

ANNUAL REPORT 2023




Hawkesbury Race Club

Hawkesbury Race Club thanks the following major sponsors for their contribution and support throughout the year.



Administrator's Report

Hawkesbury Race Club is getting back on track after the administrative challenges of the previous year.

It is pleasing to report that the Club has made a profit of \$322,622 for the financial year ending 30 June 2023 after a reporting a significant loss of \$3,382,000 in 2022.

As members will be aware, in April 2022 following a lengthy hearing in the NSW Federal Court, Justice Rares ruled in favour of the Club's former employee Vivienne Leggett and awarded her more than \$2.8m compensation.

As a result of the governance and financial concerns identified around the Leggett case and following the resignation in the latter part of 2021 of the previous CEO and the remaining Hawkesbury Race Club board members, Racing NSW determined in late December 2021 that the Club would be placed under Administration pursuant to section 14(g) of the Thoroughbred Racing Act 1996 (NSW) until further notice.

I was subsequently appointed as the Club's Administrator by Racing NSW effective December 23, 2021, and have remained in the role up until 16 August 2023.

While the last 18 months have been challenging at times, the Club has continued to successfully conduct its race meetings, provide first class training facilities for a growing number of horses, and through the efforts of CEO James Heddo and the HRC team, the Club has reduced its day-to-day operational costs, while increasing revenues.

Consequently, the Club is today in a much healthier financial position than it was 12 months ago.

Over the past 12 months management has addressed many of the key concerns relating to governance improvements, both strategic and operational, that were flagged in an independent report delivered by Sydney based InConsult in April last year.

One of the major changes that has been implemented has been a significant overhaul of the organisational structure and the level of staff resources required for the business, with the aim being to streamline operations and reduce costs.

While changes of this nature are never easy, it was considered necessary.

One of the key management changes was the employment of Luke Newman in August last year to oversee the Club's motel operation. Luke has improved every aspect of the motel's business, reducing both operational and wage costs, while maintaining a high-level professional product.

Motel gross revenues have increased significantly in the past year, driven by higher occupancy rates and increased room rates. The bottom-line profit which has been delivered by the motel is largely responsible for Hawkesbury posting a surplus this year.

Other aspects of the InConsult report which the Club has progressed include –

- The development of a draft Strategic Plan together with a Venue Masterplan.
- An independent Facility Audit and Asset Management Framework was commissioned, which has identified a backlog of more than \$5.2m building maintenance and site infrastructure works that is required over the next few years.
- As a result of this work, important capital works and maintenance items have been identified, and a report has been submitted to Racing NSW seeking funding assistance to deliver this vital infrastructure.
- A Risk Register has also been developed – with further work to be undertaken to best manage identified risks in the future.
- One of those risks was around the storage of information and data management, where a new IT provider has been contracted to upgrade and maintain the Club's systems.

Whilst management has been focused on growing revenues by increasing sales and gross margins around the motel operation along with its beverages, catering and events business, the financial reality is that approximately 62% (\$11.13m) of the Club's income is being delivered by Racing NSW via general distributions (\$4.96m) and prizemoney contributions (\$6.17m).

Hawkesbury paid out a record \$9.25 million in prizemoney in the 2022/23 racing season and that amount will increase again in the coming year, with the minimum prizemoney at Provincial meetings increased to \$42,000 from August, together with the addition of Provincial showcase meetings with \$50,000 minimum stakes and extra prizemoney for our Group and Listed races.

Racing NSW CEO Peter V'Landys, Chairman Russell Balding and the Board are to be congratulated on the various initiatives they have rolled out over recent years, in particular the increased returns to owners and industry participants through the spectacular growth to prizemoney that we have witnessed in a relatively short period.

While there has been a significant increase to overall prizemoney, there is growing concern that the level of industry funding being provided to the Clubs through the scheme of distribution has not kept up with rising costs.

Rates, electricity and gas, insurances, wages etc have all increased dramatically over the past decade, to the point where race clubs are struggling to generate profits to reinvest in their assets. Hawkesbury is fortunate to have an alternative revenue stream in the motel business to supplement its business.

Management will continue to advocate with Racing NSW for capital funding support for the Club, particularly around racing and training infrastructure.

Flood risk

Hawkesbury Race Club and the wider region was again impacted by serious flooding in July 2022, which resulted in the Club's Sunday 10 July race meeting being moved back a week.

This is the third time in 12 months that "record" flooding in the region has caused issues for the Club. In July 2023 two days training was lost when both the poly and sand track were partially flooded.

Long term flood mitigation work must be a priority for Hawkesbury Race Club.

The Club was very appreciative to have received two separate \$50,000 flood grants through the State Government during the past year. The receipt of those grants helped offset damage costs incurred because of last year's flood events.

Capital Works requirements

Abbato Pty Ltd were engaged earlier this year to prepare an asset management proposal for Hawkesbury. They provided the Club with a comprehensive 33-page initial report following their facility audit in February.

Their report noted that while the buildings and facilities overall were generally considered to be in good condition and are achieving the business service levels required by the Club and Racing NSW, however, due to the age of the buildings there is a considerable amount of backlog maintenance identified.

Their estimate for the work required over the next 3-4 years was \$5.2m with around \$500,000 identified as urgent.

Due to cash flow restraints because of the Leggett case, Hawkesbury Race Club has not been able to address much of this work at this time.

However, some essential capital expenditure has been undertaken in the past year including the purchase of new motel equipment, Polytrack re-wax (\$259,000), some urgent building works, the purchase of two new mowers and a track vehicle. In total around \$547,000 has been spent.

As mentioned above, the Club is currently seeking urgent additional funding from Racing NSW to complete a number of the important capital works and maintenance items.

Summary

As detailed in the financial report the Club's cash position as at 30 June 2023 was \$2.96m. This represents an increase of \$668,745 over the prior year.

Total revenue for the year was \$18,015,526 an increase of \$3.1m (20%), while expenditure of \$17,692,904 was down \$538,419 (3%).

The operating surplus of \$322,622, after providing for \$1,372,059 of depreciation, was principally achieved through the profitability of the motel business and the \$100,000 of flood grants we received.

While this is a pleasing result, it does highlight the fact that the Club is reliant on distributions from Racing NSW to support its activities.

As has been advised, after some 20 months in the role as the Club's administrator I have stepped down for personal reasons. Racing NSW has appointed Jo Moore as my replacement from 16 August 2023.

I would like to acknowledge and thank the Club's CEO James Heddo and COO Lea Porteous for their support during my term as administrator. Both are very committed to seeing the Hawkesbury Race Club succeed and I wish them and all the staff every success for the future.

Regards

A handwritten signature in black ink, appearing to read 'David Jewell', written in a cursive style.

David Jewell GAICD

Administrator

Chief Executive Officer's Report

I am pleased to present my second Annual Report as Chief Executive Officer, relating to the 2022/23 financial year.

The Club has achieved a successful result which is very satisfying after last year's significant deficit.

Finance

The Club has recorded a profit of \$322,622 after depreciation and amortisation as outlined in the financial report.

This result has been achieved through prudent management of the business over the last 12 months, with a core focus of ensuring the Club remains solvent and financially secure.

Throughout the year, there have been some changes to the Clubs organisational structure as well as business operations, always with the goal of doing what was best to ensure the future financial security of the Club.

Improvements in beverage trading, catering and functions operations as well as motel operations, not only in revenues but in gross profit margins, all contributed to our overall positive result.

These results indicate that we are heading in the right direction.

Racing

Racing during the 2022/2023 season was largely uninterrupted after the previous three years were impacted by Covid as well as flooding.

Our Cup Day on 22 April 2023 was a fantastic day of racing and entertainment, with full credit to the team at Hawkesbury Race Club for delivering an event that was well received right across the Community.

A total of \$9,216,400 in prizemoney was distributed throughout the season, which would not have been possible without the support of Peter V'landys AM and the Racing NSW Board to deliver these great returns to Owners who race their horses at Hawkesbury.

Hawkesbury Race Club hosts six feature Black Type races each year, and the following tables shows the results of these events in 2022/2023.

Race	Winner	Trainer	Jockey
\$185,000 Listed Pioneer Services Rowley Mile – 1600m	Skyman	Chris Waller	James McDonald
\$160,000 Listed Lander Toyota Ladies Day Cup – 1600m	Kirwan's Lane	John O'Shea	Tom Sherry
\$160,000 Listed Hawkesbury XXXX Gold Rush – 1100m	Malkovich	Bjorn Baker	Joshua Parr
\$200,000 Group 3 Blacktown Workers Club Group Hawkesbury Guineas – 1400m	Hawaii Five Oh	Gai Waterhouse & Adrian Bott	Nash Rawiller
\$200,000 Group 3 Pioneer Services Hawkesbury Crown – 1300m	Princess Grace (USA)	Chris Waller	Nash Rawiller
\$200,000 Group 3 Richmond Club Hawkesbury Gold Cup – 1600m	New Mandate (IRE)	Chris Waller	James McDonald

Premierships

Congratulations to the winners of the Hawkesbury Race Club premierships.

LEADING TRAINER

James Cummings (19)

LEADING JOCKEY

Tyler Schiller (12)

LEADING APPRENTICE

Tyler Schiller (12)

Events

It is important that Hawkesbury Race Club is seen as a multi-faceted community-based business, rather than just focusing on a few race days a month, and a number of events were successfully held throughout the year including awards dinners, birthdays, school formals, wakes, conferences and the annual Plant Fair.

It is a credit to our team at Hawkesbury Race Club that we have been able to deliver all of these events to our customers expectations and we continue to receive positive comment for the facilities and service we offer.

We will aim to expand our offering in the future and will host our first concert in partnership with "Dinner by the River" on Saturday 21 October 2023. This is an exciting event for the Club which will attract a new audience to the venue and make further use of the wonderful facilities on offer.

HRC Motel

One of the great success stories of the 2022/23 financial year was the result of our Motel operations, and I thank General Manager – Motel, Luke Newman and his team for this great result.

Motel occupancy grew to 77.03%, clearly our best result for at least five years, with an average room rate of \$155 per night, again clearly our best result for at least five years.

Our 4-star motel remains a great asset to our venue and a valuable revenue source for the Club.

Racecourse

After the 2023 Hawkesbury Cup Day, our long serving employee Rick Johnston transitioned from Racecourse Manager to a key Venue Caretaker role. Rick has done a wonderful job for the Club over many years, and I am pleased that I will be able to call on Rick's knowledge of the racecourse, grounds, and operations for many years to come.

We welcomed new Racecourse Manager Kyle Cassim to our venue in May 2023, after he spent 6 years at Rosehill Gardens Racecourse including the most recent two years as Assistant Racecourse Manager.

We continue to produce a high standard of surfaces for both racing and training at our venue, with over 250 horses using the venue daily. A record number of 200 winners was trained out of Hawkesbury Racecourse during the 2022/23 season, which is a tremendous achievement by our local trainers and is a credit to the entire HRC tracks team.

We remain focused on investing into our racing and training facilities to ensure we continue to offer our local industry the highest quality of racing and training infrastructure.

Sponsors

An integral part of Hawkesbury Race Club's revenue comes in the form of sponsorship. The Club has many long term and loyal sponsors, and I would like to acknowledge the outstanding contribution they make to the success of the Club.

In particular, I would like to acknowledge the Richmond Club and thank them for their continued support of the Richmond Club Hawkesbury Cup as well as their support of our annual Ladies Day.

Staff

We have a wonderful team of staff at Hawkesbury Race Club, both permanent and casual, who have all worked hard to achieve the Club's goals whether it be raceday, events or accommodation. I take great pleasure in congratulating them all for their efforts during 2022/2023.

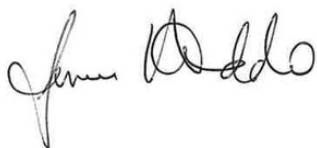
My job is made all the more easy by the tremendous support I have received from the administration team. I would like to thank Lea Porteous and Eliza Babazogli for their tireless efforts and welcome Wayne Nolland, Paris Eaton and Lisa Bradwell who joined the administration team during the year.

Appreciation

In closing I would like to pay particular thanks to the Racing NSW appointed Administrator, David Jewell, who has decided to step down from his role for personal reasons.

David commenced as Administrator at Hawkesbury Race Club in December 2021, and it is fair to say that the Club was in a precarious position at that time both financially and culturally.

David's vast managerial knowledge and experience has seen the Club emerge in a much stronger position than when he commenced, and I am pleased to report that the Club can now plan for a bright and prosperous future.

A handwritten signature in black ink, appearing to read 'James Heddo', with a stylized, cursive script.

James Heddo
Chief Executive Officer

HAWKESBURY RACE CLUB LIMITED
ABN 18 088 383 466

Financial Report

for the Year Ended 30 June 2023

HAWKESBURY RACE CLUB LIMITED

A.B.N. 18 088 383 466

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HAWKESBURY RACE CLUB LIMITED

A.B.N. 18 088 383 466

Director's Report For the Year ended 30 June 2023

The Director presents the report on Hawkesbury Race Club Limited for the financial year ended 30 June 2023.

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Name, Qualifications	Experience	Special Responsibility
David Maxwell Jewell Administrator	Graduate Australian Institute of Company Directors Former CEO Wyong Race Club Former Chairman RNSW Provincial Racing Association of Clubs Former Racing & Operations Manager New Zealand Thoroughbred Racing Former CEO of RACE Group of Clubs (NZ) Chairman Central Coast Tourism Association	Appointed as Administrator on 23 December 2021

Directors' Meetings

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

Name, Qualifications	Number of meetings eligible to attend	Number of meetings attended
David Maxwell Jewell Administrator	10	10

Company secretary

Mr James Heddo has been the company secretary since 11 April 2022.

Review of operations

The operating surplus of the Company for the year ended 30 June 2023 was \$322,622 (2022 deficit: \$3,382,314).

The operating deficit in the year ended 30 June 2022 included \$2,617,866 that the Company incurred to settle legal proceedings, including legal fees.

Racing NSW appointed Mr David Jewell as the Company's Administrator on 23 December 2021, in accordance with section 14(2)(g) of the Thoroughbred Racing Board Act NSW (1996). This was in response to the Company's previous directors resigning from the Company. The Administrator was granted powers including but not limited to the following:

- i. to carry on the business of the Club;
- ii. to establish and maintain financial and other controls;
- iii. to manage the racecourse and training facilities;
- iv. to maintain the racecourse and facilities;
- v. to establish regulations for the use of the racecourse and facilities;
- vi. to conduct race meetings and functions;
- vii. to operate bank accounts and associated transactions;
- viii. to complete improvements to the racecourse and facilities;
- ix. to appoint staff; and
- x. to enter into contracts

HAWKESBURY RACE CLUB LIMITED

A.B.N. 18 088 383 466

Director's Report For the Year ended 30 June 2023

Principal activities

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

There was no significant change in the nature of this activity during the year.

Short & Long Term Objectives

The Company's short-term objectives are as follows:

- Conduct race meetings of a standard that is satisfactory to all industry participants;
- Invest in racing infrastructure to upgrade the racing and training facilities.
- Increase motel patronage & keep abreast of changes in hospitality expectations

The Company's long term objectives are as follows:

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

Performance Measures

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 and comparison of other provincial & other race clubs of similar operation in total and on a per meeting basis. Key performance indicators include:

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

HAWKESBURY RACE CLUB LIMITED

A.B.N. 18 088 383 466

Director's Report For the Year ended 30 June 2023

Subsequent events

No matter or circumstance has arisen since 30 June 2023 that has significantly affected or may significantly affect:

- The Company's operations in future years; or
- The results of those operations in future years; or
- The Company's state of affairs in future financial years.

Company Incorporation and Member's Guarantee

The Company was incorporated under the Corporations Act 2001 and is a Company limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the Company. The Company has ordinary members and life members. At 30 June 2023, the total number of members of the Company including life members was 461 (2022: 417). The total amount that members are liable to contribute if the Company wound up is \$4,610 (2022: \$4,170).

Auditor's independence Declaration

The auditor's independence declaration for the year ended 30 June 2023 has been received and can be found on the next page.

This Director's Report is signed in accordance with a resolution of the Board of Directors



David Maxwell Jewell
Administrator
Dated: 16 August 2023

HAWKESBURY RACE CLUB LIMITED

A.B.N. 18 088 383 466

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF HAWKESBURY RACE CLUB LIMITED ABN 18 088 383 466

We declare that, to the best of our knowledge and belief, during the year ended 30 June 2023 there have been:

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

Bradfield Partners

Bradfield Partners



Benjamin Schulz
Partner

Date: 16 August 2023
Sydney, Australia

Bradfield Partners A.B.N. 13 609 200 117

Liability limited by a Scheme approved under the Professional Standards legislation
323 Princes Highway, Rockdale NSW 2216, Australia. P.O. Box 139, Rockdale NSW 2216 P: 9597 6699

HAWKESBURY RACE CLUB LIMITED

A.B.N. 18 088 383 466

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2023

	<u>Note</u>	<u>2023</u> \$	<u>2022</u> \$
Revenue			
Revenue from Operations	3	17,810,906	14,511,545
Other Income	3	204,620	319,464
Total Revenue		<u>18,015,526</u>	<u>14,831,009</u>
Expenses			
Racing		12,334,911	10,531,586
Beverage Trading		355,836	263,430
Catering and Functions		607,728	732,743
Depreciation and Impairment	4	1,372,059	1,506,972
Finance Costs		22,591	46,204
General Operating Expenses	18	1,767,839	4,081,654
Motel Operations		829,724	673,230
Occupancy Costs		402,216	377,504
Total Expenses		<u>17,692,904</u>	<u>18,231,323</u>
Surplus/(Deficit) Before Income Tax Expense		322,622	(3,382,314)
Income Tax Expense	2(c)	-	-
Surplus/(Deficit) After Income Tax Expense for the year		<u>322,622</u>	<u>(3,382,314)</u>
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of land		-	-
Total Other Comprehensive Income for the year		<u>-</u>	<u>-</u>
Total Comprehensive Income for the year		<u>322,622</u>	<u>(3,382,314)</u>

The accompanying Notes form part of these Financial Statements

HAWKESBURY RACE CLUB LIMITED

A.B.N. 18 088 383 466

STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	<u>Note</u>	<u>2023</u> \$	<u>2022</u> \$
Current Assets			
Cash and Cash Equivalents	5	2,661,779	1,993,034
Receivables	6	2,815,363	2,545,186
Inventories	7	107,954	69,430
Financial Assets	9	300,000	-
Other Assets	8	11,697	3,911
Total Current Assets		<u>5,896,793</u>	<u>4,611,561</u>
Non-Current Assets			
Financial Assets	9	-	300,000
Property, Plant and Equipment	10	<u>27,325,898</u>	<u>28,179,782</u>
Total Non-Current Assets		<u>27,325,898</u>	<u>28,479,782</u>
Total Assets		<u>33,222,691</u>	<u>33,091,343</u>
Current Liabilities			
Payables	11	2,729,751	2,887,404
Employee Benefits	12	303,047	276,147
Financial Liabilities	13	<u>36,263</u>	<u>44,627</u>
Total Current Liabilities		<u>3,069,061</u>	<u>3,208,178</u>
Non-Current Liabilities			
Employee Benefits	12	6,628	5,607
Financial Liabilities	13	<u>38,359</u>	<u>91,537</u>
Total Non-Current Liabilities		<u>44,987</u>	<u>97,144</u>
Total Liabilities		<u>3,114,048</u>	<u>3,305,322</u>
Net Assets		<u>30,108,643</u>	<u>29,786,021</u>
Equity			
Accumulated Funds		29,068,542	28,745,920
Reserves	14	<u>1,040,101</u>	<u>1,040,101</u>
Total Equity		<u>30,108,643</u>	<u>29,786,021</u>

The accompanying Notes form part of these Financial Statements

HAWKESBURY RACE CLUB LIMITED

A.B.N. 18 088 383 466

STATEMENT OF CASH FLOWS

As at 30 June 2023

	Note	2023 \$	2022 \$
<u>Cash Flows from Operating Activities</u>			
Receipts from operations		17,544,654	15,544,648
COVID-19 Stimulus and assistance		-	252,576
Payments to Suppliers and Employees		(16,426,098)	(13,315,364)
Legal Proceedings	18	-	(2,617,866)
Interest Received		39,301	5,272
Finance costs		(22,590)	(46,205)
<i>Net Cash provided by/(used in) Operating Activities</i>	19	<u>1,235,267</u>	<u>(176,939)</u>
<u>Cash Flows from Financing Activities</u>			
Proceeds from issuance of asset finance		-	50,019
Principal repayments of asset finance		(61,543)	(205,253)
<i>Net Cash provided by/(used in) Financing Activities</i>		<u>(61,543)</u>	<u>(155,234)</u>
<u>Cash Flows from Investing Activities</u>			
Payments for Property, Plant and Equipment	10	(547,251)	(456,813)
Proceeds from Disposal of Property, Plant and Equipment		42,273	165,166
<i>Net Cash used in Investing Activities</i>		<u>(504,978)</u>	<u>(291,647)</u>
 Net Cash Movement		668,745	(623,820)
 Cash at the Beginning of the Year		2,293,034	2,916,854
 Cash at the End of the Year	5	<u>2,961,779</u>	<u>2,293,034</u>

The accompanying Notes form part of these Financial Statements

HAWKESBURY RACE CLUB LIMITED

A.B.N. 18 088 383 466

STATEMENT OF CHANGES OF EQUITY

As at 30 June 2023

	<u>Accumulated Funds</u> \$	<u>Revaluation Surplus</u> \$	<u>Total</u> \$
Balance as at 1 July 2021	32,128,234	1,040,101	33,168,335
Deficit for the Year	(3,382,314)	-	(3,382,314)
Total Other Comprehensive Income	-	-	-
Balance as at 30 June 2022	28,745,920	1,040,101	29,786,021
Surplus for the Year	322,622	-	322,622
Total other Comprehensive Income	-	-	-
Balance as at 30 June 2023	29,068,542	1,040,101	30,108,643

The accompanying Notes form part of these Financial Statements

HAWKESBURY RACE CLUB LIMITED

A.B.N. 18 088 383 466

NOTES TO FINANCIAL REPORT

As at 30 June 2023

Note 1: General Information

The financial report covers Hawkesbury Race Club Limited as an individual entity. The financial statements are presented in Australian dollars, which is Hawkesbury Race Club Limited's functional currency.

Hawkesbury Race Club Limited is a not-for-profit unlisted public company limited by guarantee and domiciled in Australia.

The Company's registered office and principal place of business is:

1 Racecourse Road
Clarendon NSW 2756

The financial report was authorised for issue, in accordance with a resolution of the Director, on 16 August 2023.

Note 2: Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report is set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Standards issued not yet effective

There are a number of new accounting standards and amendments issued, but not yet effective, none of which have been early adopted by the Company in this financial report. The Company has reviewed the impact of these changes and has determined that the adoption of these standards will not have a material effect on the financial position or performance of the Company.

a. Basis of preparation

The financial report is a Tier 2 general-purpose financial report that has been prepared in accordance with Australian Accounting Standards – Simplified Disclosures, the Registered Clubs Act 1976 (NSW), and the Corporations Act 2001, as appropriate for not-for-profit entities.

Going concern

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

Historical cost convention

The financial report has been prepared under the historical cost convention, except for, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Critical accounting estimates

The preparation of the financial report requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2(t).

HAWKESBURY RACE CLUB LIMITED

A.B.N. 18 088 383 466

NOTES TO FINANCIAL REPORT

As at 30 June 2023

Note 2: Significant Accounting Policies (continued)

b. Revenue Recognition

The Company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with customer, the Company:

- identifies the contract with a customer;
- identifies the performance obligations in the contract;
- determines the transaction price which takes into account estimates of variable consideration and the time value of money;
- allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Racing NSW distributions

Distributions from Racing NSW are recognised in the relevant financial year to which it relates taking into account the Scheme of Distribution requirements.

Grant revenue

Grants received on the condition that specified services are delivered, or conditions are fulfilled, are initially recognised as a liability and revenue is recognised as services are performed or conditions fulfilled.

Membership fees

Membership revenue is recognised when it is received or when the right to receive payment is established. The membership year is July to June, which is in line with the Company's financial year. Income received before year end for the subsequent year is reflected as revenue in advance.

Sponsorship monies received in advance and deposits for functions and motel accommodation held after the end of the financial year will be brought to account in the financial year in which it relates to.

Interest revenue

Interest revenue is recognised as interest accrues using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

c. Income tax

The Company is exempt from income tax under section 50-45 Item 9.1(a) of the Income Tax Assessment Act 1997.

HAWKESBURY RACE CLUB LIMITED

A.B.N. 18 088 383 466

NOTES TO FINANCIAL REPORT

As at 30 June 2023

Note 2: Significant Accounting Policies (continued)

d. Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

e. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term, 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.

f. Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Receivables are generally due for settlement within 30 days.

g. Inventories

Inventories are measured at the lower of cost or net realisable value.

h. Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transactions costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised costs or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. Where there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at cost only if both the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cashflows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

The Company's financial assets includes term deposits with maturities that expire more than 12 months after year end.

HAWKESBURY RACE CLUB LIMITED

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NOTES TO FINANCIAL REPORT

As at 30 June 2023

Note 2: Significant Accounting Policies (continued)

i. Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

j. Property, Plant and Equipment

Each class of Property, Plant and Equipment, other than Land, is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

i. Land

Land and Crown land is measured at fair value in accordance with AASB 116 Property, Plant and Equipment. Fair value is based on periodic valuations by independent valuers. The fair value of the land is assessed on a highest and best use basis (consistent with zoning).

The last independent valuation of land was performed on 31 August 2020. In the years where land is not subject to independent valuation, the Director reviews the key assumptions of the most recent valuation to ensure the carrying amount of land reflects the fair value.

ii. Buildings, Racetrack and Improvements

Buildings, Racetrack and Improvements are measured on a cost basis less depreciation and any impairment losses. The carrying amount of buildings, racetrack and improvements is reviewed annually by the Director to ensure it is not in excess of the recoverable amount from those assets.

Buildings in Progress are recorded at the total cost of the project incurred up to year end.

iii. Equipment and Motor Vehicles

Equipment and Motor Vehicles are measured on a cost basis less depreciation and any impairment losses. The carrying amount of Equipment and Motor Vehicles is reviewed annually by the Director to ensure it is not in excess of the recoverable amount from those assets.

HAWKESBURY RACE CLUB LIMITED

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NOTES TO FINANCIAL REPORT

As at 30 June 2023

Note 2: Significant Accounting Policies (continued)

Depreciation and Amortisation

Depreciation is calculated on a straight-line basis over their estimated useful life commencing from the time the property, plant and equipment asset (excluding land) is held ready for use. The depreciation rates used for each class of assets are

<u>Class of Asset</u>	<u>Depreciation & Amortisation Rate</u>
Buildings, Racetrack and Improvements	2% - 10%
Plant and Equipment	5% - 40%
Motor Vehicles	10% - 20%
Motel Equipment and Furniture	5% - 40%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

k. Impairment of Non-financial Assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

l. Payables

Payables represent the liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

HAWKESBURY RACE CLUB LIMITED

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NOTES TO FINANCIAL REPORT

As at 30 June 2023

Note 2: Significant Accounting Policies (continued)

m. Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

n. Employee Benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for long service leave not expected to be settled within 12 months of the reporting date is measured as the present value of expected future payment to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

o. Financial Liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise payables and asset finance loans.

p. Fair Value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

HAWKESBURY RACE CLUB LIMITED

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NOTES TO FINANCIAL REPORT

As at 30 June 2023

Note 2: Significant Accounting Policies (continued)

q. Reserves

Revaluation Surplus

The reserve represents movement in the fair value of the class of assets, being land, as a result of revaluation. Net revaluation increases of land are recognised in other comprehensive income and accumulated in equity under the heading of Revaluation Surplus.

Any decrease in the fair value of land is first recognised in other comprehensive income to the extent of any credit balance existing in the Revaluation Surplus. The net revaluation decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of Revaluation Surplus. Where there is no Revaluation Surplus reserve credit balance, the decrease as a result of the revaluation is recognised in profit or loss.

r. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Tax office.

s. Comparative Figures

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

t. Critical accounting judgements, estimates and assumptions

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial report. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. 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.

Economic dependence

The Company is dependent upon the ongoing funding of Racing NSW to ensure continued operations. 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 Director has no reason to believe Racing NSW will not continue to support the Company.

HAWKESBURY RACE CLUB LIMITED

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NOTES TO FINANCIAL REPORT

As at 30 June 2023

Note 2: Significant Accounting Policies (continued)

t. Critical accounting judgements, estimates and assumptions (continued)

Estimation of useful lives of assets

The Company 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 2(n), 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.

Impairment of assets

The Company assesses impairment at each reporting date evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

The Director has determined there is no impairment as at balance date other than as disclosed elsewhere within this report.

Valuation of land

As discussed at Note 2 (j)(i), Land and Crown land is measured at fair value. In determining this fair value of land, the valuer and director have utilised current land zoning and comparative sales data to determine the fair value of what they have determined to be the highest and best use of the land.

HAWKESBURY RACE CLUB LIMITED

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NOTES TO FINANCIAL REPORT

As at 30 June 2023

	<u>Note</u>	<u>2023</u> \$	<u>2022</u> \$
<u>Note 3: Revenue and Other Income</u>			
Revenue			
Racing		14,892,365	12,719,597
Beverage Trading		681,623	440,629
Catering and Functions		898,895	477,158
Motel Operations		1,309,132	844,571
Members' Subscriptions		28,891	29,590
		<u>17,810,906</u>	<u>14,511,545</u>
Other Income			
Service NSW COVID Business Grant		-	10,500
Service NSW COVID Jobsaver Subsidy		-	242,076
Other Grants and Subsidies		100,000	-
Insurance Recovery		3,902	9,787
Interest received		39,301	5,272
Gain on disposal of assets		13,197	19,825
Other Income		48,220	32,004
		<u>204,620</u>	<u>319,464</u>
<u>Note 4: Expenses and Significant Items</u>			
Depreciation			
- Buildings, tracks and freehold improvements		991,952	927,690
- Plant and Equipment		190,014	198,395
- Motor Vehicles		21,381	37,017
- Motel Equipment and Furniture		41,281	38,386
		<u>1,244,628</u>	<u>1,201,488</u>
Impairment			
- Buildings, tracks and freehold improvements		127,431	305,484
		<u>1,372,059</u>	<u>1,506,972</u>
Cost of Sales:			
- Beverage Trading		233,840	174,189
- Catering and Functions		229,495	174,841
		<u>463,335</u>	<u>349,030</u>
Significant Revenues and Expenses:			
Revenues			
- Racing NSW Distributions		4,965,143	4,685,287
- Racing NSW Prizemoney Contributions		6,173,991	4,518,860
Expenses			
- Prizemoney paid		9,251,401	7,588,110
- Employee Remuneration and Benefits		2,233,413	2,292,186
- Legal Costs	18	5,552	2,617,866

HAWKESBURY RACE CLUB LIMITED

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NOTES TO FINANCIAL REPORT

As at 30 June 2023

	<u>Note</u>	<u>2023</u> \$	<u>2022</u> \$
<u>Note 5: Cash and Cash Equivalents</u>			
Cash at Bank		2,658,949	1,991,004
Cash on Hand		2,830	2,030
		2,661,779	1,993,034
Cash at the end of the financial year as shown in the statement of cash flows are reconciled to items in the statement of the financial position as follows:			
- Cash and Cash Equivalents		2,661,779	1,993,034
- Financial assets	9	300,000	300,000
Cash in the statement of cash flows		2,961,779	2,293,034
<u>Note 6: Receivables</u>			
Trade Receivables		135,316	106,410
Less Provision for Impairment Loss		(1,340)	(1,340)
		133,976	105,070
Debtors – Racing NSW		2,178,116	1,876,440
Other Receivables		503,271	563,676
		2,815,363	2,545,186
Provision for Impairment – opening balance		1,340	1,340
Charge/(reduction) for the year		-	-
Written off		-	-
Provision for impairment – closing balance		1,340	1,340
<u>Note 7: Inventories</u>			
Stock on hand at cost		107,954	69,430
		104,954	69,430
<u>Note 8: Other Assets</u>			
Prepayments		11,697	3,911
		11,697	3,911
<u>Note 9: Financial Assets</u>			
Current			
Financial asset at amortised cost			
Term Deposit		300,000	-
		300,000	-
Non-Current			
Financial asset at amortised cost			
- Term Deposit		-	300,000
		-	300,000
		300,000	300,000

The term deposit expires on 11 June 2024.

HAWKESBURY RACE CLUB LIMITED

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NOTES TO FINANCIAL REPORT

As at 30 June 2023

	<u>2023</u>	<u>2022</u>
	\$	\$
Note 10: Property, Plant and Equipment		
Land		
Land at fair value	1,178,257	1,178,257
Crown land at fair value	12,235,350	12,235,350
	<u>13,413,607</u>	<u>13,413,607</u>
Buildings, Racetrack and Improvements		
Buildings, Racetrack and Improvements at cost	21,431,169	21,315,516
Accumulated Depreciation	(8,757,597)	(7,897,395)
	<u>12,673,572</u>	<u>13,418,121</u>
Plant and Equipment		
Plant and Equipment at cost	2,742,686	2,699,302
Accumulated Depreciation	(1,817,689)	(1,652,496)
	<u>924,997</u>	<u>1,046,806</u>
Motor Vehicles		
Motor Vehicles at cost	183,461	182,408
Accumulated depreciation	(96,706)	(96,348)
	<u>86,755</u>	<u>86,060</u>
Motel Equipment and Furniture		
Motel Equipment and Furniture at cost	1,089,923	1,036,863
Accumulated depreciation	(862,956)	(821,675)
	<u>226,967</u>	<u>215,188</u>
Total Property, Plant and Equipment	<u>27,325,898</u>	<u>28,179,782</u>

Core and Non-Core Property

In accordance with Section 41(j)(2) of the Registered Clubs Act 1976 (NSW) (as amended), the Company defines its core property and non-core property as follows:

Core property

The Company has determined the following premises to comprise the core property as at 30 June 2023:

- 15 Racecourse Road Clarendon
- 15A Racecourse Road Clarendon
- 71 Racecourse Road Clarendon

Non-core property

The Company has determined there is no non-core property as at 30 June 2023.

HAWKESBURY RACE CLUB LIMITED

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NOTES TO FINANCIAL REPORT

As at 30 June 2023

Note 10: Property, Plant and Equipment (continued)

Reconciliations of the carrying amounts of property, plant and equipment are as follows:

	<u>Land and Crown Land</u>	<u>Buildings, Racetrack and Improvements</u>	<u>Plant and Equipment</u>	<u>Motor Vehicles</u>	<u>Motel Equipment and Furniture</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$
<u>2023</u>						
Balance at Beginning of the Year	13,413,607	13,418,121	1,046,806	86,060	215,188	28,179,782
Additions	-	374,834	72,366	46,990	53,061	547,251
Disposals	-	-	(4,162)	(24,914)	-	(29,076)
Depreciation Expense	-	(991,952)	(190,013)	(21,381)	(41,282)	(1,244,628)
Impairment Write-down	-	(127,431)	-	-	-	(127,431)
Revaluation	-	-	-	-	-	-
Balance at End of the Year	13,413,607	12,673,572	924,997	86,755	226,967	27,325,898

At 30 June 2023, the Director reviewed the key assumptions adopted by independent valuer, Opteon Property Group Pty Ltd, in their valuation dated 31 August 2020, and does not believe there has been a significant change in the assumptions or market value of the land.

Accordingly, the Director believes the carrying value of the land and crown land at 30 June 2023 correctly reflects the fair value.

HAWKESBURY RACE CLUB LIMITED

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NOTES TO FINANCIAL REPORT

As at 30 June 2023

	<u>2023</u>	<u>2022</u>
	\$	\$
<u>Note 11: Payables</u>		
Current		
Trade payables	1,305,952	1,370,118
Other Payables and Accrued Charges	266,661	311,951
Revenue in advance	66,228	114,426
Unexpended NSW Government Crown Land Grant	1,090,909	1,090,909
	2,729,751	2,887,404
<u>Note 12: Employee Benefits</u>		
Current		
Annual Leave	122,926	78,998
Long Service Leave	180,121	197,149
	303,047	276,147
Non-current		
Long Service Leave	6,628	5,607
	6,628	5,607
	309,675	281,754
<u>Note 13: Financial Liabilities</u>		
Current		
Asset finance	36,263	44,627
	36,263	44,627
Non-Current		
Asset finance	38,359	91,537
	38,359	91,537
	74,622	136,164
<u>Assets pledged as security</u>		
A fixed and floating charge is held as security in addition to a mortgage over the motel for the Bank Overdraft.		
Asset finance is secured by the underlying asset financed assets.		
<u>Available Facility</u>		
The available banking facility which represents the overdraft facility, is summarised below:		
	<u>2023</u>	<u>2022</u>
	\$	\$
Total Facility utilised at year end	74,622	136,164
Total Facility unused at year end	900,000	900,000
Total Facility available at year end	974,672	1,036,164
<u>Note 14: Reserves</u>		
Revaluation Surplus	1,040,101	1,040,101
	1,040,101	1,040,101

HAWKESBURY RACE CLUB LIMITED

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NOTES TO FINANCIAL REPORT

As at 30 June 2023

Note 15: Key Management Personnel Disclosures

The total compensation for key management personnel of the Company during the financial year is set out as follows:

	<u>2023</u>	<u>2022</u>
	\$	\$
Compensation	596,470	599,577
	<u>596,470</u>	<u>599,577</u>

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Note 16: Related Party Transactions

The director may be reimbursed for expenditure incurred in the conduct of his official duties.

During the year, payments were made by the Company to Mr David Jewell Consulting, an entity associated with David Jewell, who was appointed as the Company's administrator by Racing NSW on 23 December 2021.

All of these transactions were on normal commercial terms and conditions.

Note 17: Capital and Lease Commitments

Capital Commitments

At 30 June 2023, the company has not contractually entered into any capital commitments.

Lease Commitments

The Company has lease arrangements for plant and equipment. Upon adoption of AASB 16 - Leases, plant and equipment leases with an asset value greater than \$10,000 are now recognised on the statement of financial position. The Company does not currently have leases with an asset value greater than this threshold.

HAWKESBURY RACE CLUB LIMITED

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NOTES TO FINANCIAL REPORT

As at 30 June 2023

Note 18: Contingent liabilities and Contingent Assets

There are no Contingent Liabilities and Contingent Assets other than:

Racecourse Development Project

In the 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 is 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 loan or other freehold property without the agreement of Racing NSW;
- The Company merges, amalgamates or other associates with any other race club;
- The Company amends its governance structure; or
- The Company is in a material breach of any of its obligations, duties and functions under the funding agreement.

The Director is 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 \$7,145,220 (2022: \$7,145,220).

Legal Proceedings

The Company settled legal proceedings with a former employee which resulted in total costs including legal fees of \$2,617,866. The matter has been concluded, with all payments made during the 2022 financial year.

At the date of this report, there are no other legal proceedings affecting the Company.

Note 19: Reconciliation of Surplus/(Deficit) After Income Tax to the Net Cash from Operation Activities

	<u>2023</u>	<u>2022</u>
	\$	\$
Surplus/(deficit) after income tax expense for the year	322,623	(3,382,313)
Adjustments for non-cash flows:		
- Depreciation	1,244,628	1,201,488
- Impairment reversal on land	127,431	305,484
- Net (profit)/loss on disposal of plant and equipment	(13,197)	(19,643)
Change in operating assets and liabilities		
- Decrease/(increase) in trade and other receivables	(270,176)	(152,688)
- Decrease/(increase) in inventories	(38,524)	(5,112)
- Decrease/(increase) in other current assets	(7,786)	(3,911)
- Increase/(decrease) in trade and other payables	(157,653)	1,879,113
- Increase/(decrease) in employee benefits	27,921	643
Net cash provided by/(used in) Operating Activities	1,235,267	(176,939)

HAWKESBURY RACE CLUB LIMITED

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NOTES TO FINANCIAL REPORT

As at 30 June 2023

Note 20: Auditor Remuneration

	<u>2023</u>	<u>2022</u>
	\$	\$
Remuneration of the auditor of the Company, Bradfield Partners for:		
- Auditing and assisting with the financial report.	27,116	26,294
	<u>27,116</u>	<u>26,294</u>

Note 21: Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, accounts receivable, payable and finance facilities.

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

	<u>Note</u>	<u>2023</u>	<u>2022</u>
		\$	\$
Financial Assets			
Financial assets at amortised cost:			
- Cash and cash equivalents	5	2,661,779	1,993,034
- Receivables	6	2,815,363	2,545,186
- Financial assets	9	300,000	300,000
Total Financial Assets		<u>5,777,142</u>	<u>4,838,220</u>
Financial Liabilities			
Financial liabilities at amortised cost:			
- Payables	11	2,729,751	2,887,404
- Financial facilities	13	74,622	136,164
Total Financial Liabilities		<u>2,804,343</u>	<u>3,023,568</u>

Note 22: Net Fair Values

For other assets and other liabilities, the net fair value approximates their carrying value.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial report.

Note 23: Subsequent Events

No matter or circumstance has arisen since 30 June 2023 that has significantly affected or may significantly affect the Company's operations, the results of those operations or the Company's state of affairs in future financial years.

HAWKESBURY RACE CLUB LIMITED

A.B.N. 18 088 383 466

DIRECTOR'S DECLARATION

The Director of the Company declares that:

- 1 The Financial Statements and Notes, set out on pages 6 to 25, are in accordance with the Corporations Act 2001 and:
 - a give a true and fair view of the Company's financial position as at 30 June 2023 and of its performance and cash flows for the year ended on that date; and
 - b comply with Australian Accounting Standards – Simplified Disclosures and the Corporations Regulations 2001;
- 2 In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Mr David Jewell
Administrator

Date: 16 August 2023

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

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 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes and the director's declaration.

In our opinion, the financial report of the Company 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 2023 and of its financial performance and cash flows for the year ended; and
- (ii) complying with Australian Accounting Standards – Simplified Disclosures 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 Company in accordance with the auditor independence requirements of *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* has been given to the director of the Company on the same date as this auditor's report.

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

Other Information

The Director is responsible for the other information, being the information in the Company's annual report for the year ended 30 June 2023 and Director's report.

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.

Director's responsibility for the financial report

The Director of the Company is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Simplified Disclosures and the *Corporations Act 2001*, and for such internal control as the Director determines 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 Director is 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 Director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility 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 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 the 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 Director.
- Conclude on the appropriateness of the Director's 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 Director 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.
- We also provide the Director with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Bradfield Partners

Bradfield Partners



Benjamin Schulz
Partner

Date: 16 August 2023
Sydney, Australia