

ANNUAL REPORT

2016-2017



ANNUAL GENERAL MEETING 2016/2017

DIRECTORS

KEN QUIGLEY (CHAIRMAN)
SID KELLY OAM (VICE CHAIRMAN)
GERRY COMMERFORD (TREASURER)
GREG STEVENS
DR PHIL CHEN
JOHN GOLLAN
WARREN CHALKER

CHIEF EXECUTIVE : GREG RUDOLPH
BUSINESS MANAGER : LEA PORTEOUS
OPERATIONS MANAGER : JOANNE PRICE
RACE COURSE MANAGER : JEFF HAYNES
MOTEL MANAGER : LUKE MCDONALD
BAR/MAINTENANCE MANAGER : TONY KELLY
HEAD CHEF : GARY SEATON
MEMBERSHIP/FUNCTION COORDINATOR:
ALISON WEIR
MARKETING & COMMUNICATIONS
COORDINATOR: GEORGIE BERESFORD
CARETAKER : RICK JOHNSTON

LIFE MEMBERS

J.W. HIATT OAM, G. RHODES, W.J. NUTMAN
G.A. COMMERFORD, C.R. TATE, K. ROZZOLI
J.W. BACKHOUSE RFD, B.E. FLETCHER
K. QUIGLEY, W. ANDREWS

HAWKESBURY RACE CLUB LIMITED
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NOTICE OF 2017 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2016/17 Annual General Meeting of the Members of Hawkesbury Race Club Limited will be held on Tuesday, 31st October 2017 in the Ted McCabe Function Centre at 6.30pm.

AGENDA

The business of the Annual General Meeting (AGM) shall be as follows:

1. Opening of Meeting, apologies & condolences
2. Confirm the Minutes of the 2016 Annual General Meeting.
3. Matters arising from the minutes of the previous Annual General Meeting.
4. To receive and adopt the Annual Financial Report for year ended 30 June 2017 including;
 - * Directors' Report
 - * Financial Report
 - * Auditors' Report
5. General Business

Greg Rudolph
Chief Executive Officer
Date : 25 September 2017

Notes to Members:

If you have any questions relating to the Annual Report, please write to our CEO Greg Rudolph within 5 working days prior to the Annual General Meeting.

There is no election of Hawkesbury Race Club Limited Directors this year.

Chairman's Report 2016/2017



Ladies and Gentlemen,

On behalf of the Directors, I am pleased to present the 2016/2017 Annual Report to members of Hawkesbury Race Club Limited.

The report reflects another very successful year of trading for Hawkesbury Race Club Limited and I am pleased to report an increase in revenues from our core racing business and another healthy profit from the operation of our four star Hawkesbury Race Club Motel.

The Club has earned a net profit of \$608,125, with our financial reports disclosing a good performance during the past twelve months. The Club is in a strong financial position. It is important to continue with revenue and profits to sustain a strong racing, events and motel business.

Minimum prizemoney for Provincial meetings was increased by another \$3,000, to \$30,000 per race in October, 2016. The increase was part of a package of more than \$21 million in prizemoney increases for Country TAB and Provincial races, which also saw metropolitan Saturday races got to \$100,000 per race. The Board is thankful to Peter V'landys AM and the Board of Racing NSW for their continued hard work in securing and phasing in wagering parity, brought about by the Baird Government's reduction in State wagering taxes.

In addition, Racing NSW has indicated future gains from tax parity funding, as outlined in their Strategic Plan of 2014. The club has attended the latest round of Strategic Plan seminars and looks forward to continuing to work with the Provincial Association of New South Wales(PANSW) and Racing NSW to attain even better outcomes for returns to the industry. During the course of the year, our Chief Executive, Greg Rudolph, in his role as Deputy Chairman of PANSW, has worked with the Board and management of Racing NSW to address better outcomes for the provincial sector and will continue to do so.

We continue to benefit from Racing NSW having secured a substantial sponsorship from Tabcorp, due to the extension of Tabcorp's sole and exclusive promotional rights on NSW racecourses. In addition, Tabcorp have become a major sponsor of Stand Alone Saturday, with the former Claret Stakes for two-years-old horses, now known as the TAB Clarendon Stakes.

The Club meets all the minimum standards required by Racing NSW for a training centre with the exception of synthetic all weather training tracks, which is about to commence. The installation of an all-weather training track (Polytrack) and 50 on course stables, will be of great benefit to local trainers. The track project is expected to be completed in the first quarter of 2018, with the stables to follow after that. The benefits will include less pressure on the existing turf training track, as well as the course proper, which has been well managed to cope with the relatively high use during the year.

Chairman's Report 2016/2017 continues..



In March 2017, the Club conducted the second Pink Tie Ball for the Pink Finss Charity. The local charity assists women with breast cancer and their families. The function was a great success and together, we raised over \$85,000 towards the cause, with the club making a substantial donation back to the charity thereafter. The club continues to be a great supporter of local charities and is proud to be able to contribute back to the community.

I would like thank my fellow Board Members for their outstanding assistance during the financial year.

On behalf of the Board, I also thank our Chief Executive, Greg Rudolph and all of our dedicated staff for their continued hard work and diligence in achieving revenues and profits, as stated in the financial report.

I also thank our new and existing members for supporting the Hawkesbury Race Club during the past twelve months.

Ken Quigley
Chairman

Chief Executive Officer's Report 2016/2017



I am pleased to present my report of the Club's activities for the 2016/2017 financial year.

The club earned a net profit of \$608,125, another healthy result for the club. The result is particularly favourable given the impairment expense of \$50,000. Twenty four (24) race meetings were held during the financial year. This is the same number of meetings held in the previous year.

Total Revenue was \$14,865,868, up from \$13,784,689, a rise of almost 8% on last year. EBITDA (earnings before interest, tax, depreciation and amortization) was \$1,246,162.

Racing generally continues to be buoyed by the implementation by Racing NSW, of the phasing-in of tax parity. This resulted in Provincial minimum prizemoney increasing to \$30,000 per race, or 36% from 1 October 2016. In June 2016, the amount was \$22,000 per race.

Revenue from Distributions from Racing therefore rose to \$5,022,098. Contributions to Prizemoney and other incentives amounted to \$3,744,402, an increase of 63% on last year. The Club paid out \$6,671,423 in prizemoney, an improvement of nearly \$1,700,000 on last year.

Our trading profits from Beverage operations dipped slightly. However, we are pleased to have recently partnered with Moet Hennessy and Robert Oatley Wines to offer a better quality of beverages to our members and guests. I am confident the arrangement will improve the trading performance in the coming year.

The Motel had another strong profit result even though the profit was down slightly from last year. This was primarily due to some unexpected repairs and maintenance costs associated with the age of the building and general wear and tear.

In cash flow terms, the Club raised \$780,878 from its operations. Of these funds, it used \$136,228 to purchase plant, equipment and track improvements. There were no borrowings to repay. The Club has \$4,287,909 in funds at the end of the financial year, up from \$3,600,000 at the end of last financial year.

The Club has Total Assets of \$18,317,889, Total Liabilities of \$1,690,520 which is Net Assets of \$16,627,368. Its Current Assets of \$6,730,419 is more than favourably compared against Current Liabilities of \$1,681,180. The club is in a healthy financial position.

Chief Executive Officer's Report 2016/2017 continues..

The club will be using these funds for future Capital Expenditure. Whilst improvements to the Motel will be made, the Club will contribute up to \$2,000,000 towards the new synthetic track (Polytrack) and a on course stabling precinct featuring 50 boxes. Racing NSW will provide the remainder as part of a Funding Deed with the club. The total agreed cost is \$3,500,000.

Due to unforeseen circumstances the project has been delayed. With the appointment of civil contractors, the project will be underway in the near future. Additional revenue is expected to flow from this project including food & beverage.

Hawkesbury Race Club continues to enjoy the support of many long term valued sponsors, who contributed to the amount of sponsorship received being \$1,295,220. We would like to thank all of our sponsors and look forward to their continued support.

Many of our major sponsors use their race day to raise funds for charities and the Hawkesbury Race Club is pleased to be able to facilitate the raising of over \$600,000 to support many wonderful charities including, Youth Off The Streets, Learning Links, Hawkesbury Living Cancer Trust, Beards of Hope, White Ribbon Say NO to Domestic Violence, Camp Quality, Pink Finns (who in addition to their race day, raised over \$85,000 at their Annual Pink Tie Ball in March 2017), New South Wales Firefighters, Cure Brain Cancer Foundation and many other smaller local charities. In addition, we provide donations to a number of charities that do not necessarily raise funds through our club.

Our Business Manager, Lea Porteous, has been instrumental in continuing the relationships with current sponsors, developed over many years, as well as seeking support of new sponsors. This has been a challenging period given the departure of the former Marketing Manager, Vivienne Leggett.

The Australian Thoroughbred Breeders Club also plays a special role in the successful running of each race meeting, attending to the needs of all racehorse owners who can be present to watch their runners compete on race day. In particular, Wendy Craswell and John Horton make sure all race horse owners attending Hawkesbury race meetings receive excellent service when receiving their owner's tickets and race books.

On behalf of Hawkesbury Race Club Limited, I would also extend our sincere gratitude and appreciation to the various sectors of the racing media. Our Club continues to have an excellent relationship with the media and a special thanks is passed onto our longstanding partners Hawkesbury Gazette and Courier, Sky Racing (Glenn Munsie, Gerard Middleton, Priscilla Schmidt, Richard Haynes, Chantelle Buckley and all on-course presenters) Sky Sports Radio (Andrew Bensley, Terry Kennedy and Michael Slater), The Daily Telegraph, (Ray Thomas), The Sydney Morning Herald (Max Presnell), Adam Pengilly and Chris Roots, Racenet (Craig Thompson, Paul Joice and Clinton Payne) and Racing NSW's official monthly publication (Mark Brassel and Julieanne Horsman).

Chief Executive Officer's Report 2016/2017 continues..



On behalf of the directors and myself, I would like to congratulate the following premierships winners:

Open Trainers Premiership – Gai Waterhouse and Adrian Bott
Local trainer- Scott Singleton
Jockeys Premiership – Tye Angland
Apprentices Jockeys premiership – Blaike McDougall

Hawkesbury Race Club Limited staff has an excellent working relationship Racing NSW executive staff and our thanks is extended to Racing NSW Chief Executive Peter V'Landys AM, Scott Kennedy, Graeme Hinton, Pete Sweney and Shane Meaney for all their assistance and advice during the past year. In addition, Racing NSW Stewards play an integral role in the integrity of races and trials conducted at the club and I am thankful for the continued assistance of my former colleagues.

My appreciation is extended to Chairman Mr. Ken Quigley and Directors for their guidance, Jeff Haynes (Racecourse Manager), Rick Johnston (Racecourse Caretaker), Lea Porteous and Joanne Price (Finance, Administration, Events and Operations), Garry Seaton (Executive Chef), Tony Kelly (Bar and Maintenance Manager), and all other permanent and casual staff employed at the Hawkesbury Race Club and Motel. They have assisted me greatly in my first full Financial Year and the success of the club is testimony to their dedication and hard work by each of them and their respective teams.

I would also make special mention of the appointments during the year, of Luke McDonald, (Motel Manager) and Alison Weir (Functions Co-Ordinator), who have commenced their respective roles with enthusiasm and diligence.

We remember with fondness those members and industry participants who passed away during the year, particularly Mrs Lyn Stevens, wife of Board Member, Greg Stevens.

My special thanks to all members who have contributed to the 2016/17 financial success of the Hawkesbury Race Club and I look forward to your continued support in the year to come.

Greg Rudolph

Chief Executive Officer



Sponsors 2016/2017

Chairman, Directors & Management of Hawkesbury Race Club wish to thank the following sponsors for their continued support during the 2016/2017 racing season;

Blacktown Workers Club Group	International Animal Health	Richmond Club
TAB	Godolphin	Blakes Marine
Lander Toyota	Lion Nathan XXXX Gold	Skin Fitness Hair and Beauty
Schweppes	Fishboy Seafoods	Webb & Sons Pty Ltd
Mounties Group	Board Express	Redbank North Richmond
Hawkesbury Gazette & Courier	Albert O'Cass OAM Family and Friends	Adrian Devlin's Memorial
Hawkesbury Living Cancer Trust	Master Farriers Association of NSW	Agnes Banks Spelling Yards
Hawkesbury Living	Jocelyn May	Exact Security
Active8 Richmond Club	McGraths Hill Florist	St Johns Park Bowling Club
Richmond Golf Club	Buttsworth Industrial Supplies	PFD Food Distributors
Arcadia Entertainment	Pak-Mor Waste Equipment Aust.	Royal Hotel Richmond
Learning Links	Knickerbocker Hotel Bathurst	Peter Kelly Flooring
Katoomba RSL	Camp Quality	G & K Electrical
Thomson Geer	WPH Sports Club	Hawkesbury Equine Veterinary Centre
Pink Finss Charity	Ten 4/Ausinsure	Dad & Daves Turf
Ontrak Engineering	Bistro WPH Sports Club	Evergreen Turf
Angels Florist	Glenorie RSL Club	Steggles
Agnes Bank Equine Clinic	David Dwyer Bookmaker	Turf Drain Australia
T & L Fowler Concreting	ForkBiz Australasia	J & B Buffalo Turf
Griffin Air Conditioning	Grange Growing Solutions	Southern Cross Turf
Bedrock Quarry	Windsor Rotary	Hi Quality Turf Supplies
EHI	Windsor RSL Club Easy Lane	A View Turf-Matilda
Richmond Residential	Turtle Nursery & Landscape Supplies	Richmond Marketplace
JPS Drainage	J.K. Williams	Pillingers Hiring Service
Mitavite	Micway Cold Logistic Solutions	JSJ Roofing
TAB Rewards	Clarendon Tavern	Kent Joinery
Australian Rotary Health	Ascend Sales	Aristocrat Technologies
Masterton Homes	Katoomba RSL	Daily Press
Betta Home Living	Bright Print Group	Lahood and Sons
Pepe's Ducks	Independent Liquor Group	Nestle Professional
Signwave	Aussie Home Loans Richmond	Jim Beam
Bayliner	Winston Express Haulage	The Sydney Millinery Co.
Pace Farm	Design and Create Kitchens	Smoothfm
Nepean Engineering & Innovation	Blacktown Hot Water	Specsavers Richmond
White Ribbon	Allset Engineering	Cosmestico
Say "NO" To Domestic Violence	Johns Lyng Group	Richmond Travel Centre
Gold Crest Security	McDonalds Garton Group	The Championships Provincial Series
Gleam Chemicals Australia	Lucy Heyes Memorial	Seccom Global
Skye's The Limit Charity	Goodfellow Sports	Smithfield RSL
Gerald Ryan Racing Stables	Eather Group	Living Turf
Tiny Collins Holdings	Ronald McDonald House	All State Shopfitting
NewsLocal	Abbott Locksmiths	Stylemaster Patios
Rohrig	A.T.B.C.	Millers Turf
Rob Adam Refrigeration	Rotary Club of Kurrajong/North Richmond	Parravans
Tuncurry Beach Bowling Club	David Gool	McDonnell Air Conditioning
Thomson Geer	Bernadette Keegan & Associates	Nor West Jets
Cure Brain Cancer Foundation	Harbord Beach Hotel	Prestige Racehorse Transport
Irresistible Pools & Spa's	Kurrajong Kitchen	Sieders Truck Repairs
A.H. Beard	Cabramatta Leagues	Beards of Hope
Vibe Property	A&T Seafoods	Bears of Hope
Ironbark Distillery	Priestley's Gourmet Delights	Mektronics
TAB.com.au	KB Foods	
The MRRC	McKenzie's Food Services	
Elderton Homes	Fonterra Dairy for Life	
Hawkesbury Accident Repair	Pacific West Foods Aust.	

HAWKESBURY RACE CLUB LIMITED
ABN 18 088 383 466

DIRECTORS' REPORT

Your directors present their annual report on the company for the financial year ended 30 June 2017.

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

Ken Quigley
Saidley Peter Kelly OAM
Gerry Commerford
Greg Stevens
Dr. Phillip Chen
John Gollan
Warren Chalker – appointed: 10/02/2017

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

The Directors' qualifications, experience & special responsibilities are as follows:

KEN QUIGLEY - Chairman
Life Member

Managing Director. Racehorse owner. Member of Hawkesbury Race Club for 29 years. 10 years on the Committee of Hawkesbury Race Club Ltd and 17 years Director of the company. Member of Racing Sub-Committee.

SID KELLY OAM - Vice Chairman

Company Director. Local racehorse owner and breeder. Chairman of Australiana Pioneer Village. Member of A.T.C. for 29 years. Member of Hawkesbury Race Club Ltd for 24 years. Chairman of Administration Sub-Committee. Past President of Windsor Rotary Club. Chairman of Fundraising Committee San Miguel. Director of the company since 28 April 2004.

GERRY COMMERFORD - Treasurer
Life Member

Company Director. Member of S.C.G. Member of Hawkesbury Race Club for 38 years. 10 years on the Committee of Hawkesbury Race Club Ltd and 17 years Director of the company. Member of Administration Sub-Committee.

GREG STEVENS

Managing Director. Racehorse owner. Member of S.C.G. Member of Hawkesbury Race Club for 33 years. Member of Administration Sub-Committee. Director of the company since 15 October 2003.

DR PHILIP CHEN

General Practitioner in Penrith and North Richmond for 25 years. Racehorse owner and breeder. Honorary Hawkesbury Race Club Doctor 26 years. Member of the ATBC. Member of RACGP. Member of AMA. Chairman of Racing Sub-Committee. Director of the company since December 2009.

JOHN GOLLAN

Accountant, Company Director, Business Director Australiana Pioneer Village, Life Member Parramatta Eels RLFC. Past President of Rotary Club of Windsor. Member of Hawkesbury Race Club for 22 years. Director of the company since August 2014.

WARREN CHALKER

Chartered Accountant with 30 years' experience with accounting practice located in the Hawkesbury. Treasurer of the Australiana Pioneer Village Limited and Newhaven Farm Home Limited. Long term member of the SCG, ANZ Stadium, Australian Turf Club and Hawkesbury Race Club. Director of the company since February 2017.

HAWKESBURY RACE CLUB LIMITED
ABN 18 088 383 466

DIRECTORS' REPORT (continued)

During the financial year 11 meetings of directors were held. Attendances were as follows:

	Number of Meetings Eligible to Attend	Number of Meetings Attended
Kenneth Lionel Quigley (Chairman)	11	11
Saidley Peter Kelly OAM (Vice Chairman)	11	11
Gerald Commerford (Treasurer)	11	10
Greg Stevens	11	9
Dr.Philip Chen	11	11
John Gollan	11	11
Warren Chalker	5	5

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. The company has ordinary members & life members. The total number of members of the company including life members was 460. Should the company be wound up, the members of the company are liable to contribute no more than ten dollars. The collective liability of members was \$4,600 (last year \$6,260).

The principle activity of the company is the conduct of provincial horse racing at Clarendon NSW. The company also provides tracks & facilities for training, operates a motel & provides facilities for social functions, exhibitions & displays.

The long term objectives of the company are as follows:

- To conduct healthy & vibrant middle tier horse race meetings of a high standard.
- To encourage participation & provide the facilities necessary to ensure enjoyment in the sport of horse racing for members, their guests, owners, breeders, trainers, on-course & off-course customers & other industry participants.
- To constantly maintain & improve the tracks for racing & training.
- To keep a low debt regime.
- To continue to return funds to the industry including owners, breeders, trainers.

The short term objectives of the company are as follows:

- Conduct race meetings of a standard that is satisfactory to all industry participants.
- Construction of a synthetic training track and on-course stables
- Promote non race day functions and conferences.
- Increase motel patronage & keep abreast of changes in hospitality expectations.

To achieve these objectives, the company has adopted the following strategies:

- Conduct race meetings profitably and with sufficient cash flow to meet those objectives.
- Receive the financial support of Racing NSW & the State Government for racing & future developments.
- Marketing including sponsorship for race meetings.
- Focus on ensuring a return on non-racing investments to supplement revenue.
- To employ staff that are competent in the positions they hold & who focus on providing satisfaction to customers.
- Provide a variety of food & beverage venues of a satisfactory standard.
- Develop & maintain relationships with all industry bodies.
- To operate a facility of high standard accommodation in close proximity to the race course.

HAWKESBURY RACE CLUB LIMITED
ABN 18 088 383 466

DIRECTORS' REPORT (continued)

The company measures its performance based on financial & non-financial indicators. The financial indicators extracted from financial information of the company are a combination of internal performance data & comparison of other provincial & other race clubs of similar operation in total & on a per meeting basis. Key performance indicators include

- Number of races
- Number of starters
- TAB turnover
- Bookmakers turnover
- Prizemoney

A copy of the auditor's independence declaration for the year ended 30 June 2017, as required under section 307C of the Corporations Act 2001 was received and is attached.

Signed in accordance with a resolution of the Board of Directors

Ken Quigley
Chairman

Dated: 25 September 2017

HAWKESBURY RACE CLUB LIMITED
ABN 18 088 383 466

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Hawkesbury Race Club Limited, the directors of the company declare that:

1. The financial statements and notes, being the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements are in accordance with the Corporations Act 2001 and:
 - a. comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position of the company as at 30 June 2017 and of its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Kenneth Quigley
Director
Dated this 25 September 2017

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF HAWKESBURY RACE CLUB LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there have been no contraventions of:

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

DK AUDIT ACCOUNTANTS PTY LTD
Chartered Accountants

Director: David Kean
Registered Company Auditor
Signed at 97 Francis Street, Richmond, NSW
Dated this 25 September 2017

HAWKESBURY RACE CLUB LIMITED
ABN 18 088 383 466

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	2017 \$	2016 \$
INCOME			
Racing		12,369,556	11,004,176
Motel Operations		1,151,509	1,157,678
Beverage Trading		413,597	465,663
Catering & Functions		834,564	1,026,236
Members' Subscriptions		31,705	34,140
Rent, Hire & Other Income		15,602	10,485
Interest Received		73,012	75,060
Profit (Loss) on Disposal of Plant & Equipment		(23,677)	11,250
TOTAL INCOME & TRADING		<u>14,865,868</u>	<u>13,784,689</u>
EXPENDITURE			
Racing		10,154,907	8,805,538
Motel Operations		785,667	690,494
Beverage Trading		394,674	401,622
Catering & Functions		901,068	1,014,531
General Operating Expenses		1,147,811	1,292,942
Occupancy Costs		216,086	223,871
Finance Costs		19,492	19,043
TOTAL EXPENDITURE		<u>13,619,706</u>	<u>12,448,040</u>
NET PROFIT BEFORE INCOME TAX, DEPRECIATION & IMPAIRMENT		1,246,162	1,336,649
Less: Depreciation		588,037	640,262
Less: Impairment Expense		50,000	-
		<u>638,037</u>	<u>640,262</u>
PROFIT BEFORE INCOME TAX		608,125	696,387
Less: Income Tax Expense		-	-
PROFIT AFTER INCOME TAX		<u>608,125</u>	<u>696,387</u>
Items That Will Not be Reclassified Subsequently to Profit or Loss			
Gains on Revaluation of Land and Buildings		-	-
Items That May be Reclassified Subsequently to Profit or Loss			
Fair Value Gains/(Losses) on Available For Sale Financial Assets		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>608,125</u>	<u>696,387</u>
PROFIT (LOSS) ATTRIBUTABLE TO MEMBERS OF THE ENTITY		<u>608,125</u>	<u>696,387</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS		<u>608,125</u>	<u>696,387</u>

The accompanying notes form part of the financial statements

HAWKESBURY RACE CLUB LIMITED
ABN 18 088 383 466
EXTRACTS FROM TRADING STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
RACING		
Race Meetings Held 25 (Last Year 25)		
Revenue		
Racing NSW Distributions	5,022,098	4,853,754
Racing NSW Oncourse Incentives	42,147	69,683
Racing NSW International Product Fee	249,980	242,057
Racing NSW Prizemoney Contributions	3,452,275	1,987,725
Trophies, Donations & Sponsorship	1,295,220	1,457,208
Broadcast Rights	792,270	872,879
Training Fees & Barrier Trials	330,927	314,741
Overseas Telecasting	233,960	251,740
TAB Digital Wagering	85,680	106,669
TAB Oncourse Betting Fee	60,619	63,250
Nominations & Acceptances	107,107	92,832
Metro & Provincial Meetings Held	622,500	622,500
Other Racing Income	74,774	69,138
Expenses		
Prizemoney	6,671,423	4,987,127
Wages	807,040	841,693
Advertising, Promotion & Entertainment	325,826	492,673
Jockeys' Riding Fees	412,078	388,600
Stewards & Other Race Officials	429,617	385,541
Superannuation	90,754	102,164
Veterinary Fees and Farriers	44,053	79,139
Insurances	37,112	58,116
Ambulance Fees	67,700	59,202
Payroll Tax	36,029	43,171
Trophies & Sashes	50,028	30,309
Other Racing Expenses	10,154,907	1,337,802
BEVERAGE TRADING		
Sales	413,597	465,663
Cost of Sales	193,472	208,033
Gross Profit	220,125	257,630
Expenses	201,202	193,588
CATERING & FUNCTIONS		
Catering Sales	500,379	657,116
Function Income	334,185	369,120
Total Catering & Function Revenue	834,564	1,026,236
Cost of Sales	334,102	379,996
Expenses	566,966	634,535
MOTEL OPERATIONS		
Revenue	1,151,509	1,157,678
Expenses	785,667	690,494

HAWKESBURY RACE CLUB LIMITED
ABN 18 088 383 466

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	NOTE	2017 \$	2016 \$
CURRENT ASSETS			
Cash and Cash Equivalents	4	4,322,584	3,615,986
Trade and Other Receivables	5	2,324,439	2,028,066
Inventories	6	83,396	62,401
TOTAL CURRENT ASSETS		<u>6,730,419</u>	<u>5,706,453</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	7	11,587,469	12,140,228
TOTAL NON-CURRENT ASSETS		<u>11,587,469</u>	<u>12,140,228</u>
TOTAL ASSETS		<u>18,317,889</u>	<u>17,846,681</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	1,360,548	1,570,268
Short Term Provisions	10	285,957	195,544
Borrowings	9	34,676	-
TOTAL CURRENT LIABILITIES		<u>1,681,180</u>	<u>1,765,812</u>
TOTAL NON-CURRENT LIABILITIES			
Long Term Provisions	10	9,340	61,626
TOTAL NON-CURRENT LIABILITIES		<u>9,340</u>	<u>61,626</u>
TOTAL LIABILITIES		<u>1,690,520</u>	<u>1,827,438</u>
NET ASSETS (LIABILITIES)		<u>16,627,368</u>	<u>16,019,244</u>
EQUITY			
Revaluation Surplus		397,009	397,009
Capital Profits Reserve		304,401	304,401
Retained Earnings		15,925,958	15,317,834
TOTAL EQUITY		<u>16,627,368</u>	<u>16,019,244</u>

The accompanying notes form part of the financial statements

HAWKESBURY RACE CLUB LIMITED
ABN 18 088 383 466

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Retained Earnings \$	Revaluation Surplus \$	Capital Profits Reserve	Total \$
Economic Activity				
Balance at 1 July 2015	14,621,447	397,009	304,401	15,322,857
Total Other Comprehensive Income		-		-
Net Profit attributable to entity	696,387			696,387
Balance at 1 July 2016	15,317,834	397,009	304,401	16,019,244
Total Other Comprehensive Income		-		-
Net Profit attributable to entity	608,125			608,125
Balance at 30 June 2017	15,925,958	397,009	304,401	16,627,368

The accompanying notes form part of the financial statements

HAWKESBURY RACE CLUB LIMITED
ABN 18 088 383 466

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from all participants in the race & motel industries	14,435,416	13,538,921
Less: Payments to all participants in the racing and motel industries & employees	(13,708,057)	(12,188,973)
Interest Received	73,012	75,060
Finance Costs	(19,492)	(19,043)
Net cash provided by (used in) operating activities	<u>780,878</u>	<u>1,405,965</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(136,228)	(124,043)
Proceeds from disposal of property, plant & equipment & investments	<u>27,273</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>(108,955)</u>	<u>(124,043)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	-
Borrowing repayments	<u>-</u>	<u>(56,377)</u>
Net cash provided by (used in) financing activities	<u>-</u>	<u>(56,377)</u>
Net increase (decrease) in cash held	671,923	1,225,545
Cash at the beginning of the year	3,615,986	2,390,441
CASH AT THE END OF THE YEAR	<u><u>4,287,909</u></u>	<u><u>3,615,986</u></u>

The accompanying notes form part of the financial statements

HAWKESBURY RACE CLUB LIMITED
ABN 18 088 383 466

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

Hawkesbury Race Club Limited applies Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

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

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

The financial statements, except for cash flow information, have been prepared on an accrual basis, and is based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue on 25 September 2017 by the directors of the company.

Accounting Policies

(a) Property, Plant & Equipment

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

Freehold Property

Freehold land, buildings, leasehold improvements and tracks are shown at fair value based on periodic, valuations by external independent valuers, less subsequent depreciation for buildings.

In periods where the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

HAWKESBURY RACE CLUB LIMITED
ABN 18 088 383 466

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017 Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(a) Property, Plant & Equipment continued

Plant and equipment

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost, or for nominal cost are valued at the fair value of the asset at the date it is acquired.

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment loss relates to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer note 1(j) for details of impairment).

Plant and equipment that have been contributed at no cost, or for nominal cost are valued at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land is depreciated on a straight line basis over their estimated useful life commencing from the time the asset is held ready for use.

The depreciation rates used for each class of asset are:

Leasehold Improvements, Buildings and Tracks	2% - 10%
Track Improvements	2% - 10%
Plant & Equipment	5% - 40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(b) Employee Benefits

Short-term Employee Benefits

Provision is made for the company's obligation for short-term employee benefits. Short term employee benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term

HAWKESBURY RACE CLUB LIMITED
ABN 18 088 383 466

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017 Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(b) Employee Benefits continued

employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. The company's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current trade and other payables in the statement of financial position.

Other Long-term Employee Benefits

The company classifies employee's long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss.

The company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which the obligations are presented as current liabilities.

(c) Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(d) Cash and Cash Equivalents

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

(e) Inventories

Inventories are measured at the lower of cost and current replacement cost.

Inventories held for distribution are measured at cost adjusted, when applicable for any loss of service potential.

Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at the date of acquisition.

(f) Revenue

Revenue from the conduct of race meetings and Racing NSW distributions is recognised in the relevant financial year to which it relates.

At the previous balance date, an unsecured loan from Racing NSW was recorded as a liability in the financial report. This is an interest free, indeterminable loan only repayable if one of the conditions outlined in Note 14 is triggered. The directors are of the opinion that the circumstances in Note 14 are unlikely to occur in the ordinary course of trading. Accordingly, this amount has been recognised as income in the current reporting period.

Revenue from the sale of goods is recognised upon delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial asset.

HAWKESBURY RACE CLUB LIMITED
ABN 18 088 383 466

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017 Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(f) Revenue continued

Dividends are recognised when the right to receive a dividend has been established.

Members' Subscriptions in Advance, Deposits for Functions held after the end of the financial year will be brought to account in the financial year in which it relates

All revenue is stated net of the amount of goods and services tax (GST).

(g) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

Loans and Receivables

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

Financial Liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Available For Sale Investments

Available for sale Investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments

Impairment

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

In the case of available for sale financial instruments, a prolonged decline in the value of the instrument is considered to constitute a loss event. Impairment loss are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

HAWKESBURY RACE CLUB LIMITED
ABN 18 088 383 466

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017 Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(g) Financial Instruments continued

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

(h) Members' Subscriptions

Members' Subscriptions are payable in relation to the year commencing 1 July.
They are brought to account in the relevant financial year.

(i) Goods & Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. Receivables and payables are stated inclusive of the amount of GST. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included with other receivables or payables in the statement of financial position.

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

(j) Impairment of Assets

At the end of each reporting period the company assesses whether there is any indication that an asset may be impaired. If such an indication exists an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit and loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

(k) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(l) Provisions

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

HAWKESBURY RACE CLUB LIMITED
ABN 18 088 383 466

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017 Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(m) Critical Accounting Estimates & Judgements

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

Key Judgements

Economic Dependence

The company is dependent upon the continued support of Racing NSW for its continued operation. Racing NSW has final control over the conduct and timing of race meetings. This can have a material impact on the operating performance and financial position of the company. At the date of this report the Board of Directors has no reason to believe Racing NSW will not continue to support the company.

Employee Benefits

The directors have determined that all annual leave entitlements outstanding at balance date are expected to be taken within 12 months and have therefore been classified as short term benefits in accordance with AASB 119: Employee Entitlements and have been recorded at nominal value.

Estimation of useful lives of assets

The company has estimated the useful lives and related depreciation for property, plant and equipment. The useful lives could change significantly due to technical advances or other events. This could have a material impact on the operating performance and financial position of the company.

Impairment of non-financial assets

The company assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves a number of key judgements by the company.

(n) Economic Dependence

The company is dependent upon the continued support of Racing NSW for its continued operation as a going concern. At the date of this report the Board of Directors have no reason to believe Racing NSW will not continue to support the company.

(o) Trade and Other Payables

Trade and Other Payables represent the liability for goods and services received by the company during the reporting period that remain unpaid at the end of the reporting period.

HAWKESBURY RACE CLUB LIMITED
ABN 18 088 383 466

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017 Continued

	2017 \$	2016 \$
2. REVENUE		
Operating Activities		
Racing Services	12,367,685	11,002,172
Motel Operations	1,151,509	1,157,678
Other Services	47,307	44,625
Sale of Goods	1,248,161	1,491,900
Fuel Tax Credits	1,871	2,004
Interest Received – Other persons	73,012	75,060
TOTAL REVENUE	<u>14,889,545</u>	<u>13,773,439</u>
Non-Operating Activities		
Profit (Loss) from disposal of plant & equipment	<u>(23,677)</u>	<u>11,250</u>
	<u>(23,677)</u>	<u>11,250</u>
	<u>14,865,868</u>	<u>13,784,689</u>
3. PROFIT		
(a) Expenses		
Cost of Sales	527,574	588,030
Finance Costs - external	19,492	19,043
Auditor's Remuneration	20,888	30,072
(b) Significant Revenues & Expenses		
Racing NSW Distributions	5,022,098	4,853,754
Racing NSW Prizemoney Contributions	3,452,275	1,987,725
Prizemoney Paid	6,671,423	4,987,127
Employee Remuneration and Benefits	2,542,828	2,735,102
Depreciation	588,037	640,262
Impairment	50,000	-

HAWKESBURY RACE CLUB LIMITED
ABN 18 088 383 466

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017 Continued

	2017 \$	2016 \$
4. CASH & CASH EQUIVALENTS		
CURRENT		
Cash on Hand	3,420	2,030
Cash at Bank	3,983,547	1,270,284
Bank Fixed Deposits	335,617	2,343,672
	<u>4,322,584</u>	<u>3,615,986</u>
Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows are reconciled to items in the statement of financial position as follows		
Cash and Cash Equivalents	4,322,584	3,615,986
Bank Overdraft (refer note 9)	(34,676)	-
	<u>4,287,909</u>	<u>3,615,986</u>
5. TRADE & OTHER RECEIVABLES		
CURRENT		
Trade Receivables	131,671	159,583
Provision for Impairment of Receivables	(11,276)	(3,500)
	120,395	156,083
Receivables - Racing NSW & Tabcorp	1,947,355	1,689,468
Other Receivables	256,689	182,515
	<u>2,324,439</u>	<u>2,028,066</u>
Provision for impairment of receivables		
Movement in the provision for impairment of receivables is as follows:		
Provision for impairment at the beginning of the year	3,500	3,500
Charged for Year	7,776	5,192
Written Off	-	(5,192)
Provision for impairment at the end of the year	<u>11,276</u>	<u>3,500</u>
6. INVENTORIES		
CURRENT		
at Cost		
Food & Beverage	81,577	60,887
Food & Beverage - Motel	1,820	1,514
	<u>83,396</u>	<u>62,401</u>

HAWKESBURY RACE CLUB LIMITED
ABN 18 088 383 466

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017 Continued

	2017 \$	2016 \$
7. PROPERTY, PLANT & EQUIPMENT		
Property		
Freehold Land - at Directors' valuation	535,165	535,165
Track & Ground Equipment & Improvements	8,479,034	8,460,394
Track Extension, Horse Stall Improvements & Trotting Track area in Progress	80,518	80,518
Less: Accumulated Depreciation	(1,827,453)	(1,536,004)
Less: Accumulated Impairment	(651,908)	(601,908)
	<u>6,080,191</u>	<u>6,403,000</u>
Buildings - at cost	5,407,705	5,401,124
Less: Accumulated Depreciation	(1,328,856)	(1,221,548)
	<u>4,078,849</u>	<u>4,179,576</u>
Plant & Equipment - at cost	2,143,065	2,130,531
Less Accumulated Depreciation	(1,527,178)	(1,428,571)
	<u>615,888</u>	<u>701,960</u>
Motor Vehicles - at cost	163,340	234,556
Less: Accumulated Depreciation	(90,107)	(154,531)
	<u>73,233</u>	<u>80,026</u>
Motel Equipment & Furniture - at cost	977,910	978,165
Less: Accumulated Depreciation	(773,767)	(737,663)
	<u>204,142</u>	<u>240,502</u>
Total Property, Plant, Equipment & Vehicles	<u><u>11,587,469</u></u>	<u><u>12,140,228</u></u>
Movements		
Freehold Land		
Balance at the beginning of the year	535,165	535,165
Disposals	-	-
Carrying amount at the end of the financial year	<u>535,165</u>	<u>535,165</u>

HAWKESBURY RACE CLUB LIMITED

ABN 18 088 383 466

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017 Continued

	2017 \$	2016 \$
7. PROPERTY, PLANT & EQUIPMENT continued		
Track & Ground Equipment & Improvements		
Balance at the beginning of the year	6,403,000	6,660,391
Additions	27,067	37,495
Transfers	-	-
Disposals	(3,764)	-
Impairment	(50,000)	-
Depreciation	(296,112)	(294,886)
Carrying amount at the end of the financial year	<u>6,080,191</u>	<u>6,403,000</u>
Buildings		
Balance at the beginning of the year	4,179,576	4,287,134
Additions	7,782	-
Transfers	-	-
Disposals	(896)	-
Depreciation	(107,612)	(107,558)
Carrying amount at the end of the financial year	<u>4,078,849</u>	<u>4,179,576</u>
Plant, Equipment & Vehicles		
Balance at the beginning of the year	701,960	796,303
Additions	41,595	39,151
Transfers	-	-
Disposals	(7,785)	-
Depreciation	(119,883)	(133,495)
Carrying amount at the end of the financial year	<u>615,888</u>	<u>701,960</u>
Motor Vehicles		
Balance at the beginning of the year	80,026	62,188
Additions	50,346	47,397
Transfers	-	-
Disposals	(33,616)	-
Depreciation	(23,522)	(29,559)
Carrying amount at the end of the financial year	<u>73,233</u>	<u>80,026</u>
Motel Equipment & Furniture		
Balance at the beginning of the year	240,502	315,266
Additions	9,436	-
Transfers	-	-
Disposals	(4,889)	-
Depreciation	(40,907)	(74,764)
Carrying amount at the end of the financial year	<u>204,142</u>	<u>240,502</u>

HAWKESBURY RACE CLUB LIMITED
ABN 18 088 383 466

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017 *Continued*

	2017 \$	2016 \$
7. PROPERTY, PLANT & EQUIPMENT <i>continued</i>		
Total		
Balance at the beginning of the year	12,140,228	12,656,447
Additions	136,226	124,043
Disposals	(50,949)	-
Impairment	(50,000)	-
Depreciation	(588,036)	(640,262)
Carrying amount at the end of the financial year	<u>11,587,469</u>	<u>12,140,228</u>
8. TRADE AND OTHER PAYABLES		
CURRENT		
Trade Payables	868,759	859,186
Accrued Expenses	85,103	191,968
Other Payable	279,936	280,347
Income in Advance	126,751	238,767
	<u>1,360,548</u>	<u>1,570,268</u>
Less: Deferred Income	(126,751)	(238,767)
Less: Accrued Expenses	(85,103)	(191,968)
Less: Other Payables	(279,936)	(280,347)
Financial Liabilities as trade and other payables	<u>1,852,337</u>	<u>2,281,350</u>
9. BORROWINGS		
CURRENT		
Bank Overdraft	34,676	-
	<u>34,676</u>	<u>-</u>
10. PROVISIONS		
CURRENT		
Provision for employee benefits: Annual Leave	109,509	92,056
Provision for employee benefits: Long Service Leave	176,448	103,488
	<u>285,957</u>	<u>195,544</u>

HAWKESBURY RACE CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017 *Continued*

	2017 \$	2016 \$
10. PROVISIONS continued		
NON - CURRENT		
Provision for employee benefits: Long Service Leave	9,340	61,626
	<u>9,340</u>	<u>61,626</u>
Opening balance at the beginning of the financial year	257,170	299,066
Additional provisions less amounts used	38,127	(41,896)
Balance at the end of the financial year	<u>295,297</u>	<u>257,170</u>

Provision for Employee Benefits

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

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

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data and judgement. The measurement and recognition criteria for employee benefits has been discussed at note 1(b).

11. KEY MANAGEMENT PERSONNEL COMPENSATION

Key Management Personnel Compensation	<u>774,394</u>	<u>822,581</u>
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HAWKESBURY RACE CLUB LIMITED
ABN 18 088 383 466

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017 Continued

12. CAPITAL AND LEASING COMMITMENTS

Leases - Finance and Operating

There are no finance and operating leases.

The club has signed a funding agreement with Racing NSW in relation to the construction of a synthetic race track and additional stables.

The agreement provides for funding from Racing NSW of up to \$2,200,000 for the synthetic track and \$500,000 for additional stables .

The funding is to be made by way of an interest free interminable loan. The synthetic race track funding is only available once the company has contributed at least \$1,500,000 of its own funds to the project. Likewise the funding for the additional stables is only available once the company has contributed at least \$500,000 of its own funds.

13. CONTINGENT LIABILITIES & CONTINGENT ASSETS

There are no Contingent Liabilities and Contingent Assets other than:

Racecourse Development Project

In previous reporting periods funding was provided to the company by way of an unsecured, 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 are triggered:

- The company conducts business activities in such a manner it becomes financially unstable or insolvent;
- The company ceases to operate as a horse racing 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, therefore no liability has been recorded at balance date. The maximum contingent liability at balance date in respect of this loan is \$4,945,220.

14. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any significant events since the end of the reporting period.

HAWKESBURY RACE CLUB LIMITED
ABN 18 088 383 466

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017 Continued

	2017	2016
	\$	\$

15. RELATED PARTY TRANSACTIONS

In their capacity as director, they have not received remuneration directly or indirectly during the reporting period. Other transactions are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions between other related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise Stated

The company has contracted with businesses of Directors who have a direct or indirect interest as follows:

Saidley Peter Kelly - Carpet Barrier Stalls	-	3,421
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16. COMPANY LIMITED BY GUARANTEE

The company is limited by guarantee with the liability of members limited to \$10 in accordance with the company's constitution. The number of financial members at the end of the financial year was 460 which includes 10 Life Members.

17. SEGMENT REPORTING

The company operates predominantly in the horse racing industry.

The company also operates a motel.

The company is by definition, a not for profit entity & is not required to provide financial information by segment.

18. FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, short term investments, accounts receivable and payable.

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

Financial Assets	Note		
Cash & Cash Equivalents	4	4,322,584	3,615,986
Loans and Receivables	5	2,324,439	2,028,066
		<u>6,647,023</u>	<u>5,644,052</u>

HAWKESBURY RACE CLUB LIMITED
ABN 18 088 383 466

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017 Continued

		2017	2016
		\$	\$
18. FINANCIAL RISK MANAGEMENT continued			
Financial Liabilities			
Financial Liabilities at amortised cost			
- Trade & Other Payables	8	1,852,337	2,281,350
- Borrowings	9	34,676	-
		<u>1,887,013</u>	<u>2,281,350</u>

19. RESERVES

REVALUATION SURPLUS

The Revaluation Surplus records the revaluations of non current assets.

CAPITAL PROFITS RESERVE

The Capital Profits Reserve consists of capital gains from the sale of freehold land and buildings.

HAWKESBURY RACE CLUB LIMITED
ABN 18 088 383 466
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
HAWKESBURY RACE CLUB LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Hawkesbury Race Club Limited (the company), which comprises the Statement of Financial Position as at 30 June 2017, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

The Trading Statements are additional financial information in accordance with the books and records of Hawkesbury Race Club Limited which have been subjected to the auditing procedures applied in our statutory audit of the company for the year ended 30 June 2017. It will be appreciated that our statutory audit did not cover all details of the additional financial information. Accordingly, we do not express an opinion on such financial information and no warranty of accuracy or reliability is given. In accordance with our policy, we advise that neither DK Audit Accountants Pty Ltd nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any person other than Hawkesbury Race Club Limited in respect of such information, including any errors or omissions therein, arising through negligence or otherwise however caused.

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

- (i) giving a true and fair view of the company's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

Basis of 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 company 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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Hawkesbury Race Club Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2017, 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 company 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 company's ability 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 company 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 company'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 company'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 company 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 directors 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 our audit.

DK AUDIT ACCOUNTANTS PTY LTD
Chartered Accountants

Director: David Kean
Registered Company Auditor
Signed at 97 Francis Street, Richmond, NSW
Dated this 25 September 2017