

**Albury Racing
Club Limited**

ABN 61 053 857 819

Annual Financial Statements

30 June 2014

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President's Report 13/14

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 2014. The club made a profit of \$115,100 before depreciation and consideration of associated grants.

During the year the club conducted 16 race meetings, distributing \$1,982,516 in prize money and trophies.

The Commercial Club Albury Gold Cup meeting was again the highlight of the year and despite some inclement weather in the lead up to the event, a great crowd of 16,839 saw the Guy Walter trained Canny Ballad win the Albury Cup. It was an absolute tragedy that Mr Walter died unexpectedly in May, and on behalf of the club I offer our deepest sympathy to his family.

I would like to thank the Commercial Club for their support of the event and of the club throughout the year. It is a brilliant partnership and has assisted the club in driving prizemoney increases and greatly improving the race day experience at Albury.

This year we were fortunate to have former local jockey Peter Robl attend the Commercial Club Albury Gold Cup Carnival launch as the special guest and he was well received by all in attendance.

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 Myer Albury Guineas again had an added incentive in 2014 with Inglis offering a \$50,000 bonus to the winner if they were qualified through the Inglis Sales Series. The Gai Waterhouse trained Ryker took out the event in impressive fashion.

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 David Bowring, Di Thomas, and 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. Their extensive coverage through the year was second to none. 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.

APPRECIATION

We extend our sincere thanks to our Judge's Wal Blezard and Bob Bevan and Club Doctor, Dr Charles Ingle for his support and expertise throughout the year.

STAFF

Thank you to CEO John Miller for producing some excellent results during the year and always looking towards future growth opportunities.

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

Amy Collins has done a great job in her first year with the Club managing hospitality and events and has worked very hard to accommodate sponsors and clients.

Thank you to Wayne Osteraas and Ryan Lempa for their work assisting with the track and grounds throughout the year and presenting the facilities in great order.

VALE

The club was devastated by the death of hard working Committee person Stephen Baxter during the year. Steve was a dynamic and energetic member of the Committee particularly in regard to the course and

surrounds. The Committee had determined to award life membership to Stephen at this year's Albury Cup function. Unfortunately he was not with us but it was a proud moment for me to present his badge to his daughter Claire and wife Trish. Committeeman such as Steve are very rare and his absence is felt by all around the club.

As I am finalising my report we have also lost two popular racing men in Gordon McLaurin and Ollie Cox. Ollie was a champion Victorian trainer over many years and a stalwart of the industry. Gordon, a Holbrook grazier has been an avid racegoer all his life and would not have missed an Albury Cup in over 60 years. Both men will be dearly missed by all at the Albury Racing Club.

RACE CLUB AWARDS

The Club congratulates local trainer Brett Cavanough in winning the Albury Trainers premiership, Simon Miller for winning the Albury Jockeys premiership and the Hanley stable for the win of Eklands for Horse of the Year honours.

COMMITTEE

I would like to thank retiring Committeemen Russell Mathews and Paul Spencer for their hard work and support over the past 10 years. I am sure we will still see them both at the races and events in the future.

I would also like to congratulate Geoff Alexander on achieving life membership of the Club following 15 years' service on the Committee.

In conclusion, I would like to thank my fellow Committee members for donating their time and effort in attending race meetings and Committee meetings and for their continued support throughout the year.

David Wallace
President



Chief Executive's Report

The 2013/14 racing season was again another challenging year for the Albury Racing Club however a most pleasing financial result on the back of a disappointing 12/13 year.

The strong result is built around the increase in membership and sponsorship numbers over the past 5 years and the continued growth of hospitality sales.

The Spring Racing Carnival is going from strength to strength and provides the Club with enormous opportunity to deliver key non wagering revenue streams. Melbourne Cup Day is only a relatively new date for the Club but will clearly become one of the most important race dates on our calendar behind the Albury Cup over the next five years.

The 2014 Commercial Club Albury Gold Cup Carnival offered \$540,800 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.

One of the more pleasing aspects of the 2014 carnival was the quality of racing on offer. The cup field was one of the strongest of all time and this was highlighted by the lineup of jockeys who rode at the meeting.

There is a popular photo at the Club of the riders in the 1959 Mercy Invitation Stakes, considered by many as the best group of riders to ride at an Albury race meeting. It could be argued the 2014 Albury Cup riders might be even better and I am sure the new photo behind the bar in the Members Lounge will encourage much debate over a cold beer.

The Club was fortunate to have marketing support from AlburyCity and Destination NSW to further grow the tourism markets and consolidate the Cup Carnival as the premier country racing event in NSW. This marketing program would not be possible without their support and so a big thank you to the team at AlburyCity for driving this initiative.

A lot of work has been done in the off season to prepare the Club for the 2014/15 season. As most members would be aware the Club has been working with Racing NSW and the AlburyCity Council to complete some much needed track renovation projects. We are seeking funding for a new irrigation system, track drainage and some work to re-align the back straight and improve camber issues. If we can get the funding for these projects it will see a massive improvement to the course proper and flow on effects for racing in the area.

The Committee and staff have been involved in developing a strategic plan for the next two years with the following 7 key objectives:

1. Improve the value of ARC Membership and increase total financial members to 800 by 2016
2. Consolidate Commercial Club Albury Gold Cup Carnival as the premier local event
3. Develop Melbourne Cup Day meeting into the second most profitable meeting behind Albury Gold Cup
4. Investment in customer facilities and improving the hospitality offering
5. Improve racing quality and turnover at standard TAB meetings
6. Investment in tracks and training facilities
7. Grow the Albury Events business to attract additional non-traditional type of events to the facility

Members will see some changes to facilities and operations on course in the new season including a new draught beer system in the Members Lounge and an extension of the main deck and renovated public bar. The Club is totally committed to improving the facilities at the course and providing members and guests with a premium hospitality experience.

Thanks again to the local media who play a big part in promoting the Club and racing in the district. The gold cup coverage is phenomenal and plays a major part in the success of the carnival. It is also pleasing to see with the introduction of new social media platforms the interaction with racing fans and media has been very positive.

Thank you to SDRA 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.

The new season will see a change to the head of our Racecourse & Facilities department with Aidan Kilroy joining the team. Together with Wayne Osteraas we have some highly skilled staff to take the track and grounds to another level.

Amy Collins and Carol Broadfoot have done an amazing job during the season managing hospitality and administration functions. With a team of highly dedicated casual staff, everyone has done a great job working towards improving the Albury Racing Club for members and guests.

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 2013/14 included:

Ace Radio 2AY	Inglis
Avis	Jayco Albury Wodonga
Albury Demolitions	JC Butko Engineering
Baileys Removals & Storage	Johnsons MME
Barlens	Just Safes Australia
Baxters Concrete	KDEC Data & Electrical
Blacklocks Lavington	Laser Electrical
Border Bandag	Lexus of Wodonga
Border Mail	Morris Wines
Boss Better Living Systems	M & S Graham Plumbing
Boudoir	Myer
Canville Holdings Electrical Contractors	Pinnars Refrigeration
Chapman, Gould & May	Pogson Cronin Solicitors
Choices Wodonga	Protector Alsafe
Coca Cola	Riverina Horizontal Boring
Commercial Club Albury	Rydges Albury
Community Radio 107.3FM	Slickpix
Conway Printing	Smiths Ice
CUB	Somerset Rise
Dahlsens	Southern Asset Services
Daro Twin City	Southern Cross Media
Davidson White Accountants	Springdale Heights Tavern
Destination NSW	Stuart Gordon Landscaping & Paving Specialist
Elders	Tabcorp
Enpower Solutions	The Bird Cage Fashions
Forvic Hotel Group	The Essential Utensil
Garry Purtell Caltex Union Rd	The Newmarket Hotel
GPE Electrical & Communications	Trade Secret
Greener Grass	Twin City Truck Centre
Greens Garden & Ag	Vision Screenprinting
HIB Insurance Brokers	Wilson Transformer Company
High Rollers Limousines	Zen Day Spa
Hi-Tech Antenna's	

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 2014 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 President Age 76 Member for 49 years Committee for 47 years Occupation – Grazier	MA Cronin Vice President Age 58 Member for 23 years Committee for 23 years Occupation – Solicitor	GJ Miller Treasurer Age 62 Member for 42 years Committee for 29 years Occupation – Chartered Accountant
GW Alexander Age 67 Member for 25 years Committee for 16 years Occupation – Insurance Broker	R Mathews Age 58 Member for 35 years Committee for 10 years Occupation – Grazier	GW Judd Age 56 Member for 24 years Committee for 12 years Occupation – Company Director
JD Ervin Age 65 Member for 35 years Committee for 22 years Occupation – Sales	R Sloane Age 58 Member for 24 years Committee for 9 years Occupation – Grazier	C Sheather Age 35 Member for 8 years Committee for 2 years Occupation – Public Servant
P Spencer Age 54 Member for 12 years Committee for 9 years Occupation - Finance Consultant Retired: 23 June 2014	S Baxter Age 57 Member for 16 years Committee for 13 years Occupation – Grazier Deceased: December 2013	R Hickey Age 64 Member for 11 years Committee for 6 years Occupation – Legal Consultant/Farmer Retired: 31 July 2013

All Directors are considered independent, 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

- 18 years employment in the Racing industry, including 14 years management experience.

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

In the opinion of the Directors there were no 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 \$54,331 (operating loss in 2013: \$62,102).

Directors' report (continued)

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 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 2014 were as follows:

Type of member	Number of members	Guarantee amount
Life members	9	-
Honorary members	12	-
Standard members	497	\$2
Corporate members	27	\$2
Platinum members	22	\$2
Club Festivus members	46	\$2

If the Company is wound up, the Memorandum of Association 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.

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 \$89.

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' report (continued)

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 P. Spencer and M. Cronin, 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	12	15	16
Mr MA Cronin	8	12	15	16
Mr GJ Miller	11	12	15	16
Mr GW Alexander	10	12	15	16
Mr R Mathews	5	12	13	16
Mr S Baxter	2	5	2	7
Mr G Judd	9	12	12	16
Mr R Sloane	11	12	10	16
Mr P Spencer	9	12	13	16
Mr J Ervin	7	12	13	16
Mr C Sheather	11	12	14	16
Mr R Hickey	1	1	0	0

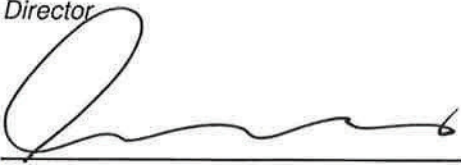
* reflects the number of meetings held during the time the Director held office during the year.

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



DA Wallace
Director

Date: 15 September 2014



GJ Miller
Director

Date: 15 September 2014

**LEAD AUDITOR'S 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 2014 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 15th day of September 2014

Statement of profit or loss and other comprehensive income for the year ended 30 June 2014

	Note	2014 \$	2013 \$
Revenue	3	3,925,925	3,686,738
Expenses			
Cost of goods sold		382,365	355,001
Prize money and rebates		1,982,517	1,823,429
Raceday expenses		732,458	748,698
Racecourse maintenance		300,651	377,245
Administration expenses		461,929	432,314
Result from operations		66,005	(49,949)
Financing income		3,916	4,997
Financing expenses		(15,590)	(17,150)
Net financing costs		(11,674)	(12,153)
Profit/(loss) before tax		54,331	(62,102)
Income tax expense	1(e)	-	-
Net profit/(loss)		54,331	(62,102)
Other comprehensive income			
Net gain on revaluation of property plant equipment		-	-
Total comprehensive income for the year		54,331	(62,102)

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 26.

Statement of changes in equity for the year ended 30 June 2014

	Retained Earnings \$	Total Equity \$
Balance at 1 July 2012	2,997,970	2,997,970
Total comprehensive income for the period		
Profit or (loss)	(62,102)	(62,102)
Other comprehensive income	-	-
Total comprehensive income	(62,102)	(62,102)
Transactions with owners recorded directly in equity	-	-
Balance at 30 June 2013	2,935,868	2,935,868

	Retained Earnings \$	Total Equity \$
Balance at 1 July 2013	2,935,868	2,935,868
Total comprehensive income for the period		
Profit or (loss)	54,331	54,331
Other comprehensive income	-	-
Total comprehensive income	54,331	54,331
Transactions with owners recorded directly in equity	-	-
Balance at 30 June 2014	2,990,199	2,990,199

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 26.

Statement of financial position As at 30 June 2014

	Note	2014 \$	2013 \$
Current assets			
Cash and cash equivalents	5	75,725	59,077
Trade and other receivables	6	59,963	45,334
Inventories		40,315	30,821
Total current assets		176,003	135,232
Non-current assets			
Property, plant and equipment	7	3,109,305	3,124,096
Total non-current assets		3,109,305	3,124,096
Total assets		3,285,308	3,259,328
Current liabilities			
Trade and other payables	8	160,196	155,537
Loans and borrowings	9	42,412	55,648
Employee benefits	10	28,154	29,154
Total current liabilities		230,762	240,339
Non-current liabilities			
Loans and borrowings	9	28,899	56,563
Employee benefits	10	35,448	26,558
Total non-current liabilities		64,347	83,121
Total liabilities		295,109	323,460
Net assets		2,990,199	2,935,868
Equity			
Retained profits	18	2,990,199	2,935,868
Total equity		2,990,199	2,935,868

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 14 to 26.

Statement of cash flows

For the year ended 30 June 2014

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Cash receipts in the course of operations		4,318,518	4,057,840
Cash payments in the course of operations		(4,149,318)	(4,049,364)
		169,200	8,476
Interest received		3,916	4,997
Borrowing costs paid		(15,590)	(17,150)
Net cash from/ (used in) operating activities	16	157,526	(3,677)
Cash flows from investing activities			
Proceeds from sale of non current assets		-	-
Payments for property, plant and equipment		(99,978)	(20,424)
Net cash from/(used in) investing activities		(99,978)	(20,424)
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		(40,900)	(52,044)
Net cash from/ (used in) financing activities		(40,900)	(52,044)
Net (decrease) in cash held		16,648	(76,145)
Cash and cash equivalents at beginning of the financial year		59,077	135,222
Cash and cash equivalents at end of the financial year	5	75,725	59,077

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 14 to 26.

Notes to and forming part of the financial statements For the year ended 30 June 2014

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 15 September 2014.

(a) Statement of compliance

The Club has adopted the Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards* and AASB 2010-2: *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*. As a consequence, the Club has also adopted AASB 2011-2: *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements*. This is because the reduced disclosure requirements in AASB 2011-2 relate to Australian Accounting Standards that mandatorily apply to annual reporting periods beginning on or after 1 July 2011.

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, do not take into account changing money values or current valuations of non-current assets.

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 with a significant risk of material adjustment in the next year are discussed in Note 2.

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 2014

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.

Sale 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

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

Operating lease payments

Payments made under operating leases are recognised in the statement of profit or loss and other comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of profit or loss and other comprehensive income 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 Racing Clubs from income tax liability.

Notes to and forming part of the financial statements For the year ended 30 June 2014

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 the statement of profit or loss and other comprehensive income 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 the statement of profit or loss and other comprehensive income 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 the statement of profit or loss and other comprehensive income.

(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 2014

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 the statement of profit or loss and other comprehensive income, 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 2014

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 2014

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. There are no critical accounting judgements which require specific disclosure.

3 Revenue

	2014 \$	2013 \$
Sale of goods	563,917	534,116
Subscriptions, sponsorship & packages	713,401	754,468
Admissions	203,780	207,877
Grants and commissions	2,275,172	2,040,592
Other	169,655	149,685
Total revenue	3,925,925	3,686,738

4 Expenses

Depreciation of:		
Plant and equipment	53,605	43,978
Furniture & fittings	4,984	3,681
Amortisation of:		
Leasehold improvements	44,667	44,616
Total depreciation and amortisation	103,256	92,275
Bad and doubtful trade debts	-	-

a) Personnel expenses

Wages and salaries	518,794	526,101
Other associated personnel expenses	4,091	1,005
Superannuation	33,076	35,584
Increase / (Decrease) in liability for annual leave	(1,000)	(6,015)
Increase / (Decrease) in liability for long service leave	8,891	(1,003)

Notes to and forming part of the financial statements For the year ended 30 June 2014

	2014 \$	2013 \$
5 Cash and cash equivalents		
Cash on hand	1,486	3,288
Cash at bank	74,239	55,789
Cash and cash equivalents in the statement of cash flows	<u>75,725</u>	<u>59,077</u>
6 Trade and other receivables		
Trade debtors	59,963	45,334
	<u>59,963</u>	<u>45,334</u>
7 Property, plant and equipment		
<i>Land</i>		
At cost	1,200,000	1,200,000
<i>Leasehold improvements</i>		
At cost	2,276,080	2,262,991
Less: accumulated amortisation	(735,698)	(699,213)
	<u>1,540,382</u>	<u>1,563,778</u>
<i>Plant and equipment</i>		
At cost	788,059	756,454
Less: accumulated depreciation	(467,273)	(429,286)
	<u>320,786</u>	<u>327,168</u>
<i>Furniture and fittings</i>		
At cost	90,354	71,707
Less: accumulated depreciation	(42,217)	(38,557)
	<u>48,137</u>	<u>33,150</u>
Work in progress	-	-
Total property, plant and equipment	<u>3,109,305</u>	<u>3,124,096</u>

Notes to and forming part of the financial statements For the year ended 30 June 2014

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 \$	Furniture and fittings \$	Leasehold improvements \$	WIP	Total \$
Balance at 1 July 2012	1,200,000	267,963	36,831	1,564,854	126,299	3,195,947
Additions	-	10,384	-	10,040	-	20,424
Revaluations	-	-	-	-	-	-
Internal transfers	-	92,799	-	33,500	(126,299)	-
Disposals	-	-	-	-	-	-
Depreciation	-	(43,978)	(3,681)	-	-	(47,659)
Amortisation	-	-	-	(44,616)	-	(44,616)
Balance at 30 June 2013	1,200,000	327,168	33,150	1,563,778	-	3,124,096
Balance at 1 July 2013	1,200,000	327,168	33,150	1,563,778	-	3,124,096
Additions	-	49,269	20,647	30,062	-	99,978
Revaluations	-	-	-	-	-	-
Internal transfers	-	-	-	-	-	-
Disposals	-	(2,046)	(676)	(8,791)	-	(11,513)
Depreciation	-	(53,605)	(4,984)	-	-	(58,589)
Amortisation	-	-	-	(44,667)	-	(44,667)
Balance at 30 June 2014	1,200,000	320,786	48,137	1,540,382	-	3,109,305

8 Trade and other payables

	2014 \$	2013 \$
Trade payables	51,027	74,416
Other creditors and accruals	109,169	81,121
	<u>160,196</u>	<u>155,537</u>

Notes to and forming part of the financial statements For the year ended 30 June 2014

9 Loans and borrowings

Current

Lease liability

2014
\$

42,412

2013
\$

55,648

Non-current

Lease liability

28,899

56,563

Facilities available at balance date

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

Facilities used at balance date

Esanda Finance Corporation Ltd

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

- Vehicle and equipment - Principal and interest payments are made over 60 equal instalments. The facility will be fully repaid in October 2015. Refer Note 17.
- Furniture and fittings - Principal and interest payments are made over 60 equal instalments. The facility will be fully repaid in July 2014. Refer Note 17.
- Utility vehicle – Principal and interest are made over 60 equal instalments. The facility will be fully repaid in February 2015. Refer Note 17.
- Tractor – Principal and interest payments are made over 48 equal instalments. The facility will be fully repaid in December 2015. Refer to note 17.
- 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.

Corporate Visa Card

The Club has one card linked to a corporate credit card facility. The facility limit at 30 June 2014 is \$10,000 and the applicable interest rate is 15.50%. \$911 of the facility was used at 30 June 2014 (2013: \$10,000; \$540 used).

Kubota Australia Finance

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

- Mower – Principal and interest payments are made over 47 equal instalments. The facility will be fully repaid in July 2015. Refer to note 17.

Notes to and forming part of the financial statements For the year ended 30 June 2014

	2014 \$	2013 \$
10 Employee benefits		
<i>Current</i>		
Annual leave	28,154	29,154
Long service leave	-	-
	28,154	29,154
<i>Non-current</i>		
Long service leave	35,448	26,558
Number of full time equivalent employees at year end	4.95	5.18

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 D.A. Wallace, M.A. Cronin, G.J. Miller, G.W. Alexander, R. Mathews, G.W. Judd, J Ervin, R. Sloane, C. Sheather, P. Spencer and together with S. Baxter (retired 14 February 2014) and R. Hickey (retired 31 July 2013).

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 2014 year were \$142,073 (2013: \$139,860).

Notes to and forming part of the financial statements For the year ended 30 June 2014

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 P. Spencer and M. Cronin.. 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 Memorandum of Association of the Club, every member of the Club undertakes to contribute an amount limited to \$2 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 (2013: nil).

16 (a) Reconciliation of cash flows from operating activities

	2014 \$	2013 \$
Profit for the period	54,331	(62,102)
Adjustments for:		
Depreciation	58,589	47,659
Amortisation	44,667	44,616
Write off of assets	11,512	-
Amounts set aside for provisions:		
Long service leave	8,890	(1,003)
Annual leave	(1,000)	(6,015)
Net cash provided by operating activities before changes in assets and liabilities	176,989	23,155
Change in operating assets and liabilities:		
(Increase)/decrease in trade & other receivables	(14,629)	2,208
(Increase)/decrease in inventories	(9,493)	(14,216)
Increase/(decrease) in trade & other payables	4,659	(14,824)
Net cash provided by operating activities	157,526	(3,677)

Notes to and forming part of the financial statements For the year ended 30 June 2014

(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 (2013: \$nil) 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 and Kubota Australia Finance, finance lease payments are payable in the normal course of events as follows:

	2014 \$	2013 \$
Within one year	46,300	62,460
One year or later and no later than five years	29,881	58,141
	<u>76,181</u>	<u>120,601</u>
Less: future lease finance charges	(4,870)	(8,390)
	<u>71,311</u>	<u>112,211</u>
Amounts provided for in the financial statements:		
Current	42,412	55,648
Non-current	28,899	56,563
	<u>71,311</u>	<u>112,211</u>
b) Other commitments		
Facility developments	<u>22,359</u>	<u>69,912</u>

18 Retained profits

	2014 \$	2013 \$
Retained profits at beginning of year	2,935,868	2,997,970
Net profit/(loss)	54,331	(62,102)
Retained profits at year end	<u>2,990,199</u>	<u>2,935,868</u>

Notes to and forming part of the financial statements For the year ended 30 June 2014

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	
		2014 \$	2013 \$
Financial Assets			
Cash and cash equivalents		75,725	59,077
Trade and other receivables		59,963	45,334
		<u>135,688</u>	<u>104,411</u>
Financial Liabilities			
Finance lease liabilities		71,311	112,211
Trade and other payables		160,196	155,537
		<u>231,507</u>	<u>267,748</u>

20 Subsequent events

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"):

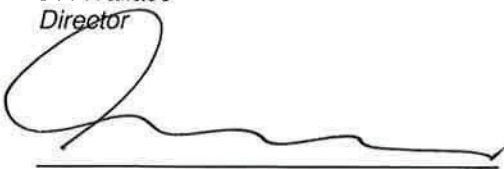
- (a) the financial statements and notes, set out on pages 10 to 26, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Club as at 30 June 2014 and of its performance, for the year ended on that date; and
 - (ii) complying 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:



DA Wallace
Director

Date: 15 September 2014



GJ Miller
Director

Date: 15 September 2014

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ALBURY RACING CLUB LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Albury Racing Club Limited (the Club), which comprises the statement of financial position as at 30 June 2014, and the statement of profit or loss and other 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 1 to 20 and the directors' declaration set out on page 27.

Directors' responsibility for the financial statements

The directors of the Club are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are 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.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements 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 statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 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 statements.

We performed the procedures to assess whether in all material respects the financial statements presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards - Reduced Disclosure Requirements, a view which is consistent with our understanding of the Club's financial position and of its performance.

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



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 2014 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.

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

CROWE HORWATH ALBURY

A handwritten signature in black ink that appears to read "Bradley D Bohun" in a cursive style.

BRADLEY D BOHUN

Partner

Dated at Albury this 15th day of September 2014