



CANBERRA RACING CLUB INCORPORATED

ANNUAL REPORT 2018-19



COMMITTEE MEMBERS



Ian Mackay
Chairman

[Vice Chairman to 30.10.18]



Stephen Heppenstall
Vice Chairman

[Treasurer to 30.10.18]



Les Boag
Treasurer



Dan Carton

[Elected 16.10.18]



Keith Dryden



Duncan Edghill

[Appointed 30.01.19]



Dan Gaul



Paul Meiklejohn

[Chairman to 30.10.18]



Paul Miller



Tim Olive



John Dess

[Resigned 29.01.19]



Christopher Ward

[Resigned 16.10.18]

CHIEF EXECUTIVE OFFICER



Andrew Clark

LIFE MEMBERS

Bob Barlow
Geoff Bloom
Peter Faulkner
Tom Glover
Peter Huddy
Kath Mornement
Roger Norton
Howard Powell AM

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CHAIRMAN'S REPORT



Ian Mackay
Chairman

On behalf of the Committee, I present the Annual Report of the Canberra Racing Club Incorporated (the Club) for 2018-19.

This is my first annual report as chairman of the Club, and I would like to acknowledge the hard work of all Committee Members. In particular, former chairman Paul Meiklejohn, who did not seek re-election to the role due to personal and business commitments. Paul served as chairman of the Club from 25 October 2016, and I thank him for his significant contribution over his two years in the role. I am pleased to report Paul has remained on the Committee and continues to contribute a high level of expertise.

The Club continued on its path outlined in its Strategic Plan 2018–2022. Strategically, the objectives for the past financial year have focused the Club on identifying the areas of success that will ensure the long-term future of the Club.

That we have been able to achieve this, and post a modest profit as well, is pleasing.

PRECINCT MASTER PLAN

As outlined in the Annual Report of 2017-2018 the Club has been working to develop a Precinct Master Plan. The purpose of the process is to unlock the value of the site to enhance racing, training, member, event and community facilities. In preparing development options, your Committee has ensured that the primary use of Thoroughbred Park remains as a thoroughbred training and racing facility. The purpose of supplementary development is to then support the long-term financial success of the Club.

A draft Precinct Master Plan was presented to Members of the Club at a Members' Forum held in January 2019. This has now progressed to a Committee-endorsed Precinct Master Plan and initial discussions have taken place with the ACT Government. I look forward to sharing further details with you all in the coming months.

ACT GOVERNMENT

The Club has built a good working relationship with the ACT Government. The Club held a formal meeting with the Chief Minister of the ACT on 24 January 2019. Chief Minister Andrew Barr engaged positively with us at the meeting, which was also attended by the Minister for Business and Regulatory Services Gordon Ramsay, who has responsibility for racing. The meeting was a good step in strengthening the healthy relationship between the Club and the ACT Government.

RACING NSW

Through the year, your Committee has worked hard to cement our good working relationship with Racing NSW. I was pleased that, with the assistance of Canberra trainers (Nick Olive, Paul Jones and Matthew Dale), Canberra-trained horses once again became eligible for the TAB Highway races in NSW from 1 September 2018. Our thanks go to Nick, Paul and Matthew for their assistance with this change.

Furthering our improved relationship with Racing NSW, Canberra-trained horses were also welcomed back to the Country Championships in 2019, with six horses competing in the SERA heat at Goulburn, with two going on to compete in the Wild Card at Muswellbrook. Unfortunately, no Canberra-trained horses made the final at Royal Randwick. However, it was pleasing for Canberra trainers, owners and the Club to have our horses competing in the series. Similarly, in a further boost, two Canberra-trained horses will also be eligible to compete in the \$1.3 million "Kosciuszko" race at Royal Randwick in October 2019.

We appreciate the openness of Peter V'landys and his board at Racing NSW, and we look forward to continuing to build on our strong relationship into the future for the betterment of racing in the region.

TABCORP

Tabcorp has been the official wagering partner of the Club since 2014. We have focused on nurturing this vital relationship with a view to increasing our wagering returns and in turn, looking at activities and programs that are to our mutual benefit. One such initiative was the introduction of the popular “bonus bets” promotion on the first four races on Black Opal Stakes day. This initiative was warmly received by punters. Tabcorp also assisted the Club through its support of the partnered Carbine Club and Canberra Racing Club Black Opal Stakes lunch in March.

Tabcorp is now the proud sponsor of the TAB Federal series, the TAB Canberra Cup, TAB Melbourne Cup Day and the TAB Tony Campbell Memorial Cup. We look forward to continuing to explore further opportunities for mutual benefit in 2019-20 and beyond.

MEMBERSHIP

In a sign of a thriving club, membership reached a modern-day record. In 2018-19, the Club had 1,198 full members for the season, which is an increase of 238 members or 25 percent on the previous year. Membership is the backbone of a successful club and the support of our members is greatly appreciated by the Committee and management team.

TOM GLOVER

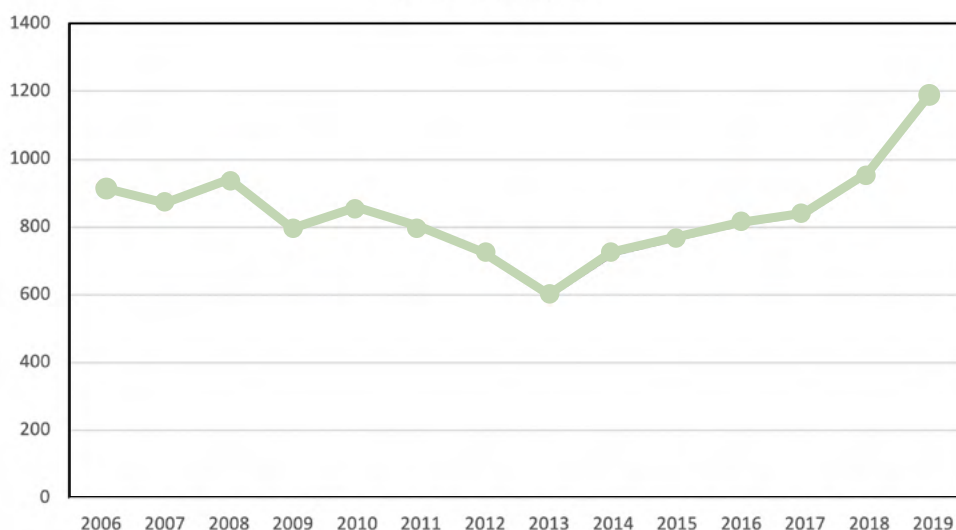
At the Club’s annual general meeting on 16 October 2018, Tom Glover was admitted as a Life Member of the Club. Tom had been a member of the Club’s Committee since 1995 until his retirement in October 2017. In his 22 years on the Committee, Tom contributed strongly and held the position of both Treasurer and Vice Chairman. Apart from his role on the Committee, Tom has been involved in many facets of the racing industry, including breeding and owning many horses. His recognition as a Life Member of the Club is thoroughly deserved.

CONCLUSION

The past year has been a resounding success for the Club. It has seen us implement solid pillars developed to further build on this success in the coming years. In so doing, we have ushered in a period of change following the retirement of the outstanding former Chief Executive Officer (CEO) Peter Stubbs and the former chairman Paul Meiklejohn both in October 2018.

I would like to thank the Club’s new CEO Andrew Clark, and his skilled and energetic management team for the support they have provided the Committee over the past year. I would also like to thank the record number of members of the Club for the support of your Committee, which I am proud to lead as Chairman.

Full Members by Year



CHIEF EXECUTIVE OFFICER'S REPORT



Andrew Clark
Chief Executive
Officer

This is my first financial year as CEO of the Canberra Racing Club following the retirement of Peter Stubbs on 16 October 2018. I would like to thank Peter for his guidance over many years and for the prosperous position he left the Club in on his retirement.

Since October, I have been working with my team and the Committee to continue the development of both the Canberra Racing Club and ACT racing industry as a whole. I would like to express my sincere thanks to my team for their tremendous efforts during 2018-19 along with the Committee of the Club, the broader membership base, Canberra trainers and indeed all Canberra racing participants for their support.

FINANCIAL REPORT

2018-19 was a financially successful year for the Club. Financial highlights included:

- Recording an operational profit of \$105,101;
- Increasing revenue by \$648,144 or 5.79 percent to record levels of \$11.85 million;
- Growing cash reserves by \$294,030 or 12.24 percent to \$2.7 million;
- Increasing prize money, trophies and subsidies to \$5.84 million.

Year	2019	2018	2017	2016
Operational Profit / (Deficit)	105,101	(325,992)	70,479	389,248
Cash	2,695,378	2,401,348	2,419,622	3,220,913
Revenue	11,846,912	11,198,768	10,483,268	10,120,749
Prize money, trophies and subsidies	5,842,210	5,776,286	5,292,112	4,699,195

All of these indicators pinpoint and endorse a healthy club supporting a viable and vibrant racing industry in the ACT.



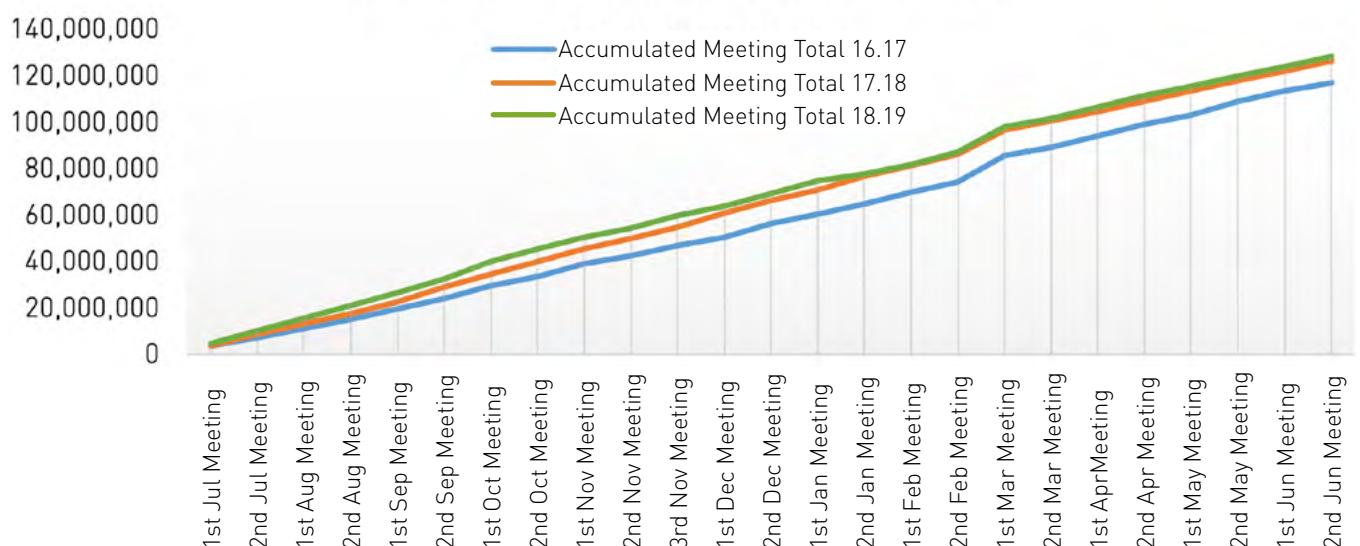
WAGERING REPORT

Total turnover on Canberra races in 2018-19 reached \$128,695,417, which was an increase of \$2,405,605 on the previous year or 1.9 percent. This is a pleasing result in a competitive environment. This increase in turnover was consistent throughout the year, with 15 of the 25 meetings held at Thoroughbred Park increasing in turnover when compared to the prior year's comparable meeting.

One meeting that decreased significantly in turnover was held on 18 January 2019. Equine and participant welfare is of paramount importance to the Club. As extreme heat was affecting Canberra, it was agreed to commence the meeting at 10.15am, so the meeting would conclude before the hottest part of the day. This decision was made with full knowledge that the Club would incur a significant downfall in turnover and subsequent revenue. This indeed came to fruition with turnover decreasing by \$3,135,670, which resulted in below budget revenue of \$86,836. These figures attest to the importance of equine and participant welfare to the Club.

Despite the impacts of such race meetings, race fields revenue grew by \$580,875. The improved revenue is the result of an overall increase in turnover plus an adjustment to the model on which this revenue is calculated from 1 August 2018. This continues an upward trend for the Club experienced over recent history.

Total Wagering Turnover on Canberra Races



INFRASTRUCTURE REPORT

The Club invested \$297,537 in infrastructure across Thoroughbred Park in 2018-19. As mentioned in the Chairman's Report, the Club has been working to develop a Precinct Master Plan. The purpose of the process is to unlock the value of the site to enhance racing, training, member, event and community facilities. Until the Precinct Master Plan comes to fruition, it is vital that these facilities are maintained in an economically feasible fashion, which is challenging but achievable.

The focus this financial year was on racing and training areas. The Club invested \$31,994 in irrigation for the Bottom Sand Track to assist with equine and participant welfare and improve the training tracks for trainers at Thoroughbred Park. In addition, to assist with welfare and training, a permanent supervisor's hut was installed at this track. The hut has a viewing area of all tracks and cost \$50,341. On average, over 100 horses use the Bottom Sand Track for track work Monday to Saturday, which is the highest for all tracks and is an essential tool for trainers.

To further the Club's environmental management, and in particular water harvesting, an additional \$33,131 was invested to dredge the Club's dam that is used to irrigate the turf Course Proper. This process significantly increased the storage capacity of the dam thereby reducing the potential for the Club to need potable water for irrigation purposes.

In May 2019, the Committee approved a three-year infrastructure plan from 1 July 2019 to 30 June 2022, which coincides with the current Strategic Plan. This infrastructure plan encompasses all racing, training, member and public facilities and will see the Club invest \$2.1 million over this time frame. I look forward to rolling out this plan over the coming years.

RACING REPORT

The Club conducted 25 race meetings in 2018-19 and 194 races were conducted at Thoroughbred Park. Of these, 18 meetings with 139 races were conducted on the turf Course Proper, Seven meetings with 55 races were conducted on the synthetic Acton Track. In the 194 races, 1,899 horses started for an average field size of 9.79, which increased slightly from the 9.66 achieved in the previous year.

John McGrath Auto Group Black Opal Stakes Race Day

The Club's feature meeting, the John McGrath Auto Group Black Opal Stakes Race day, was held on Sunday 10 March 2019. With perfect weather conditions, the crowd enjoyed a fantastic day of competitive racing and entertainment. Winners on the day were:

Race	Prize Money	Winner	Trainer	Jockey
TAB Federal Riharna Thomson Memorial Bracelet	\$40,000	Glamour Cruise	Danny Williams	Sam Clipperton
Seears Workwear Benchmark 65	\$30,000	Te Ata	Matthew Dale	Blake Shinn
Affinity Constructions Australia Camarena	\$60,000	All Over Bosanova	John O'Shea	Blake Shinn
XXXX Gold Canberra Guineas	\$130,000	Final Award	Mark Newnham	Joshua Parr
Geocon National Sprint	\$130,000	Snippets Land	Peter & Paul Snowden	Blake Shinn
TAB Canberra Cup	\$200,000	Samadoubt	Bjorn Baker	Tim Clark
John McGrath Auto Group Black Opal Stakes	\$300,000	Pin Sec	James Cummings	Jason Collett
Canprint Communications Benchmark 65	\$30,000	Dublin Diva (NZ)	Bjorn Baker	Jason Collett



Premiership Awards 1 August 2018 to 31 July 2019

Trainer of the Year

Winner: Nick Olive

Nick Olive won his eighth Canberra Trainers Premiership with 19 winners for the season at Canberra, six clear of his closest rival, Matthew Dale. With Nick first winning the premiership in 2006-07, he has now won eight of the last 13 premierships at Thoroughbred Park, an impressive strike rate of 62 percent.

Jockey of the Year and Apprentice of the Year

Winner: Billy Owen

Billy Owen won his first Jockey and Apprentice Premiership with 16 winners for the season at Canberra. In so doing, Billy became the first apprentice to win both premierships at Thoroughbred Park since Peter Wiggins in 1979-80, 39 years ago. Adding further merit to the achievement, Billy did not ride at the last four meetings of the season.

The Jockey of the Year title came down to the final race of the season, with Kayla Nisbet going down in the shadows of the post, finishing runner-up by a long head and Billy holding onto the premiership one win clear of Kayla. In the apprentice premiership, Billy comfortably won and was four winners clear of Blaike McDougall.

Horse of the Year

Winner: Prince Jacko

Prince Jacko won Horse of the Year, honours for his owners Greg McAllister, Mike Houston, Peter Maloney and Keith Dryden, who also trained the gelding. Prince Jacko blossomed in the back half of the season progressing from a Benchmark 55 win on the Course Proper to winning two TAB Federals on the Acton Track in June and July. Prince Jacko showed a real affinity with the Acton Track and his effort to run second in the final TAB Federal of the season was enough for him to see off a late challenge from Farthing Wood to win on a countback with that second placing proving to be the difference.

The title continues a family tradition with Prince Jacko's half-brother Tougherthantherest claiming the same award last season. The feat is a credit to their dam, De Prima Ballerina (NZ), to achieve that with consecutive foals in consecutive years at Canberra.

Owners of the Year

Winner: Keith Dryden, Greg McAllister, Mike Houston and Peter Maloney

The win of Prince Jacko as the Horse of the Year was also enough to secure Owners of the Year for his owners on a countback with eight owner groups all finishing the season with three wins apiece. Similarly, all four owners, Keith Dryden, Greg McAllister, Mike Houston and Peter Maloney, own Tougherthantherest along with Sue Maloney, so the win is due recognition to their continued success with both horses at Canberra across two seasons.

COMMUNITY SUPPORT

AFP Legacy

Archdiocese of Canberra & Goulburn Catholic Schools

Australian Racing Christian Chaplaincy

Belconnen Magpies Junior Football Club

Belconnen Netball Association

Canberra Star Ball in aid of the Starlight Foundation

Cancer Council

CareFlight

Charity Golf Day in aid of Leukaemia Foundation

Children's Medical Research Institute

George Veitch Memorial Bowls Day in aid of Australian Cancer Research Foundation

Gundaroo Music Festival

Holy Family Primary School

Marist College Canberra

Marymead

North Canberra Bears

OzHarvest

Pegasus Riding for the Disabled

Special Olympics Australia

St Bede's Primary School

St Benedict's Primary School

St Michael's Primary School

St Monica's Primary School

Wild Voices Music Theatre

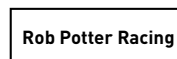
Women In Racing

COMMUNITY SUPPORT HAS BEEN WOVEN INTO THE FABRIC OF THE CANBERRA RACING CLUB HISTORY.

From the first race days of the 1920s to today, the Canberra Racing Club has supported schools, community groups, sporting clubs and equine advocacy. Over the year, the Club has not only contributed to the social fabric of the ACT but raised awareness and support of essential services to ensure Canberrans can enjoy a life of inclusion and equality.



SPONSORS



Canberra Racing Club Incorporated

ABN: 21 423 896 409

Report of the Committee

30 June 2019

Your Committee present their report on the financial statements of the Canberra Racing Club Incorporated (the Club) for the year ended 30 June 2019.

Committee Members

The names of the Committee members of the Club at the date of this report and at any time during the financial year were:

	Meetings attended during the year	Meetings eligible to attend during the year
I Mackay (Vice Chairman to 30.10.18, Chairman from 30.10.18)	11	12
P Meiklejohn (Chairman to 30.10.18)	9	12
S Heppenstall (Treasurer to 30.10.18, Vice Chairman from 30.10.18)	12	12
L Boag (Treasurer from 30.10.18)	12	12
D Carton (Elected 16.10.18)	8	8
J Dess (Resigned 29.1.19)	5	7
K Dryden	11	12
D Edghill (Appointed 30.1.19)	5	5
D Gaul	11	12
P Miller	12	12
T Olive	12	12
C Ward (Resigned 16.10.18)	4	4

Principal Activities

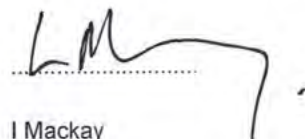
The principal activity of the Club during the year was to promote the development of thoroughbred horse racing within the Australian Capital Territory.

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

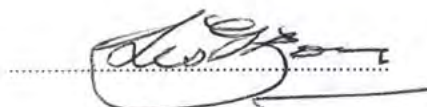
Results

The surplus for the year before grants and depreciation of Racing Development Fund (RDF) funded assets was \$105,101 (2018: deficit of \$325,992). The total comprehensive income of the Club for the year was a deficit of \$850,568 (2018: deficit of \$1,325,261).

Signed in accordance with a resolution of the Committee.



I Mackay
Chairman



L Boag
Treasurer

27 August 2019
Canberra

Canberra Racing Club Incorporated

ABN: 21 423 896 409

Statement of Comprehensive Income For the Year Ended 30 June 2019

		2019	2018
	Note	\$	\$
Revenue			
Revenue	2	11,742,367	11,101,041
Gain on sale of non-current assets		104,545	97,727
Total revenue		11,846,912	11,198,768
Expenses			
Depreciation		737,907	700,201
Employee leave expenses		55,011	116,880
Financial expenses		22,055	18,473
Insurance		201,493	163,863
Legal expenses		20,544	241,613
Other administration expenses		459,232	401,893
Racing expenditure	4	7,770,497	7,610,804
Track and ground expenditure		1,021,666	993,719
Wages and salaries		1,344,256	1,277,314
Land Development Investigation		109,150	-
Total expenditure before depreciation of RDF funded assets		11,741,811	11,524,760
Surplus/(deficit) before costs related to RDF funded assets		105,101	(325,992)
Depreciation of RDF funded assets	14	(999,269)	(999,269)
Net surplus/(deficit) before income tax expense		(894,168)	(1,325,261)
Income tax expense	1(a)	-	-
Net surplus/(deficit)		(894,168)	(1,325,261)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Fair value gain/(loss) on investment in Racing Australia		43,600	-
Total comprehensive income for the year		(850,568)	(1,325,261)

Canberra Racing Club Incorporated

ABN: 21 423 896 409

Statement of Financial Position As At 30 June 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	686,353	394,329
Other financial assets	6	2,009,025	2,007,019
Trade and other receivables	7	501,320	377,787
Inventories		61,687	57,864
TOTAL CURRENT ASSETS		3,258,385	2,836,999
NON-CURRENT ASSETS			
Property, plant and equipment	8	7,839,345	9,306,305
Land rent prepaid		138,497	140,209
Investment in Racing Australia		289,580	128,353
TOTAL NON-CURRENT ASSETS		8,267,422	9,574,867
TOTAL ASSETS		11,525,807	12,411,866
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	793,015	680,801
Borrowings		-	162,482
Provisions	10	384,445	481,253
TOTAL CURRENT LIABILITIES		1,177,460	1,324,536
NON-CURRENT LIABILITIES			
Stable lease in advance		609,379	616,226
Provisions	10	27,375	26,570
TOTAL NON-CURRENT LIABILITIES		636,754	642,796
TOTAL LIABILITIES		1,814,214	1,967,332
NET ASSETS		9,711,593	10,444,534
EQUITY			
Reserves		161,227	-
Accumulated surplus		9,550,366	10,444,534
TOTAL EQUITY		9,711,593	10,444,534

Canberra Racing Club Incorporated

ABN: 21 423 896 409

Statement of Changes in Equity For the Year Ended 30 June 2019

2019

	Accumulated Surplus	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at the beginning of the year	10,444,534	-	10,444,534
Net surplus/(deficit)	(894,168)	-	(894,168)
Effect of adoption of new accounting standards at 1 July 2018	-	117,627	117,627
Asset revaluation reserve	-	43,600	43,600
Balance at the end of the year	9,550,366	161,227	9,711,593

2018

	Accumulated Surplus	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at the beginning of the year	11,769,795	-	11,769,795
Total comprehensive income	(1,325,261)	-	(1,325,261)
Balance at the end of the year	10,444,534	-	10,444,534

Canberra Racing Club Incorporated

ABN: 21 423 896 409

Statement of Cash Flows For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and others		12,209,062	11,887,702
Interest received		72,192	83,215
Prize money, trophies and subsidies		(5,842,210)	(5,776,286)
Other payments		(5,791,546)	(5,664,443)
Net cash provided by/(used in) operating activities		647,498	530,188
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of property, plant and equipment		104,545	97,727
Payments for property, plant and equipment		(297,537)	(806,665)
Net cash provided by/(used in) investing activities		(192,992)	(708,938)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of borrowings		(162,482)	-
Proceeds from borrowings		-	162,482
Net cash provided by/(used in) financing activities		(162,482)	162,482
Net increase/(decrease) in cash and cash equivalents held		292,024	(16,268)
Cash and cash equivalents at beginning of year		394,329	410,597
Cash and cash equivalents at end of financial year	5	686,353	394,329

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies

Basis of preparation

The financial statements of Canberra Racing Club Incorporated (the Club) are general purpose financial statements that have been prepared in accordance with Accounting Standards (Reduced Disclosure Requirements of the Australian Accounting Standards Board) and the Associations Incorporation Act 1991.

The Club is an association incorporated in the Australian Capital Territory under the Associations Incorporation Act 1991. The financial statements cover the Club as an individual entity.

A number of new or revised Australian Accounting Standards are effective for the first time in the current financial year. These standards have had no material impact on the entity.

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. The financial statements are presented in Australian dollars which is the Club's functional and presentation currency. The amounts presented in the financial statements have been rounded to the nearest dollar.

The following is a summary of the material accounting policies adopted by the Club in the preparation of the financial statements.

AASB 9: Financial instrument

The Club has adopted all of the new, revised or amended accounting standards and interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any material impact on the financial performance or position of the Club in either the current or prior financial reporting periods.

There were no financial assets/liabilities which the Club had previously designated as fair value through profit or loss under AASB 139 that were subject to reclassification/elected reclassification upon the application of AASB 9. There were no financial assets/liabilities which the Club has elected to designate as at fair value through profit or loss at the date of initial application of AASB 9.

The Club applied AASB 9 (as revised in July 2014) and the related consequential amendments to other AASBs from 1 July 2018. New requirements were introduced for the classification and measurement of financial assets and financial liabilities, as well as for impairment and general hedge accounting. AASB 9 replaces the previous requirements of AASB 139.

The adoption of AASB 9 has resulted in the reclassification of financial assets and financial liabilities as outlined in the following table, but has not resulted in any impacts on the financial position, profit or loss, other comprehensive income or total comprehensive income of the Club in the current or previous years.

Classification and measurement of financial assets and financial liabilities

Reference should be made to note 1(f) for details of the new accounting policy for the classification and measurement of financial assets and financial liabilities.

Impairment

In relation to the impairment of financial assets, AASB 9 requires an expected credit loss model as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the Club to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (continued)

AASB 9: Financial instrument

The following table represents the classification and measurement of financial assets and financial liabilities under AASB 9 and AASB 139 at the date of initial application, 1 July 2018.

	Original measurement category under AASB 139	New measurement category under AASB 9	Original carrying amount under AASB 139	Adjustment recognised under AASB 9	New carrying amount under AASB 9
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost	394,329	-	394,329
Trade and other receivables	Loans and receivables	Financial assets at amortised cost	377,787	-	377,787
Held to maturity investments	Held to maturity	Financial assets at amortised cost	2,007,019	-	2,007,019
Investment in Racing Australia	Financial assets at amortised cost	Fair value through other comprehensive income	128,000	117,627	245,627
Trade and other payables	Financial liabilities at amortised cost	Financial liabilities at amortised cost	620,533	-	620,533
Borrowings	Financial liabilities at amortised cost	Financial liabilities at amortised cost	162,482	-	162,482

Accounting Policies

(a) Income Tax

The Club is a tax exempt body under relevant provisions of the Income Tax Assessment Act, 1997.

(b) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a specific identification basis and include direct costs and appropriate overheads, if any. Costs are assigned on the weighted average costs basis.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (continued)

(c) Property, Plant and Equipment

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

Where a revaluation has been performed, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

The carrying amount of property, plant and equipment is reviewed at the end of the reporting period 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.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Club and the cost of the item can be measured reliably. All other costs (e.g. repairs and maintenance) are charged to the statement of comprehensive income during the financial period in which they are incurred.

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

(d) Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, is depreciated on a straight-line basis over their useful lives commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

(e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Club are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated over their estimated useful lives where it is likely that the Club will obtain ownership of the asset or otherwise over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (continued)

(f) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately. In most circumstances trade receivables are initially measured at the transaction price.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value or amortised cost using the effective interest rate method. The subsequent measurement depends on the classification of the financial instrument as described below.

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

The effective interest method is used to allocate interest income or interest expense over the relevant period.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

Despite the above, the entity may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Club may irrevocably elect to present subsequent changes in fair value of an equity instrument in other comprehensive income if certain criteria are met; and
- the Club may irrevocably designate a financial asset that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Borrowings are classified as current liabilities unless the entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Impairment of financial assets

The Club recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or at FVTOCI. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

The Club recognises lifetime expected credit losses for trade receivables. The expected credit losses on these financial assets are estimated based on the entity's historical credit loss experience adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the future direction of conditions at the reporting date, including time value of money where appropriate.

(g) Impairment of Assets

At the end of the reporting period, the carrying values of tangible and intangible assets are reviewed to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash generating unit to which the asset belongs is estimated.

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (continued)

(i) Revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before the entity is eligible to receive the contribution, the recognition of the grant as revenue is deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered, otherwise the grant is recognised as income on receipt.

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

(j) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. 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 the GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(k) Employee Benefits

Provision is made for the liability for employee benefits arising from services rendered by employees to the reporting date. The benefits due to be settled within one year to employees for their entitlements have been measured at the amounts expected to be paid including on-costs and are disclosed as current liabilities. Employee benefits payable later than one year are measured at the present value of the estimated future cash outflows to be made in respect of those benefits. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data.

(l) Provisions

Provisions are recognised when the Club has a legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will result and that the outflow can be reliably measured.

(m) Comparative Figures

Comparative figures have been adjusted, where necessary to conform to changes in presentation for the current financial year.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (continued)

Critical accounting estimates and judgments

The Committee members evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Club.

The new AASB 9 first applied by the Club in this set of financial statements requires, for the first time, the shares held by the Club in Racing Australia (RA) be recorded at fair value. The Club approached RA for assistance with having a valuation conducted but was unsuccessful in obtaining a formal valuation.

In the absence of a independent valuation, the Club had to perform its own assessment of the fair value of the shares. The Club considered a number of relevant factors, including recent profits, dividends and net book value. The Club noted that RA has not paid dividends in recent years, despite earning sufficient profits to do so. The Club also noted that there was no recent history of trade in RA shares, and that the Club is a minority shareholder and is restricted in ability to sell its shares in RA.

In the absence of a formal valuation, recent trade history in the shares, or a recent history of paying dividends, the Club assessed that it was reasonably reliable and conservative to use the net book value of RA according to its latest published audited accounts, and this methodology was likely to be more reliable than basing a value on future profits or cash flows in the absence of knowledge around RA's future operations.

The Club's assessment assumes that net book value reasonably approximates fair value. The Club acknowledges that fair value could be higher than book value as items such as intangible assets may have a fair value that exceeds cost, but the Club is not in a position to accurately assess the market value of such items without detailed internal knowledge.

The Club acknowledges that the assessed fair value of its RA shares of \$289,580 at 30 June 2019 may be subject to adjustment in the future if more facts are available, but do not believe that any such adjustment would be material to the financial statements.

The Committee members do not believe that there were any other key estimates or key judgments used in the development of the financial statements that give rise to a significant risk of material adjustment in the future.

Canberra Racing Club Incorporated

ABN: 21 423 896 409

Notes to the Financial Statements For the Year Ended 30 June 2019

2 Revenue

	2019 \$	2018 \$
ACT Government distribution	6,417,856	6,307,278
Admissions	112,195	129,231
Bookmaker's revenue	1,200	1,200
Net catering income (refer note 3)	429,589	511,461
Membership subscriptions	64,870	50,029
Nomination and acceptance fees	179,471	181,441
Other income (refer note 3)	840,722	842,946
Race fields revenue	3,221,571	2,640,696
Net sponsorship revenue	474,893	436,759
	11,742,367	11,101,041

3 Catering and Other Income

Included in the net catering income and net other income disclosed in note 2, are the following specific items of revenue and expenditure:

	2019 \$	2018 \$
Bar sales	721,823	712,660
Food sales	876,770	957,956
Interest received	74,198	81,209
Other income	809,956	811,324
Cost of goods sold - bar	(294,480)	(254,442)
Cost of goods sold - food	(173,147)	(186,463)
Depreciation - bar	(6,336)	(6,942)
Depreciation - food	(20,986)	(26,151)
Other bar and food expenses	(674,055)	(685,157)
Other expenses	(43,432)	(49,587)
	1,270,311	1,354,407

4 Racing Expenditure

	2019 \$	2018 \$
Advertising and promotional expenditure	221,296	176,206
Jockeys' insurance	462,698	454,617
Other administrative expenses	291,958	289,117
Principal club expenses	69,015	53,242
Prize money, trophies and subsidies	5,842,210	5,776,286
Race meeting expenses	883,320	861,336
	7,770,497	7,610,804

Canberra Racing Club Incorporated

ABN: 21 423 896 409

Notes to the Financial Statements For the Year Ended 30 June 2019

5 Cash and Cash Equivalents

	2019	2018
	\$	\$
Cash at bank and on hand	686,353	394,329

6 Other Financial Assets

	2019	2018
	\$	\$
Held-to-maturity investments	2,009,025	2,007,019

The held-to-maturity investments are made up of term deposits with interest rates of 2.70% and initial terms to maturity of 180 days.

7 Trade and Other Receivables

	2019	2018
	\$	\$
Trade debtors	434,480	327,060
Less provision for doubtful debts	(9,315)	(9,315)
Prepayments:		
- Other	76,155	60,042
	501,320	377,787

Canberra Racing Club Incorporated

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Notes to the Financial Statements For the Year Ended 30 June 2019

8 Property, Plant and Equipment

	2019 \$	2018 \$
Buildings/course improvements on leasehold land - at cost	25,342,748	25,277,168
Less accumulated depreciation	(18,223,329)	(16,887,764)
	7,119,419	8,389,404
Plant, fixtures and fittings - at cost	1,527,023	1,621,496
Less accumulated depreciation	(823,909)	(743,551)
	703,114	877,945
Motor vehicles - at cost	83,244	83,244
Less accumulated depreciation	(66,432)	(44,288)
	16,812	38,956
	7,839,345	9,306,305

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Building/course improvements \$	Plant, fixtures and fittings - at cost \$	Motor vehicles \$	Total \$
Balance at the beginning of year	8,389,404	877,945	38,956	9,306,305
Additions	136,485	161,052	-	297,537
Depreciation expense	(1,406,470)	(335,883)	(22,144)	(1,764,497)
Balance at the end of the year	7,119,419	703,114	16,812	7,839,345

Depreciation is calculated on a prime cost basis. The following depreciation rates were used:

Class of Asset	Depreciation Rates
Buildings/course improvements on leasehold land	1% to 33%
Plant, fixtures and fittings	5% to 33%
Motor vehicles	20% to 33%

Canberra Racing Club Incorporated

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Notes to the Financial Statements For the Year Ended 30 June 2019

9 Trade and Other Payables

	2019 \$	2018 \$
Trade and other payables	701,239	582,129
Income in advance	65,030	60,268
Other payables - Harness Racing	26,746	38,404
	<u>793,015</u>	<u>680,801</u>

Other payables - Harness Racing relate to Race Field Legislation revenue collected by Canberra Racing Club on behalf of Harness Racing. There is a corresponding amount included in the trade and other receivables balance in Note 7 of these financial statements.

10 Provisions

	2019 \$	2018 \$
Current		
Provision for annual leave	201,189	209,448
Provision for long service leave	183,256	271,805
	<u>384,445</u>	<u>481,253</u>
Non-current		
Provision for long service leave	27,375	26,570

11 Key Management Personnel Compensation

Key management personnel is defined by AASB 124 "Related Party Disclosures" as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Committee members of the entity.

The total of remuneration paid (including annual and long service leave paid) to the key management personnel of Canberra Racing Club Incorporated during the year are as follows:

	2019 \$	2018 \$
Total key management personnel compensation	<u>400,742</u>	<u>378,239</u>

Committee members do not receive any direct financial or loan benefit in their role as a Committee member which is an honorary position.

Canberra Racing Club Incorporated

ABN: 21 423 896 409

Notes to the Financial Statements For the Year Ended 30 June 2019

12 Financial Risk Management

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

The accounting policies and terms and conditions of each class of financial asset, financial liability and equity instrument at the reporting date are consistent with those regularly adopted by businesses in Australia.

The totals for each category of financial instruments, measured in accordance with AASB 9: Financial Instruments as detailed in the accounting policies to these financial statements, are as follows:

		2019 \$	2018 \$
Financial Assets			
<i>Financial assets at amortised cost:</i>			
Cash and cash equivalents	5	686,353	394,329
Other financial assets	6	2,009,025	2,007,019
Investment in Racing Australia		-	128,353
Trade and other receivables	7	501,320	377,787
		3,196,698	2,907,488
<i>Financial assets at fair value through other comprehensive income:</i>			
Investment in Racing Australia		289,580	-
Total financial assets		3,486,278	2,907,488
Financial Liabilities			
<i>Financial liabilities at amortised cost:</i>			
- Trade and other payables	9	727,985	620,533
- Borrowings		-	162,482
Total financial liabilities		727,985	783,015

Investment in Racing Australia

The Club holds shares in Racing Australia. The shares were issued to the Club free of charge on the establishment of Racing Australia. The Club may only sell the shares with Racing Australia's consent.

Finance Facilities

The Club has an overdraft facility of \$250,000 (2018: \$250,000). The unused portion of this facility at 30 June 2019 is \$250,000 (2018: \$87,518). The overdraft facility has been established to assist with cash flow requirements. The overdraft facility is secured over the Club's non-current assets. The Club also has a credit card facility limit of \$40,000 (2018: \$40,000) which is cleared monthly.

13 Related Party Disclosures

Key management personnel transact with the Club from time to time on normal terms and conditions that are no more favourable than those available to others. The types of transactions involved include gaming and the purchase of food, beverages and membership. The transactions are settled at the time of the transaction, and no amounts are owing to the Club at year end in respect of these transactions. The total value of these transactions is low and is considered by the Club to be immaterial.

Other than the transactions disclosed above, and compensation of key management personnel, which is separately disclosed in these statements, there were no other related party transactions during the financial year.

Canberra Racing Club Incorporated

ABN: 21 423 896 409

Notes to the Financial Statements For the Year Ended 30 June 2019

14 RDF Funded Assets

Depreciation of RDF funded assets and interest on borrowings to cover RDF funded assets relate to the assets acquired from the funding received from the Racing Development Fund (RDF) for the development of the track and facilities before the RDF was abolished. The assets are depreciated at 5% per annum.

15 Contingent Liabilities and Contingent Assets

The Club has potential contingent liabilities at 30 June 2019 in relation to the following:

- An incident in 2017 when a track work rider was involved in an accident during the course of work resulting in severe injuries and subsequent death. The Club has since received notices of possible civil claims from solicitors acting for the deceased estate and for various members of the family of the deceased rider. The public liability insurance of the Club will respond to any such claim with the Committee acknowledging that the Club may face a potential excess expense on this insurance. Based on the facts and circumstances known to the Club at the time of this report there is no evidence to suggest that a claim may be successful. The Club is unable to reliably estimate the costs of this excess that may be borne by the Club in the event of a successful claim or claims against it.
- An instance where a casual worker has claimed workers compensation directly with the insurers of the Club. The Club was notified by the insurer that a claim had been lodged with them and they had partially paid the claim. Some further expenses are expected by the insurers to be claimed. The claim is covered by the Club's workers compensation insurance and the exposure to the Club is expected to be nil.

16 Expenditure Commitments

There are no expenditure commitments as at the reporting date.

17 Events after the Reporting Period

These financial statements were authorised for issue by the Committee on the date of signing the attached Report of the Committee. The Committee have the power to amend the financial statements after they are issued.

There are no events after the reporting date which require amendment of, or further disclosure in, the financial statements.

18 Statutory Details

The Club is incorporated under the Associations Incorporation Act 1991 (ACT), and operates within the Australian Capital Territory promoting the development of thoroughbred horse racing. The Club is domiciled in Australia and its principal place of business is located at Randwick Road, Lyneham, ACT.

Independent Auditor's Report To the Members of Canberra Racing Club Incorporated

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Canberra Racing Club Incorporated (the Club), which comprise the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- (a) the financial statements of the Club are properly drawn up:
 - (i) so as to give a true and fair view of the assets and liabilities of the Club as at 30 June 2019, the income and expenditure and cash flows of the Club for the financial year ended on that date and the other matters required by subsection 72(2) of the Associations Incorporation Act 1991 (ACT) to be dealt with in the financial statements;
 - (ii) in accordance with the provisions of the Associations Incorporation Act 1991 (ACT); and
 - (iii) in accordance with Australian Accounting Standards – Reduced Disclosure Requirements.
- (b) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit;
- (c) proper accounting records and other records have been kept by the Club as required by the Act; and
- (d) the audit was conducted in accordance with the rules of the Club.

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 responsibility for the audit of the financial statements section of our report. We are independent of the Club in accordance with 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 statements in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information

The Committee are responsible for the other information. The other information comprises the information included in the Club's report of the Committee for the year ended 30 June 2019, but does not include the financial statements and our auditor's report thereon.

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Our opinion on the financial statements 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 statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of the Committee for the Financial Statements

The Committee of the Club are responsible for the preparation and fair presentation of the financial statements in accordance with the Associations Incorporation Act 1991 (ACT) and Australian Accounting Standards – Reduced Disclosure Requirements, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Committee are responsible for assessing the Club'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 management either intends to liquidate the Club or to cease operations, or has no realistic alternative but to do so.

The Committee are responsible for overseeing the Club's financial reporting process.

Auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 the financial statements.

A further description of our responsibilities for the audit of the financial statements is located at The Australian Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



Nexia Duesburys (Audit)
Canberra, 27 August 2019



R C Scott
Partner



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