457
Furniture & fittings	4,801	4,815
Amortisation of:		
Leasehold improvements	45,601	46,433
Total depreciation and amortisation	118,316	112,705
Bad and doubtful trade debts	-	-

## Notes to and forming part of the financial statements For the year ended 30 June 2016

a) Personnel expenses	2016 \$	2015 \$
Wages and salaries	643,414	598,298
Other associated personnel expenses	8,806	13,471
Superannuation	47,177	40,216
Increase / (Decrease) in liability for annual leave	2,621	10,374
Increase / (Decrease) in liability for long service leave	6,171	4,390
<b>5 Cash and cash equivalents</b>		
Cash on hand	991	769
Cash at bank	165,508	151,483
Cash and cash equivalents in the statement of cash flows	<u>166,499</u>	<u>152,252</u>
<b>6 Trade and other receivables</b>		
Trade debtors	139,542	77,892
	<u>139,542</u>	<u>77,892</u>

**Notes to and forming part of the financial statements  
For the year ended 30 June 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>7 Property, plant and equipment</b>		
<i>Land</i>		
At cost	1,200,000	1,200,000
<i>Plant and equipment</i>		
At cost	963,720	858,661
Less: accumulated depreciation	(555,602)	(487,686)
	408,118	370,975
<i>Leasehold improvements</i>		
At cost	2,309,799	2,309,799
Less: accumulated amortisation	(827,732)	(782,131)
	1,482,067	1,527,668
<i>Furniture and fittings</i>		
At cost	96,222	90,354
Less: accumulated depreciation	(51,832)	(47,032)
	44,390	43,322
Work in progress	-	-
<b>Total property, plant and equipment</b>	<b>3,134,575</b>	<b>3,141,965</b>

## Notes to and forming part of the financial statements For the year ended 30 June 2016

### 7 Property, plant & equipment (continued)

#### Asset reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

	Land \$	Plant and equipment \$	Leasehold improvements \$	Furniture and fittings \$	Total \$
Balance at 1 July 2014	1,200,000	320,786	1,540,382	48,137	3,109,305
Additions	-	136,537	33,719	-	170,256
Revaluations	-	-	-	-	-
Internal transfers	-	-	-	-	-
Disposals	-	(24,891)	-	-	(24,891)
Depreciation	-	(61,457)	-	(4,815)	(66,272)
Amortisation	-	-	(46,433)	-	(46,433)
<b>Balance at 30 June 2015</b>	<b>1,200,000</b>	<b>370,975</b>	<b>1,527,668</b>	<b>43,322</b>	<b>3,141,965</b>
Balance at 1 July 2015	1,200,000	370,975	1,527,668	43,322	3,141,965
Additions	-	105,057	-	5,869	110,926
Revaluations	-	-	-	-	-
Internal transfers	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation	-	(67,914)	-	(4,801)	(72,715)
Amortisation	-	-	(45,601)	-	(45,601)
<b>Balance at 30 June 2016</b>	<b>1,200,000</b>	<b>408,118</b>	<b>1,482,067</b>	<b>44,390</b>	<b>3,134,575</b>

### 8 Trade and other payables

	<b>2016</b> \$	<b>2015</b> \$
Trade payables	36,353	30,563
Other creditors and accruals	153,911	100,668
	<b>190,264</b>	<b>131,231</b>



## Notes to and forming part of the financial statements For the year ended 30 June 2016

	2016 \$	2015 \$
<b>9 Loans and borrowings</b>		
<i>Current</i>		
Lease liability	19,695	32,200
<i>Non-current</i>		
Lease liability	34,280	54,717

### *Facilities available at balance date*

- Esanda Finance Corporation Ltd
- National Australia Bank – Corporate Visa Credit Card
- Kubota Australia Finance
- Westpac

### *Facilities used at balance date*

#### **Esanda Finance Corporation Ltd**

The Club has finance lease arrangements for the purchase of furniture and fittings and plant. The lease liabilities are secured by the leased assets.

- Corporate Box Refurbishment – Principal and interest payments are made over 36 equal instalments. The facility will be fully repaid in November 2016. Refer to note 17.
- Ford Territory – Principal and interest payments are made over 47 equal instalments and one final lump sum payment. The facility will be fully repaid in May 2019. Refer to note 17.

#### **Corporate Visa Credit Card**

The Club has two cards linked to a corporate credit card facility. The facility limit at 30 June 2016 is \$10,000 and the applicable interest rate is 15.50%. \$1,113 of the facility was used at 30 June 2016 (2015: \$10,000; \$1,835 used).

#### **Kubota Australia Finance**

The Club has finance lease arrangements for the purchase a utility vehicle. The lease liabilities are secured by the leased assets.

- Utility vehicle – Principal and interest payments are made over 35 equal instalments. The facility will be fully repaid in February 2018. Refer to note 17.

#### **Westpac**

The Club has finance lease arrangements for the purchase of utility vehicles. The lease liabilities are secured by the leased assets.

- Utility vehicle – Principal and interest payments are made over 36 equal instalments. The facility will be fully repaid in March 2018. Refer to note 17.

## Notes to and forming part of the financial statements For the year ended 30 June 2016

	2016 \$	2015 \$
<b>10 Employee benefits</b>		
<i>Current</i>		
Annual leave	41,147	38,528
Long service leave	38,870	36,354
	80,017	74,882
<i>Non-current</i>		
Long service leave	7,140	3,484
Number of full time equivalent employees at year end	5.00	6.00

## 11 Segments

### *Geographical segment*

The Club operates within the Albury-Wodonga region of Australia.

### *Business segment*

The Club operates predominantly in the racing industry of NSW.

## 12 Key management personnel

The following were key management personnel of the Club at any time during the reporting period, and unless otherwise indicated were key management personnel for the entire period:

### *Non-executive directors*

The names of each person holding the position of director of Albury Racing Club Limited during the financial year are DA Wallace, MA Cronin, GJ Miller, GW Alexander, GW Judd, JD Ervin, R Sloane, C Sheather, R Mullavey, A McHardy, W Matsinos and G Chapman.

Apart from the details disclosed in this note, no director has entered into a material contract with the Club since the end of the previous financial year and there were no material contracts involving directors' interests subsisting at year end.

### *Executive*

J Miller – Chief Executive Officer

Key management personnel compensation and expenses inclusive of non executive and executive key management personnel for the 2016 year were \$155,334 (2015: \$146,887).

## Notes to and forming part of the financial statements For the year ended 30 June 2016

### 12 Key management personnel (continued)

#### *Other transactions with the Club*

From time to time the directors of the Club may make purchases from the Club. These purchases are on the same terms and conditions as those entered into by other members. During the year, the Club was supplied with goods and services from entities associated with G Chapman. The terms and conditions of the transactions with the above mentioned directors and their director related entities were on an arms length basis.

### 13 Statutory status

The Club is incorporated as a Company limited by Guarantee. In accordance with the Constitution of the Club, every member of the Club undertakes to contribute an amount limited to \$10 per member in the event of winding up the Club during the time he or she is a member or within one year thereafter.

### 14 The Trustees of Albury Racecourse

The Trustees of Albury Racecourse hold tenure to certain land on which the Albury Racecourse is situated. This land which was included in the statement of financial position of The Trustees Albury Racecourse on 30 June 1999 was transferred to Albury Racing Club Ltd on 1 July 1999. The Trustees of the Albury Racecourse are the directors of Albury Race Club Ltd from time to time.

### 15 Contingent liabilities

There were no material contingent liabilities as at balance date (2015: nil).

### 16 (a) Reconciliation of cash flows from operating activities

	2016 \$	2015 \$
Profit for the period	28,970	134,566
Adjustments for:		
Depreciation	72,715	66,272
Amortisation	45,601	46,433
Loss on Sale of Assets	-	3,527
Write off of assets		
Amounts set aside for provisions:		
Employee benefits	8,791	14,764
<b>Net cash provided by operating activities before changes in assets and liabilities</b>	<b>156,077</b>	<b>265,562</b>
Change in operating assets and liabilities:		
(Increase)/decrease in trade & other receivables	(61,650)	(17,929)
(Increase)/decrease in inventories	4,656	(8,854)
Increase/(decrease) in trade & other payables	59,033	(28,965)
<b>Net cash provided by operating activities</b>	<b>158,116</b>	<b>209,814</b>

## Notes to and forming part of the financial statements For the year ended 30 June 2016

### (b) Non Cash Financing and Investing Activities

During the financial year the Club acquired property, plant and equipment with an aggregate fair value of \$nil (2015: \$69,214) by means of finance leases. These acquisitions are not reflected in the statement of cash flows.

## 17 Commitments

### a) Finance leases

Esanda Finance Corporation Ltd, Westpac and Kubota Australia Finance, finance lease payments are payable in the normal course of events as follows:

	2016 \$	2015 \$
Within one year	22,810	36,652
One year or later and no later than five years	35,245	58,054
	<u>58,055</u>	<u>94,706</u>
Less: future lease finance charges	(4,080)	(7,789)
	<u>53,975</u>	<u>86,917</u>
Amounts provided for in the financial statements:		
Current	19,695	32,200
Non-current	34,280	54,717
	<u>53,975</u>	<u>86,917</u>
<b>b) Other commitments</b>		
Facility developments*	<u>1,581,346</u>	<u>-</u>

\*The Club has committed to a major track upgrade to commence in the 2017 financial year. The upgrade is being funded by Racing NSW and the Country Racecourse Development Fund. Refer to Note 20 for a description of the funding that has been committed for the major track upgrade.

## 18 Retained profits

Retained profits at beginning of year	3,124,765	2,990,199
Net profit/(loss)	28,970	134,566
Retained profits at year end	<u>3,153,735</u>	<u>3,124,765</u>

## Notes to and forming part of the financial statements For the year ended 30 June 2016

### 19 Financial Risk Management

#### Financial Risk Management Policies

The Club's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable and lease facilities.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies of these financial statements are as follows:

	Note	Carrying Amount	
		2016 \$	2015 \$
<b>Financial Assets</b>			
Cash and cash equivalents		166,499	152,252
Trade and other receivables		139,542	77,892
		306,041	230,144
<b>Financial Liabilities</b>			
Finance lease liabilities		53,975	89,917
Trade and other payables		190,264	131,231
		244,239	221,148

### 20 Significant events

On 29 August 2015 the NSW government announced funding from Racing NSW of \$1.2M towards a major upgrade of the Albury Racing Club Ltd racecourse. On 7 September 2016 Albury Racing Club signed an Infrastructure Funding Deed with Racing NSW for the provision of this funding. A further \$351k of funding is to be provided by Country Racecourse Development Fund and \$88k matched funding by Albury Racing Club Ltd. Total funding is expected to be expended on facility developments within the next 12 months. During the period of development the track will be closed and the Club will not hold race meetings. The Club will continue other business operations as normal. It is expected that the Track will be reopened in February 2017 prior to the Albury Gold Cup Carnival.

### 21 Subsequent events


Other than the matter described in Note 20, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Club, the results of those operations, or the state of affairs of the Club in subsequent financial years.

## Directors' declaration


In the opinion of the directors of Albury Racing Club Limited (the "Club"):

- (a) the financial statements and notes, set out on pages 10 to 27, are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position of the Club as at 30 June 2016 and of its performance, for the year ended on that date; and
  - (ii) complying with Australia Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Club will be able to pay its debts as and when they fall due.

Signed in Albury in accordance with a resolution of the directors:

  
\_\_\_\_\_  
GW Judd  
Director

Date: 5 October 2016

  
\_\_\_\_\_  
GJ Miller  
Director

Date: 5 October 2016

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALBURY RACING CLUB LIMITED**

### ***Report on the Financial Report***

We have audited the accompanying financial report of Albury Racing Club, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' declaration.

#### *Director's responsibility for the Financial Report*

The Directors of the Club are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the Directors determine are necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### *Auditor's 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 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 judgement, 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 controls relevant to the Club'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 Club's internal controls. 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*.



## AUDITOR'S OPINION

In our opinion the financial statements of Albury Racing Club Limited are in accordance with the *Corporations Act 2001*, including:

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

A handwritten signature in black ink that reads "Crowe Horwath".

**CROWE HORWATH ALBURY**

A handwritten signature in black ink that reads "Brad Bohun".

**BRADLEY D BOHUN**

*Partner*

Dated at Albury this 5<sup>th</sup> day of October 2016