

**Albury Racing  
Club Limited**

**ABN 61 053 857 819**

**Annual Financial Statements**

**30 June 2018**

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## President's Report 17/18

The 2017/18 racing season has been an exciting one for the Albury Racing Club. The highlights included another successful Cup Carnival which was conducted on our renovated racing surface. Having said that, however, it came to the notice of the Committee that significant sections of our stakeholders were concerned about the decision to "split" the first and second days of our Cup Carnival. The Committee has taken on board those concerns and, as a result, it is pleasing to confirm that our 2019 Cup Carnival will return to the traditional Thursday/Friday format. At this stage, it is anticipated that format will remain in place into the future.

Nonetheless, we are very pleased that we have been able to secure the conduct of the 2019 SDRA Country Championship heat. The conduct of that very important race meeting is no longer dependent upon the timing and format of our Cup Carnival.

With respect to the significant renovations undertaken to our racing surfaces, as time progresses, the quality of the grass track and, indeed, the sand track, continues to improve. I have absolutely no doubt that, in years to come, this Club will have a racing platform of which it can be extremely proud.

### Financial

The financial reports submitted with the annual report accurately detail our financial position. The Club is in a secure financial position and has no current financial concerns. However, as always, we remain reliant upon the conduct of a successful Cup Carnival and the ongoing support of our sponsors, members and the racing public to maintain a viable financial position.

### Sponsors

I would like to take this opportunity of sincerely thanking the Commercial Club Albury for its ongoing sponsorship and very strong support. The Commercial Club has agreed to again provide the major sponsorship for our 2019 Cup Carnival and we look forward to our long association continuing well into the future.

To our other Carnival and Cup Day sponsors, I again extend my thanks and that of my Committee. We look forward to your continuing involvement with the Albury Racing Club.

Our platinum and corporate sponsors provide the Albury Racing Club with a very solid and secure base upon which we can plan and implement strategies with a view to continuing to improve racing and our facilities. To those long term and new platinum and corporate sponsors our sincere thanks are extended.

### Staff

On behalf of the Committee, might I, again, extend my sincerest thanks to our very hard working and extremely competent staff. Wayne, Ash and Callum continue to do a terrific job with respect to the track, grounds and facilities. Carol, as always, has been the "rock" upon which our racing operations rely. Min has been of great assistance to both Carol and Mick since "coming on board".

At the time of writing this Report, Michael Wighton had just given his notice. Michael was appointed to the role of Chief Executive Officer in about June, 2017. He conducted a successful Albury Gold Cup Carnival in 2018. In spite of his limited racing background, he has proved to be an asset to the Club and it is with genuine regret and disappointment that his resignation has been accepted. Mick leaves us to pursue other personal and, perhaps, professional goals, and we wish him well in those pursuits. I am hopeful that the Committee will be in a position to announce Mick's replacement prior to, or at, this Annual General Meeting.

### Vale

To the families of our members and industry participants who have passed away during the past 12 months, on behalf of the Club, I extend my sincerest sympathies.

## **Committee**

Firstly, might I thank Craig Sheather for his efforts as a committeeman over the past six years. Craig did not seek re-election to Committee due to pressing family and work commitments. Nonetheless, Craig has indicated that, when those commitments allow, he would be most willing to return to provide service to the Albury Racing Club. He will be missed on his departure and welcomed back on his return in the event that occurs.

Otherwise, all remaining Committee persons nominated for the Committee election. However, under our current Constitution, only six of the ten applicants were able to be elected by the membership. I congratulate those six successful applicants, all of whom bring years of service, experience and expertise in the racing industry to the Committee table. With respect to the three current Committee persons who were unsuccessful, and to Paul Spencer, a former Committee person who was unsuccessful, might I thank you for your willingness to put your respective "hands up" to continue your good work (or former work) at the Albury Racing Club moving forward. As at the Annual General Meeting, I will be in a position to announce the details of those persons who successfully nominated for positions as independent Directors of the Albury Racing Club. I am very hopeful that some familiar names will be disclosed.

## **Members**

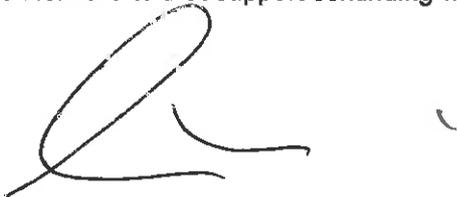
Might I thank our members for their ongoing support. We are always looking to increase our membership numbers, both full members and Club Festivus members and, therefore, do not hesitate to encourage friends, family, associates, workmates and so forth to consider becoming a member of the Albury Racing Club. We believe that the facilities, for a country Racing Club, make the exercise well worthwhile.

## **Local Racing Industry**

Might I take this opportunity of congratulating Craig Widdison on being confirmed as the leading trainer at Albury for season 2017/2018. Similarly, might I congratulate the connections of Cash Crisis on that horse being named Horse of the Year for the 2017/18 racing season. Might I also congratulate Nick Souquet on being named leading jockey at Albury for the 2017/18 season.

In conclusion, might I take this opportunity to sincerely thank all those who have devoted their time, energy and effort on behalf of the Albury Racing Club.

I look forward to that support continuing well into the future.



**Mark Anthony Cronin**  
**President**  
**Albury Racing Club Limited**

## 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 2017/18 included:

Ace Radio 2AY	KDEC Data & Electrical
Albury Demolitions Pty Ltd	Kiewa Valley Spring Water
AVIS	Kinross Woolshed Hotel
Baileys Removals & Storage	Laser Electrical
BARLENS	Leigh Martin Marine
Baxters Concrete	LUCRF
Border Bandag	M & S Graham Plumbing
Boss Better Living Systems	Marshalls Dent Wilmoth Lawyers
Boudoir	Martins Travel Albury
Buller Wine	MLM Electrical Contractors
Chapman, Gould & May	Naughtin Developments
Chisholm Contracting	Pinners Refrigeration
Choices Wodonga	Pogson Cronin
COMMERCIAL CLUB ALBURY	Riverina Horizontal Boring P/L
Conway Printing	Signarama
CUB	Skin Logics
Daro Twin City	Smiths Ice
DLG Aluminium & Glazing	Southern Asset Services
Electric Motor rewinding Co	Springdale Heights Tavern
Garry Purtell Purjen Couriers	Star Hotel Albury
Gazebo & Shade Centre	Striker Fire Electrical Solutions
GPE Electrical & Communications Contractor P/L	Stuart Gordon Landscaping
Greener Grass	The Birdcage Fashions Albury
Hi Tech Antennas	The Essential Utensil
HIB Insurance	The Newmarket Hotel
High Roller's Limousines	The Shed Company Albury Wodonga
Jayco Albury Wodonga	Twin City Truck Centre
Johnsons MME	Vision Screenprinting
Just Safes Australia	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 2018 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:

MA Cronin  
Age 62  
Member for 27 years  
Committee for 27 years  
Occupation – Solicitor

GJ Miller  
Age 66  
Member for 46 years  
Committee for 33 years  
Occupation – Chartered  
Accountant

GW Judd  
Age 61  
Member for 28 years  
Committee for 16 years  
Occupation – Club Director

A McHardy  
Age 61  
Member for 8 years  
Committee for 4 years  
Occupation – CEO

R Sloane  
Age 62  
Member for 28 years  
Committee for 13 years  
Occupation – Grazier

R Mullavey  
Age 64  
Member for 10 years  
Committee for 4 years  
Occupation – Chartered  
Accountant

C Sheather  
Age 39  
Member for 12 years  
Committee for 6 years  
Occupation – Public Servant

G Chapman  
Age 55  
Member for 9 years  
Committee for 4 years  
Occupation – Club  
Director/Electrician

Steve Stewart  
Age 52  
Member for 2 years  
Committee for 2 years  
Occupation – Real Estate Agent  
Appointed September 2016

Michael Dyordyevic  
Age 45  
Member for 2 years  
Committee for 2 years  
Occupation – Executive Manager  
Appointed September 2016

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

### Club secretary

Mr Michael Wighton, Chief Executive Officer of the Club, was appointed to the position of Club Secretary on 17 July 2017 and acts in this capacity subsequent to year end.

## 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

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 \$60,760 (operating loss in 2017: \$153,067).

### 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 Club 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 Club limited by guarantee and without a share capital. The number of members as at 30 June 2018 were as follows:

Type of member	Number of members	Guarantee amount
Life members	8	-
Honorary members	12	-
Standard members	424	\$10
Corporate members	28	\$10
Platinum members	29	\$10
Club Festivus members	24	\$10

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

## Directors' report (continued)

### 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

No material likely developments are foreseen at this time that may affect the Club's operations.

Further information about likely developments in the operations of the Club and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would likely to result in unreasonable prejudice to the Club.

### 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 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 8.

### 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 Club 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, G Judd, M Dyordyevic and M Cronin, who supplied goods and services on a commercial basis.

## Directors' report (continued)

### 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 G Judd	10	12	11	14
Mr MA Cronin	10	12	10	14
Mr GJ Miller	12	12	8	14
Mr R Sloane	9	12	9	14
Mr R Mullavey	9	12	4	14
Mr C Sheather	9	12	10	14
Ms A McHardy	8	12	6	14
Mr M Dyordyevic	10	12	11	14
Mr G Chapman	11	12	10	14
Mr S Stewart	12	12	13	14

\* 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.

  
\_\_\_\_\_  
M Cronin  
Director

Date: 25 October 2018

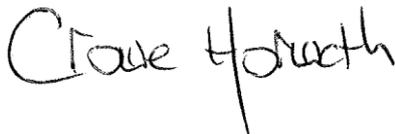
  
\_\_\_\_\_  
G Judd  
Director

Date: 25 October 2018

**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 2018 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 25<sup>th</sup> day of October 2018

## Statement of profit or loss and other comprehensive income for the year ended 30 June 2018

	Note	2018 \$	2017 \$
<b>Revenue</b>	3	4,004,537	3,763,446
<b>Expenses</b>			
Cost of goods sold		275,003	237,858
Prize money and rebates		2,165,427	882,422
Raceday expenses		633,344	548,359
Racecourse maintenance		412,667	1,725,858
Administration expenses		452,699	516,513
<b>Result from operations</b>		65,397	(147,564)
Financing income		1,324	886
Financing expenses		(5,961)	(6,389)
Net financing costs		(4,637)	(5,503)
<b>Profit/(loss) before tax</b>		60,760	(153,067)
Income tax expense	1(e)	-	-
<b>Net profit/(loss)</b>		60,760	(153,067)
<b>Other comprehensive income</b>			
Net gain on revaluation of property plant equipment		-	-
<b>Total comprehensive income for the year</b>		60,760	(153,067)

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 13 to 27.

## Statement of changes in equity for the year ended 30 June 2018

	Retained Earnings \$	Total Equity \$
Balance at 1 July 2016	3,153,735	3,153,735
<b>Total comprehensive income for the period</b>		
Profit or (loss)	(153,067)	(153,067)
Other comprehensive income	-	-
<b>Total comprehensive income</b>	3,000,668	3,000,668
Transactions with owners recorded directly in equity	-	-
<b>Balance at 30 June 2017</b>	3,000,668	3,000,668

	Retained Earnings \$	Total Equity \$
Balance at 1 July 2017	3,000,668	3,000,668
<b>Total comprehensive income for the period</b>		
Profit or (loss)	60,760	60,760
Other comprehensive income	-	-
<b>Total comprehensive income</b>	3,061,428	3,061,428
Transactions with owners recorded directly in equity	-	-
<b>Balance at 30 June 2018</b>	3,061,428	3,061,428

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 13 to 27.

## Statement of financial position As at 30 June 2018

	Note	2018 \$	2017 \$
<b>Current assets</b>			
Cash and cash equivalents	5	275,036	50,143
Trade and other receivables	6	156,652	89,809
Inventories		42,876	41,414
<b>Total current assets</b>		474,564	181,366
<b>Non-current assets</b>			
Property, plant and equipment	7	3,093,698	3,087,176
<b>Total non-current assets</b>		3,093,698	3,087,176
<b>Total assets</b>		3,568,262	3,268,542
<b>Current liabilities</b>			
Trade and other payables	8	252,843	201,297
Income in advance	9	189,311	-
Loans and borrowings	10	17,180	20,580
Employee benefits	11	36,309	26,555
<b>Total current liabilities</b>		495,643	248,432
<b>Non-current liabilities</b>			
Loans and borrowings	10	-	12,816
Employee benefits	11	11,191	6,626
<b>Total non-current liabilities</b>		11,191	19,442
<b>Total liabilities</b>		506,834	267,874
<b>Net assets</b>		3,061,428	3,000,668
<b>Equity</b>			
Retained profits	19	3,061,428	3,000,668
<b>Total equity</b>		3,061,428	3,000,668

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 13 to 27.

## Statement of cash flows For the year ended 30 June 2018

	Note	2018 \$	2017 \$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		4,404,991	4,139,791
Cash payments in the course of operations		(4,204,063)	(4,152,026)
		200,928	(12,235)
Interest received		1,324	886
Borrowing costs paid		(5,961)	(6,389)
<b>Net cash from/ (used in) operating activities</b>	17	196,291	(17,738)
<b>Cash flows from investing activities</b>			
Proceeds from sale of long-term lease		177,113	-
Payments for property, plant and equipment		(132,295)	(78,039)
<b>Net cash from/(used in) investing activities</b>		44,818	(78,039)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		(16,216)	(20,579)
<b>Net cash from/ (used in) financing activities</b>		(16,216)	(20,579)
<b>Net (decrease) in cash held</b>		224,893	(116,356)
<b>Cash and cash equivalents at beginning of the financial year</b>		50,143	166,499
<b>Cash and cash equivalents at end of the financial year</b>	5	275,036	50,143

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 13 to 27.

## Notes to and forming part of the financial statements For the year ended 30 June 2018

### 1 Statement of significant accounting policies

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

The financial statements were authorised for issue by the Directors on 27 October 2018.

#### (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.

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 2018

### 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 2018

### 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 2018

### 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 2018

### 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).

#### (q) Going concern

The Club reported a deficiency in working capital (being the amount the current liabilities exceed current assets) of \$21,079 as at 30 June 2018, compared with a deficiency of \$67,066 in 2017. The Club reported a net profit of \$60,760 for the year ended 30 June 2018 (2017: net loss of \$153,067).

During the year ended 30 June 2017 and 2018, operating results were impacted by the track closure due to its upgrade and the reduction in the number of race days, which all contributed to a decline in income.

The financial report has been prepared on a going concern basis that contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

## Notes to and forming part of the financial statements

### For the year ended 30 June 2018

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

The Club's ability to remain a going concern and to discharge its liabilities in the ordinary course of business is dependent upon it returning to normal operations in the year ending 30 June 2019 and the generation of income from membership and race meetings.

The Directors have reviewed the budgeted trading position, inclusive of long term forecasts and are satisfied that it is appropriate to prepare the financial report on the going concern basis.

#### 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.

#### 3 Revenue

	2018 \$	2017 \$
Sale of goods	369,234	321,447
Subscriptions, sponsorship & packages	745,682	705,099
Admissions	152,586	158,618
Grants and commissions	2,518,891	2,435,359
Other	218,144	142,923
<b>Total revenue</b>	<b>4,004,537</b>	<b>3,763,446</b>

## Notes to and forming part of the financial statements For the year ended 30 June 2018

<b>4 Expenses</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Depreciation of:		
Plant and equipment	79,044	67,914
Furniture & fittings	4,364	4,801
Amortisation of:		
Leasehold improvements	42,365	45,601
Total depreciation and amortisation	<u>125,773</u>	<u>118,316</u>
Bad and doubtful trade debts	-	-
<b>a) Personnel expenses</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Wages and salaries	522,382	557,823
Other associated personnel expenses	7,572	2,352
Superannuation	31,863	44,396
Increase / (Decrease) in liability for annual leave	7,821	(26,334)
Increase / (Decrease) in liability for long service leave	6,498	(27,642)
<b>5 Cash and cash equivalents</b>		
Cash on hand	10,225	2,136
Cash at bank	64,811	48,007
Term Deposit	200,000	-
Cash and cash equivalents in the statement of cash flows	<u>275,036</u>	<u>50,143</u>
<b>6 Trade and other receivables</b>		
Trade debtors	156,652	89,809
	<u>156,652</u>	<u>89,809</u>

**Notes to and forming part of the financial statements  
For the year ended 30 June 2018**

	<b>2018</b>	<b>2017</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	1,170,507	1,038,212
Less: accumulated depreciation	(711,296)	(632,252)
	459,211	405,960
<i>Leasehold improvements</i>		
At cost	2,309,799	2,309,799
Less: accumulated amortisation	(914,332)	(871,967)
	1,395,467	1,437,832
<i>Furniture and fittings</i>		
At cost	99,768	99,768
Less: accumulated depreciation	(60,748)	(56,384)
	39,020	43,384
<b>Total property, plant and equipment</b>	<b>3,093,698</b>	<b>3,087,176</b>

## Notes to and forming part of the financial statements For the year ended 30 June 2018

### 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 2016	1,200,000	408,118	1,482,067	44,390	3,134,575
Additions	-	74,493	-	3,546	78,039
Revaluations	-	-	-	-	-
Internal transfers	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation	-	(76,650)	-	(4,553)	(81,203)
Amortisation	-	-	(44,235)	-	(44,235)
<b>Balance at 30 June 2017</b>	<b>1,200,000</b>	<b>405,960</b>	<b>1,437,832</b>	<b>43,384</b>	<b>3,087,176</b>
Balance at 1 July 2017	1,200,000	405,960	1,437,832	43,384	3,087,176
Additions	-	132,295	-	-	132,295
Revaluations	-	-	-	-	-
Internal transfers	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation	-	(79,044)	-	(4,364)	(83,408)
Amortisation	-	-	(42,365)	-	(42,365)
<b>Balance at 30 June 2018</b>	<b>1,200,000</b>	<b>459,211</b>	<b>1,395,467</b>	<b>39,020</b>	<b>3,093,698</b>

### 8 Trade and other payables

Trade payables

Other creditors and accruals

2018 \$	2017 \$
69,637	84,018
183,206	117,279
<b>252,843</b>	<b>201,297</b>

### 9 Income in advance

Income in advance

2018 \$	2017 \$
189,311	-
<b>189,311</b>	<b>-</b>

## Notes to and forming part of the financial statements For the year ended 30 June 2018

	2018 \$	2017 \$
<b>10 Loans and borrowings</b>		
<i>Current</i>		
Lease liability	17,180	20,580
<i>Non-current</i>		
Lease liability	-	12,816

### *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.

- 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 18.

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

The Club has two cards linked to a corporate credit card facility. The facility limit at 30 June 2018 is \$15,000 and the applicable interest rate is 15.50%. \$1,634 of the facility was used at 30 June 2018 (2017: \$15,000; \$5,861 used).

## Notes to and forming part of the financial statements For the year ended 30 June 2018

	2018 \$	2017 \$
<b>11 Employee benefits</b>		
<i>Current</i>		
Annual leave	22,634	14,813
Long service leave	13,675	11,742
	36,309	26,555
<i>Non-current</i>		
Long service leave	11,191	6,626

## 12 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.

## 13 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 MA Cronin, GJ Miller, GW Alexander, GW Judd, JD Ervin, R Sloane, C Sheather, R Mullavey, A McHardy, W Matsinos, G Chapman, S Stewart and M Dyordyevic.

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*

M Wighton – Chief Executive Officer appointed 17 July 2017.

Key management personnel compensation and expenses inclusive of non-executive and executive key management personnel for the 2018 year was in the range of \$80,000 - \$110,000.

## Notes to and forming part of the financial statements For the year ended 30 June 2018

### 13 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, G Judd, M Dyordyevic 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.

### 14 Statutory status

The Club is incorporated as a Club 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.

### 15 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.

### 16 Contingent liabilities

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

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

The Directors are of the opinion that the circumstances outlined above are unlikely to occur in the ordinary course of business and accordingly, no liability has been made in the financial report at 30 June 2018. The maximum contingent liability at 30 June 2018 in respect of this loan, excluding GST, amounts to \$1,200,000.

There were no material contingent liabilities not considered remote as at balance date (2017: nil).

## Notes to and forming part of the financial statements For the year ended 30 June 2018

<b>17 Reconciliation of cash flows from operating activities</b>	<b>2018</b> \$	<b>2017</b> \$
Profit for the period	60,760	(153,067)
Adjustments for:		
Depreciation	83,408	81,203
Amortisation	42,365	44,235
Amounts set aside for provisions:		
Employee benefits	14,319	(53,976)
<b>Net cash provided by operating activities before changes in assets and liabilities</b>	<b>200,852</b>	<b>(81,605)</b>
Change in operating assets and liabilities:		
(Increase)/decrease in trade & other receivables	(66,843)	49,733
(Increase)/decrease in inventories	(1,462)	3,101
Increase/(decrease) in trade & other payables	63,744	11,033
<b>Net cash provided by operating activities</b>	<b>196,291</b>	<b>(17,738)</b>

## Notes to and forming part of the financial statement For the year ended 30 June 2018

### 18 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:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Within one year	17,814	18,332
One year or later and no later than five years	-	17,031
	<u>17,814</u>	<u>35,363</u>
Less: future lease finance charges	(634)	(1,967)
	<u>17,180</u>	<u>33,396</u>
Amounts provided for in the financial statements:		
Current	17,180	20,580
Non-current	-	12,816
	<u>17,180</u>	<u>33,396</u>
<b>b) Other commitments</b>		
Facility developments*	-	114,000

\*The Club no longer has committed irrigation costs for a sand track upgrade as this was completed in the 2018 financial year. The upgrade was fully funded by the Country Racecourse Development Fund.

### 19 Retained profits

Retained profits at beginning of year	3,000,668	3,153,735
Net profit/(loss)	60,760	(153,067)
Retained profits at year end	<u>3,061,428</u>	<u>3,000,668</u>

## Notes to and forming part of the financial statements For the year ended 30 June 2018

### 20 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	
		2018 \$	2017 \$
<b>Financial Assets</b>			
Cash and cash equivalents		275,036	50,143
Trade and other receivables		156,652	89,809
		431,688	139,952
<b>Financial Liabilities</b>			
Finance lease liabilities		17,180	33,396
Trade and other payables		442,154	201,297
		459,334	234,693

### 21 Significant events

Albury Racing Club signed an agreement with the Country Racecourse Development Fund on 8 June 2017. The agreement provided a further \$91,200 of funding from Country Racecourse Development Fund and \$22,800 matched funding by Albury Racing Club Ltd. Total funding has been expended on facility developments during the 2017/18 financial year. The upgrade has reduced costs as previously the track was required to be watered manually.

### 22 Subsequent events

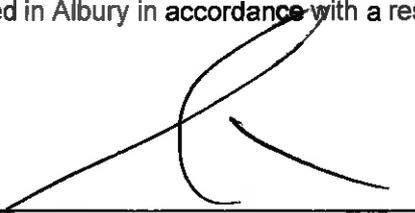
There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Club, the results of those operations, or the state 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 9 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 2018 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.

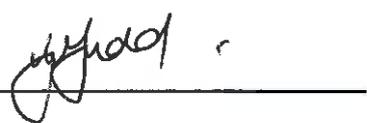
Signed in Albury in accordance with a resolution of the directors:



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M Cronin  
Director

Date: 25 October 2018



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G Judd  
Director

Date: 25 October 2018

# Albury Racing Club Limited

## Independent Auditor's Report to the Members of Albury Racing Club Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Albury Racing Club Ltd (the Club), which comprises the statement of financial position as at 30 June 2018, 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, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (a) giving a true and fair view of the Club's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Club in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Other Information

The directors are responsible for the other information. The other information comprises the information included in the Club's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

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

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

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

### **Responsibilities of the Directors for the Financial Report**

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

In preparing the financial report, the directors are responsible for assessing the ability of the Club to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Club or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

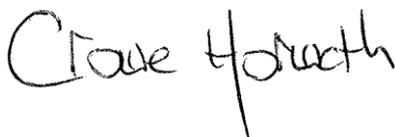
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Club's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Club's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Club to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



**CROWE HORWATH ALBURY**



**BRADLEY D BOHUN**

*Partner*

Dated at Albury this 25<sup>th</sup> day of October 2018