



16/17

ANNUAL REPORT
& FINANCIAL STATEMENTS

www.wyongraceclub.com.au



PATRON:

R. Graham

LIFE MEMBERS:

Mrs J. Smith

Mrs J. Langbridge

J. Wilkinson

DIRECTORS:

Garry Whitaker (Chairman)

Marion Langlar (Vice Chair)

Denis Hanley

Andrew Paton-Smith

John Waghorn

Mark Waugh

CHIEF EXECUTIVE: D. M. Jewell

Racing & Operations Manager: D Grogan

Track Manager: P Robinson

Finance Manager: E Fitzgerald

Membership Administration: K McAlister

Sales & Marketing: B Nichols

Wyong Race Club Limited

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PO Box 28 Wyong, NSW 2259

Phone: (02) 4352 1083

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NOTICE OF 2017 ANNUAL GENERAL MEETING

NOTICE IS HERBY GIVEN THAT: The 2017 Annual General Meeting of Wyong Race Club Limited will be held on Monday 13 November 2017 in the Magic Millions Lounge (middle floor), Wyong Racecourse, Howarth St, Wyong, commencing at 6.00pm

AGENDA

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

- 1. Confirm the Minutes of the 2016 Annual General Meeting.**
- 2. Receive & consider Annual Financial Report for year ended 30 June 2017 including –**
 - Directors' Report
 - Statement of Comprehensive Income
 - Statement of Financial Position
 - Statement of Cash Flows
 - Statement of Changes in Equity
 - Notes to the Financial Statements
 - Auditor's Reports

- 3. Election of FOUR (4) Board members.**

WRC elected Board Members Garry Whitaker, Marion Langlar, Mark Waugh and John Waghorn all retire by rotation in accordance with the Rules and being eligible all FOUR directors are offering themselves for re-election.

Please note - the three RNSW appointed directors also come up for re-election this year. Their positions will be advertised prior to the AGM and RNSW will determine the appointment of the three independent directors later this year after considering applications for this role.

- 4. Further Notices of Motion:**

- A. "That Members approve and agree to expenditure by the Club until the next Annual General Meeting of the Club of reasonable expenses incurred by directors in relation to such other duties including entertainment of special guests to the Club and other promotional activities performed by directors including attending functions at other clubs to represent the Club, such activities and expenses as may be approved."
- B. "That Members approve and agree to the availability until the next Annual General Meeting of the Club a reserved car space at Club race meetings for directors."
- C. "That Members approve and agree to expenditure by the Club until the next Annual General Meeting of the Club of reasonable cost of refreshments after Board meetings."

- 5. Appoint the Auditor for the ensuing year.**

- 6. Election of Patron.**

- 7. Transact, in accordance with the Constitution, any other ordinary business that may be lawfully brought forward.**

David Jewell

Chief Executive

NOTICE OF 2017 ANNUAL GENERAL MEETING *cont*

It would be appreciated if members who wish to raise queries or seek information about any matters appearing in the Annual Report, give at least (10) days written notice to the Chief Executive. This will allow sufficient time for proper research and preparation of the replies for the benefit of all Members.

PLEASE NOTE:

Members wishing to nominate for one of the FOUR (4) elected positions on the Board of Directors are required to lodge their nominations on the prescribed form with the Company's Chief Executive at the General Office, Howarth Street, Wyong NOT LATER THAN 12 noon on Friday 27 October 2017. Nomination forms are available from the Club's Office during normal business hours.

The 2017 Annual Report will be posted to all financial Members on or before 19 October 2017 in accordance with the Rules.

Members and Proxies attending the AGM will be required to prove their identity with photo ID such as a driver's licence, a passport, or similar. A Member's card by itself will be insufficient proof of identity.

Election of the Board – *shall take place in the following manner:*

- a) Any two Ordinary or Life Members of the Club shall be at liberty to nominate any other Ordinary or Life Member or a person who has been a member of the Board to serve as an officer or other member of the Board.
- b) The nomination must be in writing and signed by the member and his proposer and seconder shall be lodged with the secretary by 12 noon on Friday 27 October, 2017.
- c) A list of such nominations, with proposer's and seconder's names, shall be posted at the Club's registered offices at least seven days immediately preceding the meeting at which the elections take place and will be made available on the Wyong RC website www.wyongraceclub.com.au, not later than Thursday 2 November 2017.

Appointing a Proxy: if you are a Member entitled to attend and vote at this AGM, you may appoint a person as your proxy to attend and vote for you at the meeting. A proxy need not be a member of the company. For the appointment of a proxy to be effective the required form (available from the Racing Club office) will need to be completed and returned by 4pm Thursday 9 November 2017.

CHAIRMAN'S REPORT TO MEMBERS

On behalf of the Board of Directors I am pleased to present our Annual Report together with the Audited Financial Reports for the year ended 30 June 2017.

Financial Position

I am also very pleased to report that 2016/17 has been another successful year for the Wyong Race Club. We have reported a profit for the 12 months to 30 June of \$239,764 after providing for \$836,352 of depreciation, and our cash position is the best it has been for some time.

As well as improving our financial position, the Club has continued to invest in its member and training facilities. I will expand on this work later in the report but will say now that the impressive new permanent Parade Ring Marquee is proving very popular and will be a valuable asset for the Club, driving both raceday and non raceday function revenues in the future. As we continue to improve member and raceday facilities we are also focussing on the overall on-course experience through themed events.

Significant development of our training facilities has also ensured that our Wyong based trainers have enjoyed their best season ever. The past year saw another record for the number of winners trained at Wyong and I have no doubt that we will see even more this year.

Racing

During the year we raced 21 times and distributed \$5,086,190 in prizemoney.

Significant prizemoney increases for both Provincial and Country Racing announced a year ago has seen minimum stakes at Wyong rise to \$30,000. Metropolitan prizemoney has also increased with \$100,000 minimums on all Saturdays. Racing NSW is also investing heavily to promote racing in Sydney to a national and international audience with the likes of 'The Championships', and the new \$10 million, 'The Everest Sprint' capturing headlines everywhere.

The only dark cloud on the horizon this year has been a decline in starter numbers across all of the Provincial Clubs. The development of \$30,000 Showcase meetings across the Country circuit, some anomalies in the handicapping and ratings system, and an industry focus on maintaining metropolitan field sizes has had an effect on participation across the Provincial circuit. We have taken our concerns, both in person, and through the Provincial Racing Association, to the Racing NSW Chairman. We are confident that he will discuss our comments further with RNSW.

The Board of Directors

It is hard to believe that your Board has been in place for almost three years. After a period of administration Members elected four new directors at the Annual General Meeting in November 2014. In February 2015 Racing NSW confirmed the appointment of the three independent directors allowing the administrator, John Rouse, to step down.

I would like to take this opportunity to thank all of my fellow directors for their commitment to the Club since their appointment. Under the new constitution, adopted by Members in 2015, all four elected directors will stand down at this year's Annual General Meeting, but I am pleased to advise that all four will be offering themselves for re-election.

Racing NSW will also seek applications for the three independent director roles with those appointments expected to be confirmed before the end of this year.

CHAIRMAN'S REPORT TO MEMBERS *cont*

While we have made considerable progress, there is still much to achieve. I am encouraged that all of the directors, given the opportunity, are looking to continue to give so freely of their time and expertise to deliver on the major five year goals and objectives we set ourselves.

In May this year one of our independent directors, Craig Ellis, tendered his resignation. The resignation was accepted by the WRC Board and Racing NSW. During his time on the Board Craig proved himself to be a very diligent, hard-working and effective director, and on behalf of the Board I thank Craig for his input.

Racing NSW has conducted interviews and recently announced that Frank Arangio would be appointed to replace Craig.

Frank is the new owner of the Royal Hotel, Wyong. He has extensive sales and commercial management experience, having worked for Lion Breweries for some 25 years including holding the position of National Field Sales Director, where he led a sales force of 450 people across five states who generated \$1.6 billion a year in liquor sales. Frank has been involved in racing, managing Toohey's sponsorship portfolio including the Golden Slipper Stakes. He also briefly worked for the Australian Turf Club last year amalgamating the Rosehill Bowling Club into their business.

On behalf of the Members and Board I am delighted to extend a warm welcome to Frank. We look forward to having his expertise on the Board with us.

Governance

In terms of good Corporate Governance the directors this year have adopted a detailed Wyong Board Charter. A Board Charter is a policy document that clearly defines the respective roles, responsibilities and authorities of the board of directors (both individually and collectively,) and of the CEO in setting the direction for the management and control of the organisation.

One of the important issues addressed by the Board during the past year has been implementing Licence to Occupy agreements with four independent groups that have historically operated from the Wyong racecourse grounds. The Board found that there were no formal tenancy agreements in place and therefore no legally binding contracts with the Central Coast Poultry Club, Central Coast Volunteer Rescue Services, Lions Club of Wyong and the Wyong Pigeon Club in respect of the buildings they occupy on land owned by the Wyong Race Club.

The previous legal agreements with the respective parties had lapsed in 2005 and had not been renewed. The Board instructed the Club's solicitors, Priority Business Lawyers, to prepare new Licence to Occupy agreements to protect the interests of all parties.

Members should be aware that the Club does not currently charge any fees for the buildings which are situated on its land, and at this time the Club has no specific plans for the site. However, it was the Board's view that any arrangements for the parties to continue to operate from the racecourse needed to be agreed with the Club having the option to review the licences at any time in the future should our situation change. After lengthy discussions with some of the parties involved the annual Licence to Occupy agreements were all formally signed in June this year.

Facility Upgrades

The new 450sqm permanent Parade Ring Marquee represents an exciting opportunity for the Club to grow its raceday and non raceday function and events business. The Club has invested just over \$500,000 in the construction and fitout of the new marquee. The purpose built facility can accommodate a range of events – from raceday corporate hospitality, to conferences, exhibitions, functions and much more.

The marquee can seat over 300 people for a formal dinner – making it one of the largest function venues on the Central Coast. In the last couple of months we have installed two 75kw ducted air-conditioning units which will ensure the marquee can be used throughout the year. We have also built a new demountable toilet block alongside to service the marquee. With its spacious decking, solid construction and impressive fitout, which includes power and data throughout, Wi-Fi and its own permanent sound system, the marquee is to all intents and purposes a practical and fully functional lounge.

In the past 12 months the Club also completed the refurbishment of the middle floor Owners and Members' Lord Hybrow Lounge, which is proving very popular on racedays, and is also being utilised for private functions on a more regular basis. The Club continues to invest in new television screens throughout the racecourse, and has just finished an upgrade of the ground floor Bistro area. We have developed a new can bar area for our bigger days, and have created some back-of-house storage for outside furniture when it's not in use.

Following the Wyong Gold Cup meeting, work commenced on the installation of a concrete plinth around the inside of the slow sand training track. New Simtrack plastic running rails on both the inside and outside of the track will also be provided to enhance safety for both horse and riders. The concrete plinth work is estimated to cost around \$360,000 with RNSW providing a grant of up to \$350,000 towards this project.

The Club has also purchased and installed two new, six horse walking machines at a cost of \$60,000 each. These are currently being leased from the Club by trainers Allan Kehoe and Kristen Buchanan.

By the time this report is published work on the new Rose Street and Howarth Street entries should be well underway. The Club is installing new electronic turnstiles at both entries, with Members and raceday function guests able to scan their card or guest tickets to gain entry on the day, while the public will be able to purchase gate tickets online. As well as providing the Club with more accurate data on raceday patronage, the new turnstile system, which is the same that operates at other major sporting venues, will improve overall security. The Rose Street gateway will also be upgraded with a covered, secure building to house staff on race days.

As part of the planned upgrade a new pedestrian ramp will be built at the Howarth Street entry. The stairs down will be made wider and extended and a new feature skylight will be added to the roofline. New fencing will be installed, the entryway will be paved, landscaped and a new owners' entry access into the raceday office created.

CHAIRMAN'S REPORT TO MEMBERS *cont*

Future Development

There are a number of other significant capital projects being planned including the refurbishment of the top floor Murray Doyle Lounge to make it more consistent with the middle floor upgrade.

We are also looking at a major project to remove all of the power poles and power lines throughout the racecourse by taking the power underground from the office area and go under the track and then back up to service the stabling area. We have approached Racing NSW for funding support for this project given the projected cost over \$400,000.

While the Board remains focussed on its core business, i.e. the provision of thoroughbred racing and training facilities here at Wyong, the Club is looking to invest in new facilities that both add value to the business and increase club revenues.

We will continue to investigate options for the further development of the racecourse land in the future and have ongoing discussion with various parties including the Central Coast Council in regard to the long term options for the Club to unlock the unrealised asset value of the facility.

Close

Finally, I would like to extend my thanks to all Members and our Sponsors for their support of the Club over the past year. As you will note from my report we have made tremendous progress in the past couple of years and it's particularly pleasing for myself and the Board to receive such positive feedback from so many people about how well the Club is judged to be performing these days.

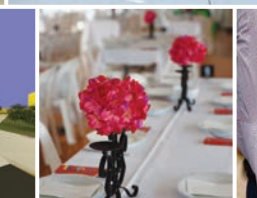
We have a reputation for getting it right on raceday and it is the dedication and attention to detail of everyone involved that make it so. To our CEO David Jewell and his management team, and all of our raceday, bar and track staff a special thank you. None of our success would be possible without your hard work and efforts.

I would like to also acknowledge Racing NSW CEO Peter V'landys and the Racing NSW Board and management team on their administration of our industry. Their investment in capital projects, the significant increases in prizemoney and returns to owners, the focus on integrity issues, together with the establishment of a NSW Horse Welfare fund amongst a host of other new initiatives will ensure that racing in this state continues to be world class.

I look forward to seeing you at our Annual General Meeting in November and I encourage all members to attend. We have a busy racing year ahead and lots of exciting and very positive things happening to share you with you all.



Garry Whitaker
Chairman, Wyong Race Club



CHIEF EXECUTIVE'S REPORT TO MEMBERS

It is pleasing to be able to report on another positive year for the Wyong Race Club.

While management's focus continues to be on the development and delivery of our 22 race meetings and the day to day maintenance of our training facilities, the team has also been busy implementing the Board's five year strategic plan.

The Board's vision is for Wyong to be recognised as a *"Racing and Training Centre of Excellence, incorporating high quality Member and community facilities."*

Key milestones in the last couple of years as we work to deliver on the vision include –

- Building the \$800,000 horse pool – *which has proved to be a wonderful asset for our trainers with more than 1200 horses a month utilising the pool as part of their training regime.*
- Installation of the \$524,000 Course proper pump and irrigation system – *which has significantly improved the maintenance and presentation of the both the course proper and training tracks.*
- Enhancing the oncourse experience for patrons with the 82sqm \$360,000 infield video screen and an impressive \$280,000 refurbishment of the middle floor Owners and Members Lounge as well as an overdue \$103,000 upgrade of the lady jockeys changing rooms.
- The Club also erected a permanent plastic Mawsafe running rail around the outside of the course proper to improve horse and rider safety at a cost of \$52,000 last September and we have reconfigured the office layout and installed a new ducted air conditioning unit to create a better working environment.
- This year we also purchased new horse walking machines for two of our trainers at a cost of around \$60,000 each, which we have leased back to the respective stables.
- Our business is steadily growing - with a 60% increase in membership in the last two years off the back of value added benefits for members and regular communication.
- The Club has recently invested in a Customer Relationship Management data base system (Salesforce) to better manage our interaction with our clients as we look to continue to grow revenues from both raceday and non raceday functions and events which is an important segment of our business focus.
- The Club has also been very active building our digital presence through our website and social media channels including Facebook.
- Our local trainers have enjoyed a record season on the track and we have a waiting list of trainers wanting to lease boxes on course here.

The latest major investment for the Club has been the permanent Parade Ring marquee, which was fully booked both days of the 2017 Wyong Cup carnival and is quickly filling up across the three days of our upcoming Christmas at the Races promotion. The new marquee is going to prove to be a wonderful asset for the business – driving future raceday and non raceday function revenues.

While Racing New South Wales has helped fund a number of our capital projects, the new marquee represents a significant spend by the Club – costing just over \$500,000 when you include the air conditioning, toilet block and other services such as Wi-Fi, lighting, sound, data etc.

Importantly, the Club has been able to deliver all of these improvements in the past two years without incurring any debt. In fact the Club's cash position has never been better, with around \$2 million currently invested with the NAB Bank.

Our commitment to upgrade and enhance our facilities continues. In December last year we commissioned IER, a specialist consultancy company, to undertake a detailed Quality Standards Report. Their report looked at all aspects of the business – the facilities, signage, Health & Safety, security, precinct and product development, customer service and more. Given the increased competition in the event market and the Board's expectation that our Club needs to incorporate high quality Member and community facilities, it was appropriate that we bring in an outside consultant with extensive experience in our industry to help us strive to achieve a first-rate experience for our patrons.

The Report focussed on areas of improvement through the eyes of an attendee and suggested ways that the event delivery can be improved.

This is a living, working document that management constantly refers to. As funds become available, we will be looking to implement many of IER's recommendations.

Members will see that work is underway to build new entrances at both the Howarth Street and Rose Street gates. The two new entries will include the latest electronic turnstile entry points – providing members with swipe card access on race days and the club with a secure computerised gate sales system enabling us to sell ticketing on line and better manage raceday attendances.

IER highlighted in their report that our main entry points are our shop window – accessibility, well-sealed paths, branding and signage, planting, cleanliness, security could all be enhanced by upgrading the Howarth Street entry and providing a permanent structure at the Rose Street gates.

At the same time the Club has focussed on the maintenance and upgrade of our training tracks and training facilities. We have recently completed the replacement of the inside slow sand wooden plinth with a new concrete kerb. This will address the problems we have had in the past maintaining the consistency of the sand depths on this track. New plastic running rails have also been installed on both the inside and outside of the slow sand to further improve horse and rider safety.

In the current 2017-18 season Wyong Race Club will distribute upwards of \$5.78m in prizemoney across 22 race days – a record for the Club.

We have just conducted our most successful Carlton Mid Wyong Gold Cup carnival for a number of years, with all hospitality sold out across both Ladies Day and Cup Day.

I must acknowledge the work of H&H Catering who do an outstanding job. H&H were recently acknowledged as the best Regional NSW Caterer and won the award as the Best Regional Wedding Caterer – testimony to their standing in the hospitality industry.

While the Club is going well, there is still a lot more that we would like to be able to deliver - including increasing the numbers of horses in work here at Wyong. This will require a multi-million investment in our training tracks, as well as the provision of more stabling, which we currently do not have the capacity to build, given the limitations on more land being available at this time.

CHIEF EXECUTIVE'S REPORT TO MEMBERS *cont*

Wyong is currently the second biggest of the five Provincial training centres based on Racing NSW's trained raceday starter statistics – with Newcastle (2,857) the highest, followed by Wyong (2,168), Hawkesbury (2,008), Illawarra (1,268) and Gosford, which was down to 680 trained starters for the 2016-17 season. With Hawkesbury being funded by Racing NSW to build a new \$4m synthetic training track and both Newcastle and Illawarra receiving major track and training rebuild programmes, we have had a number of discussions with Racing NSW about future upgrade plans for Wyong's training tracks and look forward to the opportunity to develop this further as part of Racing NSW's long term training infrastructure planning.

While we might never be the biggest Provincial training centre, the Club is keen to work with our trainers to become the "best" Provincial track in terms of the results that we achieve and the training facilities we can provide.

Sponsors

The Club acknowledges the outstanding support it receives throughout the year from all of our generous sponsors. Carlton & United Breweries along with Magic Millions continue to be our two major partners and we thank them most sincerely for their ongoing work with us

Financial

The Club has recorded a profit for the year of \$239,764. The comparison with the previous year's \$1,112,812 result is not necessarily appropriate, as last year's result included \$834,053 of RNSW capital grant funding received for the horse pool and the new irrigation system. Excluding those grants last year's operating surplus of \$278,759 and this year's financial result are similar.

Total revenue for the year of \$10,998,647 (\$10,055,155 in 2016) included the additional RNSW funding directed towards increased prizemoney. Expenditure was generally in line with the previous year and the Club's budget taking into account that there were two lost race days during the season.

Despite two less meetings total prizemoney paid of \$5.086m was up 22% on the previous year.

Bar sales for the year of \$393,181 were almost identical to the previous year (\$393,057). Racing income, which is primarily RNSW funding was up \$1.17m and rental incomes of \$432,161 was also higher.

Racing NSW funding for Provincial Clubs is based on an historical Scheme of Distribution, which allocates an agreed percentage of TAB funding to the ATC, Provincial and Country Racing NSW Clubs.

What we are seeing is an ongoing decline in our income from retail and oncourse TAB sales, however TAB revenue from Fixed Odds wagering is growing. RNSW has also been very proactive securing ongoing new revenue streams from the corporate bookmakers and in their negotiations with Tabcorp on behalf of the Clubs.

The biggest change in earnings has come from the successful tax parity concessions negotiated by Racing NSW with the State Government in 2015. The full benefit of these changes, which are progressively being released to Racing NSW over six years, is expected to be worth around \$70m a year when fully implemented.

Racing NSW is currently working on a new five year industry strategic plan secure in the knowledge that their initiatives can be funded from the sustainable funding it receives. This is very positive news

for the industry. To date significant increases in minimum prizemoney across the state and funding for The Championships and other major races have been underwritten from the \$30m in proceeds made available to Racing NSW.

You would have to say that the future for Racing in this state looks very positive indeed.

Summary

In closing I would like to extend a special thanks to the Chairman, Garry Whitaker, along with the Board and all of my management team and our hard working staff. Everyone has a role to play and I am very fortunate to have such a capable team to work with.

Earlier this year Chris Allen resigned after almost three years as Track Manager at Wyong. Chris did an outstanding job during his time here. While very disappointed to lose his services, with two young children under two years the opportunity he was offered back in New Zealand provided him with both an exciting career challenge, as well as the chance to move back home where they would have the ongoing support of their family as well.

Chris' position was advertised nationally. We had a number of talented applicants for the job, however I was pleased to be able to offer the role to Phillip Robinson, who had been employed 18 months earlier to be Chris' number two here. Phill has stepped up to the challenge admirably and with two additional experienced appointments to the Track staff team in Michael O'Brien and Ben Greer, we have a first class team track team here.

I am not quite sure where the last three and a half years have gone since I arrived in February 2014, but when I look around the improvements we have been able to make and the development of our key event race days, I would hope that you will agree with me that we have made significant progress in a relatively short period of time.



David Jewell
Chief Executive



2016-17 RACING REPORT

The Club conducted 22 race meetings in total during the 2016-17 racing season – losing a Sunday meeting in March, which was washed out on the morning of the event and then unfortunately having our Tuesday 9 June meeting abandoned after the first race was run in torrential rain.

We did host an additional licence for the Australian Turf Club here in April during their carnival, which meant we ran 21 race meetings plus one race across the 12 months. In total the Club distributed \$5.198 million in prizemoney.

A major concern for your Club is the significant decline in starter numbers across all Provincial Clubs. It is very disappointing and frustrating to programme race days here with very good prizemoney only to have small fields go around in 4 or 5 races each time. There are a number of reasons that this is happening – a drop in the horse population, the number of metropolitan and provincial race meetings being scheduled, programming issue in part driven by the handicapping and ratings system, as well as the prizemoney increases directed towards NSW Country Racing Clubs in particular the new “showcase” meetings being held.

Average Provincial starter numbers have fallen from 9.73 per race in 2013-14 to 8.50 in the season just finished – yet average starter numbers in the country have been rising. In July this year the eight Provincial race meetings that were held only averaged 7.7 starters per race, while 22 NSW country meetings averaged a healthy 11.5 average runners. Something is not right!

In 2013-14 across 135 Provincial race meetings 10,168 horses started – three years later (2016-17) we ran 139 meetings, however the total number of starters had fallen to 8,686.

Clearly we have a major problem. The decline in starters is not unique to Wyong – Newcastle, Gosford, Hawkesbury and Kembla are all trending down as well. The Provincial Clubs have been talking to RNSW for the past year, but to date nothing has changed except the situation is getting worse.

Despite losing two race meetings this season the Wyong course proper has generally been praised by leading jockeys, trainers and Racing NSW officials. With 22 race meetings plus around 10 trials days and regular grass gallops the course proper gets plenty of work throughout the year but it has generally raced very well.

We have just completed another very successful 2017 Wyong Cup carnival with Joe Pride's tough and consistent galloper Destiny's Kiss winning the \$160,000 Listed Carlton Mid Wyong Gold Cup and Bjorn Baker providing the quinella in the \$125,000 Winning Commercial Mona Lisa Stakes with Lubiton beating stablemate Imposing Lass.

FEATURE RACE RESULTS:**2017 \$160,000 Carlton MID Wyong Gold Cup (Listed)****DESTINY'S KISS** 9yo b.g. trained by Joe Pride and ridden by Hugh Bowman**2017 \$125,000 Winning Commercial Mona Lisa Stakes (Listed)****LUBITON** 4yo b.m. trained by Bjorn Baker and ridden by Glyn Schofield**2016 \$200,000 Magic Millions Two Year Old Classic (Listed)****MADEENATY** 2yo b.f trained by David & B Hayes & T Dabernig and ridden by Mark Zahra**2016 \$100,000 Magic Millions Three & Four Year Old Stakes****EGYPTIAN SYMBOL** 4YO b.m trained by Bjorn Baker and ridden by Brenton Avdulla**2017 \$150,000 Wyong Provincial Championships****NOBLE JOEY** 4.ch.g trained by Robert & Luke Price and ridden by Kathy O'Hara**2016-17 Wyong Race Meeting Premierships***Congratulations to the following Premiership recipients –***Leading Trainer at Wyong** Bjorn Baker 11 wins**Leading Jockey at Wyong** Tommy Berry 17 wins**Leading Apprentice** Deanne Panya 6 wins

Our local trainers enjoyed yet another record year producing 234 winners for season. Three of our trainers – Allan Denham, Damien Lane and Kim Waugh finished in the top 25 NSW Trainers Premiership based on wins. Wyong's most successful trainer was once again Allan Denham, who got a winner on the very last day of season to claim the title with 36 wins from Kim Waugh & Damien Lane, who had 35 wins each.

Dean Grogan

Racing & Operations Manager



Wyong Race Club Limited

ABN 54 943 635 817

Annual Report - 30 June 2017

Wyang Race Club Limited
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30 June 2016

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WYONG RACE CLUB

Wyong Race Club Limited Directors' report 30 June 2017

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2017.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Garry Whitaker (Chairman)
Marion Langlar (Deputy Chairman)
Craig Ellis (resigned May 2017)
Denis Hanley
Andrew Paton-Smith
John Waghorn
Mark Waugh

Objectives

The objectives of the company are:

- to assist in and promote the carrying on of thoroughbred horse racing and all forms of sport, gaming, amusement, entertainment and recreation;
- to carry on the business of thoroughbred horse racing in all of its branches in accordance with the Australian Rules of Racing as enforced by Racing NSW;
- to develop any such land as a Racecourse and for such other sporting or income producing activities as the Board thinks fit; and
- to conduct any other activities in accordance with the Memorandum and Articles of Association.

Strategy for achieving the objectives

Conduct thoroughbred race meetings in accordance with the Australian Rules of Racing and licences issued by Racing NSW; Participation in the Provincial Racing Association of NSW and the local community;
Promotion of the sport of thoroughbred horse racing by growing participation and interest in racing;
Detailed budgeting process to ensure financial viability in future periods.

The Club's policy is to support local charities and not for profit groups, in the past year these have included:

- Give Me 5 for Kids;
- Samaritans Christmas Function; Morisset Lake Macquarie Agricultural Shows Off The Track" qualifying class; Wyong High School - Presentation day WRC Community Spirit Award.
- Volunteer Rescue Association land usage, Land & Building Central Coast Poultry Association, Central Coast Pigeon Club,
- Provision of venue usage support for RYDA and the Wyong Lions Club, Wyong Chamber of Commerce, Motor Neurone Disease Association of Australia,
- Donation of race day packages to organisations including: Wyong Neighbourhood Centre, Westpac Rescue Helicopter, Toowoomba Bay SLSC Charity golf day, Tuggerah Shores Lions Club, Northlakes Toukley Rotary Club, Gwandalan Lioness Club, Wyong Neighbourhood Centre, Caves Beach SLSC, Smith Family hamper distribution, Wyong Shire Council – Water Aid Australia, Wadalba Community College, B J Howes Metaland Team Relay, Spectrum, Wyong Family Practice, Billiards and Snooker Central Coast, Wyong VRA.

Principal activities

During the financial year the principal continuing activities of the company consisted of:

- Assisting in the promotion and conduct of thoroughbred horse racing and associated training activities at Wyong.

Operating Results

The surplus of the company for the financial year after providing for income tax (\$NIL) amounted to \$239,764 (2016: \$1,112,812 after including \$834,053 of RNSW infrastructure grants as revenue).

Wyong Race Club Limited
Directors' report
30 June 2017

Performance measures

- Monthly Board meetings and director subcommittee meetings as required to review financial performance, horse racing and operational activities and the development of the Club's Strategic plan;
- Continue to review returns to participants to ensure that the Wyong Race Club is both competitive and financially sustainable;
- Analyse structural and income producing growth strategies for the Club;
- Benchmark performance against similar racing entities;
- Review the investment strategy and policy of the Club; and
- Monitor the performance of the CEO including compliance, implementation of Board strategies and to ensure that the Policies and Procedures within the Club are being followed.

Significant changes

In May 2017 Craig Ellis resigned as a director of the Club. Racing NSW was advised and a replacement independent director is to be appointed by RNSW. There were no other significant changes that have occurred during the year.

Events after balance date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

Future developments

Racing NSW has confirmed up to \$350,000 grant funding for the replacement of slow sand training track plinth and new rails. This work will commence in early September. The Club is planning capital works to upgrade both the Howarth Street and Rose Street Members and Public entry including the installation electronic turnstile gates at both entries. This work is planned to commence in September.

Environmental issues

The Directors believe the company has complied with all significant environmental regulations under a law of the Commonwealth or of a state or territory.

Dividends

The Corporations law prohibits a company limited by guarantee from paying dividends.

Shares in companies

The company does not hold shares in any related company or corporation.

Indemnifying officer or auditor

During the year, the company effected directors & officer's liability policy. The insurance policy provides cover for the directors named in this report, the company secretary, officers and former directors & officers of the company.

This policy prohibits the disclosure of the nature of the indemnification and the insurance cover, and the amount of the premium.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor of the company.

Information on directors

| | |
|---------------------------|----------------------------|
| Name: | Garry Whitaker |
| Title: | Director |
| Qualifications: | MAICD JP |
| Experience and expertise: | Consultant |
| | |
| Name: | Marion Langlar |
| Title: | Director |
| Experience and expertise: | Retired (Company Director) |
| | |
| Name: | John Waghorn |
| Title: | Director |
| Qualifications: | B.Ec. Grad Dip Mgmt |
| Experience and expertise: | Management Consultant |

WYONG RACE CLUB

Wyong Race Club Limited Directors' report 30 June 2017

Name: Craig Ellis (resigned May 2017)
Title: Director
Qualifications: B.Sc, MBA, Grad Dip (ACG), AGIA, ACIS, MAICD
Experience and expertise: Self-employed

Name: Denis Hanley
Title: Director
Qualifications: AM, FAICD, FCPA, MBA
Experience and expertise: Company Director

Name: Andrew Paton-Smith
Title: Director
Qualifications: AFAIM, MBT, BA (Hons)
Experience and expertise: Company Director

Name: Mark Waugh
Title: Director
Qualifications: AM
Experience and expertise: Cricket Australia Selector/ Sports Commentator

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2017, and the number of meetings attended by each director were:

| | Full Board | |
|---|------------|------|
| | Attended | Held |
| Garry Whitaker (elected Nov 2014) | 11 | 12 |
| Marion Langlar (elected Nov 2014) | 11 | 12 |
| John Waghorn (elected Nov 2015) | 11 | 12 |
| Mark Waugh (elected Nov 2016) | 10 | 12 |
| Andrew Paton-Smith (appointed Feb 2015) | 10 | 12 |
| Denis Hanley (appointed Feb 2015) | 12 | 12 |
| Craig Ellis (appointed Feb 2015 -resigned May 2017) | 10 | 11 |

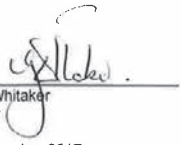
Held: represents the number of meetings held during the time the director held office.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Garry Whitaker
Director

26 September 2017

Unit 1, 1 Pioneer Avenue
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Tuggerah NSW 2259

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INDEPENDENT AUDITOR'S DECLARATION TO THE MEMBERS OF WYONG RACE CLUB LIMITED

We hereby declare that to the best of our knowledge and belief during the year ended 30 June 2017, 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.

Name of Firm

Bishop Collins Audit Pty Ltd
Chartered Accountants

Name of Registered Company Auditor


David McClelland

Auditor's Registration No.

431227

Address

Unit 1, 1 Pioneer Avenue, Tuggerah NSW 2259

Dated 26 September 2017



LIABILITY LIMITED BY A SCHEME APPROVED UNDER THE PROFESSIONAL STANDARDS LEGISLATION



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WYONG RACE CLUB LIMITED

Opinion

We have audited the accompanying financial report of Wyong Race Club Limited which comprises the statement of financial position as at 30 June 2017, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration of the company.

In our opinion, the financial report of Wyong 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 performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements (including the Australian Accounting Interpretations) 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 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; and we have fulfilled our other ethical responsibilities in accordance with the Code.

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



LIABILITY LIMITED BY A SCHEME APPROVED UNDER THE PROFESSIONAL STANDARDS LEGISLATION





Directors' Responsibility 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 to the extent described in Note 2 to the financial report, 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 in the preparation of the financial report. We also conclude, 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 disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. 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.

WYONG RACE CLUB



We also provide the Directors 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.

Name of Firm

Bishop Collins Audit Pty Ltd
Chartered Accountants

Name of Registered Company Auditor


David McClelland

Auditor's Registration No.

431227

Address

Unit 1, 1 Pioneer Avenue, Tuggerah NSW 2259

Dated 26 September 2017

Wyong Race Club Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2017

| | Note | 2017 \$ | 2016 \$ |
|--|------|-------------|-------------|
| Revenue | 4 | 10,998,647 | 10,055,155 |
| Racing NSW infrastructure revenue | 5 | - | 834,053 |
| Expenses | | | |
| Cost of goods sold | | (144,292) | (150,090) |
| Advertising expenses | | (80,615) | (65,296) |
| Ambulance expenses | | (106,570) | (87,828) |
| Audit fees | | (24,460) | (28,245) |
| Barrier trial expenses | | (164,596) | (134,949) |
| Cleaning and waste removal expenses | | (117,542) | (106,537) |
| Computer expenses | | (27,289) | (22,823) |
| Consultancy fees | | (9,250) | (32,738) |
| Conference, seminars and training expenses | | (6,774) | (14,330) |
| Depreciation and amortisation expenses | | (836,352) | (817,532) |
| Employee benefit expenses | | (1,685,679) | (1,680,464) |
| Entertainment expenses | | (100,623) | (94,520) |
| Fair value change on shares | | (984) | (9,344) |
| Fringe benefit tax expense | | (13,807) | (11,345) |
| Insurance expenses | | (296,450) | (253,510) |
| Jockey riding fees | | (275,940) | (311,363) |
| Legal fees | | (15,742) | (9,209) |
| Loss on disposal of assets | | - | (187,649) |
| Payroll tax expense | | (55,750) | (52,977) |
| Prize money | | (5,086,190) | (4,140,442) |
| Promotional expenses | | (54,212) | (57,061) |
| Repairs and maintenance expenses | | (407,144) | (411,787) |
| Race day packages and function expenses | | (119,914) | (109,399) |
| Race day production expenses | | (92,032) | (81,503) |
| Race day sponsorship expenses | | (173,164) | (135,892) |
| Security expenses | | (49,229) | (44,697) |
| Telecasting expenses | | (125,091) | (139,980) |
| Utilities expenses | | (225,364) | (221,310) |
| Other expenses | | (463,828) | (363,576) |
| Surplus before income tax expense | | 239,764 | 1,112,812 |
| Income tax expense | | - | - |
| Surplus after income tax expense for the year | 14 | 239,764 | 1,112,812 |
| Other comprehensive income for the year, net of tax | | - | - |
| Total comprehensive income for the year | | 239,764 | 1,112,812 |

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

WYONG RACE CLUB

Wyong Race Club Limited
Statement of financial position
As at 30 June 2017

| | Note | 2017 \$ | 2016 \$ |
|--------------------------------------|------|-------------------|-------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 6 | 1,444,627 | 1,865,646 |
| Trade and other receivables | 7 | 2,931,932 | 2,438,165 |
| Inventories | 8 | 29,641 | 23,223 |
| Total current assets | | <u>4,406,200</u> | <u>4,327,034</u> |
| Non-current assets | | | |
| Financial assets | 9 | 5,492 | 6,475 |
| Property, plant and equipment | 10 | 10,953,020 | 10,677,421 |
| Total non-current assets | | <u>10,958,512</u> | <u>10,683,896</u> |
| Total assets | | <u>15,364,712</u> | <u>15,010,930</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 11 | 1,543,306 | 1,438,415 |
| Employee benefits | 12 | 149,841 | 145,125 |
| Total current liabilities | | <u>1,693,147</u> | <u>1,583,540</u> |
| Non-current liabilities | | | |
| Employee benefits | 13 | 27,405 | 22,994 |
| Total non-current liabilities | | <u>27,405</u> | <u>22,994</u> |
| Total liabilities | | <u>1,720,552</u> | <u>1,606,534</u> |
| Net assets | | <u>13,644,160</u> | <u>13,404,396</u> |
| Equity | | | |
| Retained surpluses | 14 | 13,644,160 | 13,404,396 |
| Total equity | | <u>13,644,160</u> | <u>13,404,396</u> |

The above statement of financial position should be read in conjunction with the accompanying notes

Wyong Race Club Limited
Statement of changes in equity
For the year ended 30 June 2017

| | Retained surpluses \$ | Total equity \$ |
|---|--------------------------------------|----------------------------|
| Balance at 1 July 2015 | 12,291,584 | 12,291,584 |
| Surplus after income tax expense for the year | 1,112,812 | 1,112,812 |
| Other comprehensive income for the year, net of tax | - | - |
| Total comprehensive income for the year | 1,112,812 | 1,112,812 |
| Balance at 30 June 2016 | 13,404,396 | 13,404,396 |
| | Retained surpluses \$ | Total equity \$ |
| Balance at 1 July 2016 | 13,404,396 | 13,404,396 |
| Surplus after income tax expense for the year | 239,764 | 239,764 |
| Other comprehensive income for the year, net of tax | - | - |
| Total comprehensive income for the year | 239,764 | 239,764 |
| Balance at 30 June 2017 | 13,644,160 | 13,644,160 |

The above statement of changes in equity should be read in conjunction with the accompanying notes

WYONG RACE CLUB

Wyong Race Club Limited
Statement of cash flows
For the year ended 30 June 2017

| | Note | 2017 \$ | 2016 \$ |
|--|-------------|--------------------------|--------------------------|
| Cash flows from operating activities | | | |
| Receipts from customers (inclusive of GST) | | 11,572,280 | 11,279,984 |
| Payments to suppliers and employees (inclusive of GST) | | <u>(10,913,434)</u> | <u>(9,232,090)</u> |
| | | 658,846 | 2,047,894 |
| Interest received | | <u>32,086</u> | <u>39,960</u> |
| Net cash from operating activities | | <u>690,932</u> | <u>2,087,854</u> |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | 10 | (1,111,951) | (1,773,734) |
| Proceeds from disposal of investment property | | <u>-</u> | <u>487,443</u> |
| Net cash used in investing activities | | <u>(1,111,951)</u> | <u>(1,286,291)</u> |
| Cash flows from financing activities | | | |
| Net cash from financing activities | | <u>-</u> | <u>-</u> |
| Net increase/(decrease) in cash and cash equivalents | | (421,019) | 801,563 |
| Cash and cash equivalents at the beginning of the financial year | | <u>1,865,646</u> | <u>1,064,083</u> |
| Cash and cash equivalents at the end of the financial year | 6 | <u><u>1,444,627</u></u> | <u><u>1,865,646</u></u> |

The above statement of cash flows should be read in conjunction with the accompanying notes

Wyang Race Club Limited
Notes to the financial statements
30 June 2017

Note 1. General information

The financial statements cover Wyong Race Club Limited as an individual entity. The financial statements are presented in Australian dollars, which is Wyong Race Club Limited's functional and presentation currency.

Wyang Race Club Limited is a not-for-profit unlisted public company limited by guarantee.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 September 2017. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are 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.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the and the Corporations Act 2001, as appropriate for not-for profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements 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 3.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Racing NSW distributions

Distributions from Racing NSW are recognised on a proportional accrual basis taking into account the Scheme of Distribution requirements.

Membership fees

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

Commission revenue

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

Wyong Race Club Limited
Notes to the financial statements
30 June 2017

Note 2. Significant accounting policies (continued)

Interest revenue

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rent

Rent revenue from investment properties is recognised on a straight-line basis over the lease term.

Other revenue

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

Income tax

The company is exempt from income tax under section 50-45 of the Income Tax Assessment Act 1997.

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.

Cash and cash equivalents

Cash and cash equivalents includes 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.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Wyong Race Club Limited
Notes to the financial statements
30 June 2017

Note 2. Significant accounting policies (continued)

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

Property, plant and equipment

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

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The carrying amount of plant and equipment is reviewed annually by directors and management to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives. The depreciation rates used for each class of depreciable assets are:

| | |
|------------------------|-----------|
| Buildings improvements | 5 - 40% |
| Grandstand | 2.5% |
| Plant and equipment | 10-40% |
| Motor vehicles | 10-20% |
| Ground improvements | 2.5 - 20% |

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. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

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.

Wyong Race Club Limited
Notes to the financial statements
30 June 2017

Note 2. Significant accounting policies (continued)

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.

Trade and other payables

These amounts represent 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.

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 payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. 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.

Superannuation

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

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.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other 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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Wyong Race Club Limited
Notes to the financial statements
30 June 2017

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. 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.

Continued viability of Wyong Race Club

Racing NSW has ultimate control over the allocation of race meetings to be held at Wyong Race Club and this affects the performance of the Club. The Club is committed to conducting thoroughbred race meetings.

Economic dependence

The company is dependent upon the ongoing funding from Racing NSW to ensure continued operations.

Racing NSW interminable loan

Beginning from October 1974 to this year, Wyong Race Club Limited has received funds from the Race course development committee totalling \$6,500,620. These funds have been used to develop and improve thoroughbred, harness and greyhound racing at Wyong. These funds are not subject to recall whilst Wyong Race Club carries out its racing activities in such a manner as to not jeopardise its financial stability and/or does not dispose of the freehold property on which the improvements were located.

In prior years, Harness Racing NSW and Greyhound Racing Australia withdrew racing of their codes from Wyong. As the controlling bodies, their decision in the opinion of the board, does not trigger a repayment of funds which total \$165,000 and therefore funds are not considered as a contingent or actual liability.

Thoroughbred racing continues at Wyong under the control of Racing NSW. Whilst this continues the repayment of the remaining funds for thoroughbred racing totaling \$6,443,120 (which includes \$273,447 received to 30 June 2015 and \$834,053 received to 30 June 2016) are not deemed to be repayable. The difference between the funds received from the Racecourse Development Committee and the interminable loan represents repayments totaling \$1.0 million which occurred over 4 years at the beginning of the loan agreement for the grandstand development.

Wyong Race Club Limited is determined to continue thoroughbred racing at Wyong and to carry out its racing activities in such a manner as to ensure the financial stability of the Wyong Race Club.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

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.

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 fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

WYONG RACE CLUB

Wyong Race Club Limited Notes to the financial statements 30 June 2017

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Employee benefits provision

As discussed in note 2, 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.

Note 4. Revenue

| | 2017 \$ | 2016 \$ |
|---|-------------------|-------------------|
| <i>Revenue</i> | | |
| Bar revenue | 393,181 | 393,057 |
| Racing income | 10,052,890 | 8,876,349 |
| Rental income - investment property | - | 9,286 |
| Rental income - meetings, functions and stables | 432,161 | 382,108 |
| RNSW on course turnover incentive | - | 38,904 |
| | <u>10,878,232</u> | <u>9,699,704</u> |
| <i>Other revenue</i> | | |
| Interest revenue | 32,086 | 39,960 |
| Profit on disposal of investment property | - | 231,844 |
| Insurance claim recoveries | 14,020 | 15,696 |
| Other revenue | 74,309 | 67,951 |
| | <u>120,415</u> | <u>355,451</u> |
| Revenue | <u>10,998,647</u> | <u>10,055,155</u> |

Note 5. Racing NSW infrastructure revenue

| | 2017 \$ | 2016 \$ |
|-------------------------------------|------------|----------------|
| Racing NSW - infrastructure revenue | <u>-</u> | <u>834,053</u> |

Note 6. Current assets - cash and cash equivalents

| | 2017 \$ | 2016 \$ |
|--------------------------|------------------|------------------|
| Cash at bank and on hand | <u>1,444,627</u> | <u>1,865,646</u> |

Note 7. Current assets - trade and other receivables

| | 2017 \$ | 2016 \$ |
|---------------|------------------|------------------|
| Trade debtors | 1,168,300 | 888,668 |
| Other debtors | <u>1,763,632</u> | <u>1,549,497</u> |
| | <u>2,931,932</u> | <u>2,438,165</u> |

Wyong Race Club Limited
Notes to the financial statements
30 June 2017

Note 8. Current assets - inventories

| | 2017 \$ | 2016 \$ |
|-------------------------|------------|------------|
| Stock on hand - at cost | 29,641 | 23,223 |

Note 9. Non-current assets - financial assets

| | 2017 \$ | 2016 \$ |
|--|------------|------------|
| Wyong Town Financial Services shares held at cost | 5,000 | 5,000 |
| BT Portfolio Wrap held at fair value through profit and loss | 492 | 1,475 |
| | 5,492 | 6,475 |

Note 10. Non-current assets - property, plant and equipment

| | 2017 \$ | 2016 \$ |
|---------------------------------|-------------|-------------|
| Freehold land - at cost | 298,803 | 298,803 |
| Building improvements - at cost | 5,939,865 | 5,158,932 |
| Less: Accumulated depreciation | (2,409,255) | (2,138,042) |
| | 3,530,610 | 3,020,890 |
| Land improvements - at cost | 3,306,626 | 3,306,626 |
| Less: Accumulated depreciation | (458,938) | (402,783) |
| | 2,847,688 | 2,903,843 |
| Plant and equipment - at cost | 3,626,864 | 3,570,899 |
| Less: Accumulated depreciation | (3,138,822) | (3,114,903) |
| | 488,042 | 455,996 |
| Motor vehicles - at cost | 190,379 | 190,379 |
| Less: Accumulated depreciation | (137,006) | (110,532) |
| | 53,373 | 79,847 |
| Grandstand - at cost | 5,800,787 | 5,777,838 |
| Less: Accumulated depreciation | (3,559,226) | (3,449,291) |
| | 2,241,561 | 2,328,547 |
| Ground Improvements - at cost | 2,314,230 | 2,172,617 |
| Less: Accumulated depreciation | (1,067,005) | (831,409) |
| | 1,247,225 | 1,341,208 |
| Assets in progress | 245,718 | 248,287 |
| | 10,953,020 | 10,677,421 |

Wyong Race Club Limited
Notes to the financial statements
30 June 2017

Note 10. Non-current assets - property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

| | Assets in Progress \$ | Land and land improvements \$ | Grandstand and building improvements \$ | Plant, equipment and motor vehicles \$ | Ground improvements \$ | Total \$ |
|-------------------------|-----------------------------|--|---|---|------------------------------|-------------|
| Balance at 1 July 2016 | 248,287 | 3,202,646 | 5,349,437 | 535,843 | 1,341,208 | 10,677,421 |
| Additions | (2,569) | - | 810,646 | 173,272 | 130,602 | 1,111,951 |
| Depreciation expense | - | (56,155) | (387,912) | (167,700) | (224,585) | (836,352) |
| Balance at 30 June 2017 | 245,718 | 3,146,491 | 5,772,171 | 541,415 | 1,247,225 | 10,953,020 |

Note 11. Current liabilities - trade and other payables

| | 2017 \$ | 2016 \$ |
|-----------------|------------------|------------------|
| Trade Creditors | 1,429,473 | 1,272,126 |
| BAS payable | 25,047 | 29,735 |
| Other Creditors | 88,786 | 136,554 |
| | <u>1,543,306</u> | <u>1,438,415</u> |

Note 12. Current liabilities - employee benefits

| | 2017 \$ | 2016 \$ |
|--------------------|----------------|----------------|
| Annual leave | 98,476 | 94,092 |
| Long service leave | 51,365 | 51,033 |
| | <u>149,841</u> | <u>145,125</u> |

Note 13. Non-current liabilities - employee benefits

| | 2017 \$ | 2016 \$ |
|--------------------|------------|------------|
| Long service leave | 27,405 | 22,994 |

Note 14. Equity - retained surpluses

| | 2017 \$ | 2016 \$ |
|---|-------------------|-------------------|
| Retained surpluses at the beginning of the financial year | 13,404,396 | 12,291,584 |
| Surplus after income tax expense for the year | 239,764 | 1,112,812 |
| Retained surpluses at the end of the financial year | <u>13,644,160</u> | <u>13,404,396</u> |

Wyong Race Club Limited
Notes to the financial statements
30 June 2017

Note 15. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

| | 2017 \$ | 2016 \$ |
|-------------------------------|------------|------------|
| Aggregate compensation | 345,015 | 304,635 |
| Directors compensation | | |
| Garry Whitaker | - | - |
| John Waghorn | - | - |
| Craig Ellis | - | - |
| Denis Hanley | - | - |
| Andrew Paton-Smith | - | - |
| Mark Waugh | - | - |
| Marion Langlar | - | - |
| | - | - |

Note 16. Contingent liabilities

Estimates of the potential financial effect of contingent liabilities that may become payable:

Contingent liabilities

Racing NSW loan

Beginning from October 1974 to this year, Wyong Race Club Limited has received funds from the Race course development committee totalling \$6,500,620. These funds have been used to develop and improve thoroughbred, harness and greyhound racing at Wyong. These funds are not subject to recall whilst Wyong Race Club carries out its racing activities in such a manner as to not jeopardise its financial stability and/or does not dispose of the freehold property on which the improvements were located.

In prior years, Harness Racing NSW and Greyhound Racing Australia withdrew racing of their codes from Wyong. As the controlling bodies, their decision in the opinion of the board, does not trigger a repayment of funds which total \$165,000 and therefore funds are not considered as a contingent or actual liability.

Thoroughbred racing continues at Wyong under the control of Racing NSW. Whilst this continues the repayment of the remaining funds for thoroughbred racing totalling \$6,443,120 (which includes \$273,447 received to 30 June 2015 and \$834,053 received to 30 June 2016) are not deemed to be repayable. The difference between the funds received from the Racecourse Development Committee and the interminable loan represents repayments totalling \$1.0 million which occurred over 4 years at the beginning of the loan agreement for the grandstand development.

Wyong Race Club Limited is determined to continue thoroughbred racing at Wyong and to carry out its racing activities in such a manner as to ensure the financial stability of the Wyong Race Club.

| | 2017 \$ | 2016 \$ |
|--|-------------|-------------|
| Wyong Race Club Limited is determined to continue thoroughbred racing at Wyong and carry out its racing activities in such a manner as to ensure the financial stability of the Wyong Race Club. | (6,443,120) | (6,443,120) |

Wyong Race Club Limited
Notes to the financial statements
30 June 2017

Note 17. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 15.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 18. Events after the reporting period

No matter or circumstance has arisen since 30 June 2017 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.

Wyong Race Club Limited
Directors' declaration
30 June 2017

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors


 Garry Whitaker
 Director

26 September 2017





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