



# **Annual Report & Financial Statements**

**Year ended 30 June 2023**

Annual General Meeting  
Monday 27th November 2023 at 7:00pm

# Port Macquarie Race Club Limited

ABN 80 003 188 252

Financial Report

For the Year Ended 30 June 2023

## Contents

**President's Report to the Thirty Sixth General Meeting of Port Macquarie Race Club..... 4**

**Directors' Report..... 6**

**Auditors Independence Declaration.....9**

**Statement of Profit or Loss and Other Comprehensive Income ..... 10**

**Statement of Financial Position ..... 11**

**Statement of Changes in Member Funds ..... 11**

**Statement of Cash Flows..... 13**

**Notes to the Financial Statements ..... 14**

**Directors' Declaration ..... 33**

**Independent Auditor's Report ..... 34**

# Agenda

PORT MACQUARIE RACE CLUB LTD

For the year ended 30 June 2023

Notice is hereby given that the Annual General Meeting of the Port Macquarie Race Club Limited will be held in the Ivan Livermore Stand, Port Macquarie Race Course, 283 Oxley Highway, Port Macquarie on **Monday 27th November 2023 at 7:00 pm**

## Business:

1. To receive and confirm the minutes of the last annual general meeting held on the 17th of November 2022.
2. To receive and consider the President's report.
3. To receive and consider the Financial Report for the year ended 30 June 2023.
4. To confirm the Board of Directors for the ensuring year – all directors were elected or appointed for a two-year term in 2021 and will retire from the board but be eligible for reelection subject to other nominations.
5. To consider any other business which has been notified in writing to the Club not later than 5.00 pm Friday 27th November 2023.

**NOTE:** All directors were elected or appointed for a 2-year term in 2021 and will continue to serve until the 2023 AGM.



Nardi Beresford

Secretary

# President's Report to the Thirty Sixth Annual General Meeting of Port Macquarie Race Club

Monday 27<sup>th</sup> November 2023

I am pleased to submit my report on the Club's activities over the past year.

The Club conducted all 21 scheduled race meetings in the 2022/23 season together with an extra meeting on the 19 May which was transferred at short notice from Coffs Harbour. We were pleased to have our Cup Meeting run with no Covid restrictions which saw a large crowd attend. Most meetings for year were conducted on good and soft tracks and no meetings this year had to be abandoned or transferred.

The Operating Profit was a \$120,168 which represents an increase from last year's loss of \$15,481. The main contributing factor is that we were able to conduct our race meetings as normal with no Covid restrictions in place. This was extremely beneficial with our Cup Meeting, NYD and Easter Saturday which were all very well supported. We saw a significant increase in Bar and Catering Sales.

Our major projects have changed focus from the last report. The expansion of the Ivan Livermore Stand has been cancelled due to the restrictive cost blowout association with construction. This being over 100%.

Stables are now at Construction Certificate stage having been through an exhausting Development Application and subsequent Development Application Panel process which has held up construction for approximately 4 months. Expected start of construction for stables is early 2024 with completion of stage 1 in early June 2024.

Water security. To maintain a superior racing surface PMRC requires a ready supply of water at an affordable price. To this end we have installed 2 x 450mm inlet pipes to harvest as much storm water as possible and we are currently investigation installing bores to provide a further reliable water source., being the extension of the Ivan Livermore Stand and female jockeys rooms and the building of a new stable complex are travelling well through the relevant channels and we should see these continue to be completed by the end of next year.

Moving forward, the Club is endeavouring to provide the members, trainers, owners and racing public with a quality racecourse and facilities and to this end, we have installed upgraded irrigation to the sand track at a cost of \$28,300. This upgrade was necessary due to the high cost of maintaining the existing irrigation heads and their non reliability.

Continual staff training within the Club is an important aspect and this year we were able to send Craig Rice our Track Manager, to the Australian Racecourse Managers Association Conference in Cairns where he was able to meet other track managers and be educated in new ideas and practices in relation to track maintenance. We also sent Adam Kucera our Assistant Track Manager, to Sydney to participate in a 2 day course in relation to our Toro Watering System. The knowledge Adam gained from this course will be invaluable leading into summer, especially with a new racing surface to maintain.

With our new racing surface due to be ready for racing by June 2024, we look forward to being able to provide a superior racing surface to local, provincial and metropolitan trainers and horses, resulting in strong race fields in all weather, resulting in better wagering for the Club.

I would like to thank our major sponsor Carlton & United Breweries, as well as TAB, Schweppes, De Bortoli Wines, Stowe Australia, Steeline, John Oxley Motors, GemLife Rainbow Beach. McGuigan BMW, Fisher’s Plumbing Supplies, Master Builders Association, Birdon Group, Flower Hotels, Prime7 and others for their ongoing support during another trying year.

I thank Chief Executive Peter V’Landys AM, the RNSW Board and staff for their continued assistance and support for Port Macquarie Race Club and country racing in general. I also wish to acknowledge the Racing NSW Country Board & Executive Officer Brian Charman, the Mid North Coast Racing Association, and the Board Members & Executives of various Country & Provincial race clubs for their positive interactions with PMRC over the past 12 months. I would like to acknowledge the efforts of Many thanks also to my fellow Board members. I would like to acknowledge the efforts by outgoing CEO Michael Bowman whose efficient and responsible management of the Club placed us in good stead for years to come. Our incoming CEO Nardi Beresford had a good foundation to build on and has continued to grow the business and brings with her new and fresh ideas which will help see Port Macquarie Race Club continue to grow into the future. I thank our Racecourse Manager Craig Rice and his assistant Adam Kucera together with our outgoing Functions Co-ordinator Kylie Fletcher our Bar Manager Geoff Secombe, and all our part time and casual staff.

I take this opportunity to thank our long standing Chairman Greg Delaforce who has resigned from his position. Greg has been a member of the PMRC board for 24 years and has been instrumental in the success of the Club.

Finally, I express my appreciation to all our loyal members, as well as our raceday patrons, owners, trainers, strappers, jockeys, stewards & racing officials for their continued support of racing in Port Macquarie.



DAVID TODD

President

<b>TRACK</b>	<b>2022-23</b>	<b>2021-22</b>
GOOD	8	2
SOFT	9	9
HEAVY	5	9
TRANSFERRED	0	0
ABANDONED	0	1
<b>SCHEDULED TOTAL</b>	<b>22</b>	<b>21</b>

# Directors' Report

## PORT MACQUARIE RACE CLUB LTD

### For the year ended 30 June 2023

Your directors present this report on the company for the financial year ended 30th June 2023.

#### Directors

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

<b>Director</b>	<b>Appointment</b>	<b>Resigned</b>
Gregory Delaforce	9 April 2010	28 August 2023
Jamie Harrison	24 November 2008	
David Blanch	31 January 2011	
David Todd	8 December 2010	
Wayne Evans	27 July 2015	
John Fisher	27 July 2015	
Paul Ryan	30 April 2020	
Ronald Murray	30 April 2020	

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

#### Company Secretary

The following person held the position of company secretary at the end of the financial year:

- Nardi Beresford - appointment effective 28th October 2022.

#### Objectives

The main objective of the club is to promote horse racing activities in the local region and provide exemplary amenities and facilities for the members of the club and community.

#### Strategies Adopted for Achieving Objectives

To achieve the objectives of the company the following strategies have been adopted:

- Retain and engage suitably qualified and experienced employees to provide the best possible service and maintain the club's facilities;
- Offer high quality and reasonably priced meals and beverages at functions and race meetings;
- Annual development of a financial budget and monthly monitoring of financial performance and financial position to ensure the club operates within its financial capabilities.

#### Principal Activities

The principal activities of the company during the financial year were the operation of a horse racing club. The company also continues its catering facilities for functions held on the premises. No significant change in the nature of these activities occurred during the year.

The profit and cash flows generated from the company's principal activities were utilised in achieving the company's objectives.

**Operating Results**

The profit of the company for the financial year amounted to \$120,168. The result represents an increase of \$135,649 when compared to the loss of \$15,481 for the previous financial year. Note that the profit showing above is the profit showing on the income statement of \$181,893 less the non-operating extraordinary items of \$61,725.

**Review of Operations**

A review of the operations of the company for the financial year and the results of those operations are as follows:

The Club had 21 race meetings scheduled for the year.

**Bar Trading**

Bar sales increased from \$196,417 in 2022 to \$422,749 in 2023. The gross profit percentage in 2022 was 57.14% and in 2023 it was 65.44%.

**Catering Trading**

Catering sales increased from \$143,135 in 2022 to \$223,263 in 2023. The gross profit percentage in 2022 was 47.64% and in 2023 it was 34.56%.

**After Balance Date Events**

The directors are not aware of any after balance date events as at the reporting date.

**Auditor’s Independence Declaration**

A copy of the lead auditor’s independence declaration as required under section 307C of the Corporations Act 2001 has been received and is included in this financial report.

**Dividends**

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

**Proceedings on Behalf of Company**

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a part of any proceedings during the year.

**Directors Particulars**

The following statement of information on the current directors has been prepared in accordance with the Corporations Act 2001.

<b>Directors</b>	<b>Qualification</b>	<b>Experience</b>	<b>Special Responsibilities</b>
Gregory Delaforce	Retired	Previously 25 years as Director	MNCRA Chairman
Jamie Harrison	Business Owner Manager	12 years as Director	Director
David Blanch	Real Estate Agent	10 year 5 months as Director	Director
David Todd	Business Owner	10 year 7 months as Director	Appointed President
Wayne Evans	Retired Magistrate	6 year 3 Months as a Director	Independent Director
John Fisher	Business Owner	5 year 3 months as Director	Appointed Vice President
Paul Ryan	Retired Media Executive	2 Year 2 months	Independent Director
Ronald Murray	Retired	2 Year 2 months	Independent Director

## Remuneration Report

No remuneration is paid to any director of the company. All duties are performed on a strict voluntary basis.

## Meetings of Directors

During the financial year 23 meetings of directors were held and attendance by each Director during the year was as follows:

Directors	Eligible Number of Meetings	Number Attended
Gregory Delaforce	23	23
Jamie Harrison	23	13
David Blanch	23	21
David Todd	23	15
Wayne Evans	23	20
John Fisher	23	19
Paul Ryan	23	22
Ronald Murray	23	20

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum amount of \$10 each towards meeting any outstanding obligations of the company. At 30 June 2023 the total amount that members of the company are liable to contribute if the company is wound up is \$1,840 (2022 \$2,010)

The Directors confirm having received a statement from each member of the board to the effect that no transaction has been entered into, by them, or their business, that was not entered into under normal commercial trading terms. The lead auditor's independence declaration for the year ended 30 June 2023 has been received and can be found on page 9 of the financial report.

Signed in accordance with a resolution of the Board of Directors:



**Director**  
David Todd

Dated this 14th day of November 2023



**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER S 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF PORT MACQUARIE RACE CLUB LIMITED**

In accordance with section 307C of the Corporations Act 2001, we are pleased to provide the following declaration of independence to the directors of Port Macquarie Race Club Limited.

As the lead audit partner for the audit of the financial report of Port Macquarie Race Club Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

**Dated this 14<sup>th</sup> day of November 2023**

**MCCARTHY SALKELD  
AUDIT PTY LTD**



**Jane Perry FCA JP**

**Ground Floor, Suite 3  
410 Church Street  
North Parramatta NSW 2151**

# Statement of Profit or Loss and Other Comprehensive Income

PORT MACQUARIE RACE CLUB LTD

For the year ended 30 June 2023

	Note	2023 \$	2022 \$
<b>Income</b>			
Bar, Catering & Race Book Revenue		646,012	339,552
<b>Total Income</b>		<b>646,012</b>	<b>339,552</b>
<b>Cost of Goods Sold</b>			
Opening Inventories		31,897	31,990
Purchases		337,245	159,037
Closing Inventories		(19,609)	(31,897)
<b>Total Cost of Goods Sold</b>		<b>349,533</b>	<b>159,130</b>
<b>Gross Profit</b>	1	<b>296,479</b>	<b>180,422</b>
<b>Other Income</b>			
Admissions		88,123	43,697
Betting Income		6,326	7,986
Nominations & Acceptances		26,738	31,375
Sundry Racing Income		510,119	495,562
Non-racing Income		222,874	89,667
Racing NSW Distribution		5,211,631	4,422,867
<b>Total Other Income</b>		<b>6,065,811</b>	<b>5,091,154</b>
<b>Total Income</b>		<b>6,362,291</b>	<b>4,837,156</b>
<b>Expenses</b>			
Administration Expenses		504,900	336,523
Depreciation & Amortisation Expenses		188,361	181,570
Finance Costs		2,633	423
Function Expenses		58,277	35,210
Prize Money & Rebates		4,284,487	3,699,502
Racecourse Maintenance Expenses		630,752	625,601
Race Day Expenses		572,714	408,228
<b>Total Expense</b>		<b>6,242,124</b>	<b>5,287,057</b>
<b>Operating Profit / (Loss)</b>		<b>120,168</b>	<b>(15,481)</b>
<b>Other Comprehensive Income</b>			
Crown Reserve Infrastructure Grant		61,725	89,679
<b>Total Other Comprehensive Income</b>		<b>61,725</b>	<b>89,679</b>
<b>Net Profit</b>		<b>181,893</b>	<b>74,198</b>

# Statement of Financial Position

PORT MACQUARIE RACE CLUB LTD

As at 30 June 2023

	Note	2023 \$	2022 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash & cash equivalents	2	1,201,088	985,735
Trade & other receivables	4	306,259	289,479
Inventories	3	19,609	31,897
Other Assets	6	343,208	289,432
<b>Total Current Assets</b>		<b>1,870,164</b>	<b>1,596,543</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	5	1,148,334	1,298,876
Stable Development		138,063	76,698
Race Fields Capital Works		3,640,511	3,640,511
Right of Use Assets	13	1,728	4,032
Borrowing Cost		468	587
<b>Total Non-Current Assets</b>		<b>4,929,104</b>	<b>5,020,703</b>
<b>Total Assets</b>		<b>6,799,268</b>	<b>6,708,118</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	7	683,557	678,094
Provisions	9	113,081	112,301
Lease Liability	14	1,894	2,428
Hire Purchase Loans		8,830	8,333
<b>Total Current Liabilities</b>		<b>807,362</b>	<b>801,156</b>
<b>Non-Current Liabilities</b>			
Provisions	9	11,755	7,107
Lease Liability	14	-	1,894
Hire Purchase Loans		29,836	38,667
<b>Total Non-Current Liabilities</b>		<b>41,591</b>	<b>47,668</b>
<b>Total Liabilities</b>		<b>848,953</b>	<b>1,013,894</b>
<b>Net Assets</b>		<b>5,950,316</b>	<b>5,768,422</b>
<b>Member Funds</b>			
Accumulated Funds		5,941,490	5,759,596
Reserves		8,826	8,826
<b>Total Member Funds</b>		<b>5,950,316</b>	<b>5,768,422</b>

## Statement of Changes in Member Funds

PORT MACQUARIE RACE CLUB LTD  
For the year ended 30 June 2023

	Accumulated Funds \$	General Reserve \$	Total \$
Balance as 1 July 2021	5,685,398	8,826	5,694,224
Profit (Loss) for the year	(15,481)	-	(15,481)
Total other Comprehensive Income	89,679	-	89,679
<b>Balance at 30 June 2022</b>	<b>5,759,596</b>	<b>8,826</b>	<b>5,768,422</b>
Balance as 1 July 2022	5,759,596	8,826	5,768,422
Profit (Loss) for the year	120,168	-	120,168
Total other Comprehensive Income	61,725	-	61,725
<b>Balance as 30 June 2023</b>	<b>5,941,489</b>	<b>8,826</b>	<b>5,950,316</b>

# Statement of Cash Flows

PORT MACQUARIE RACE CLUB LTD

For the year ended 30 June 2023

	Note	2023 \$	2022 \$
<b>Cash Flows from Operating Activities</b>			
Cash receipts from operations		6,627,717	5,357,349
Cash paid to suppliers and employees		(6,294,285)	(5,418,654)
Interest Received		4,237	945
Net Cash Provided By (Used In) Operating Activities	8	337,669	(60,361)
<b>Cash Flow from Investing Activities</b>			
Purchase of Property, Plant & Equipment		(117,893)	(128,005)
Payments towards Racecourse B Grass Development		-	(73,258)
Proceeds on sale of Property, Plant & Equipment		9,091	-
Net Cash Provided By (Used In) Investing Activities		(108,802)	(201,263)
<b>Cash Flow from Financing Activities</b>			
Repayment of Lease Liability		(13,513)	44,247
Net Cash Provided By (Used In) Financing Activities		(13,513)	44,247
Net Increase (Decrease) in Cash Held		215,354	(217,377)
Cash and cash equivalents at beginning of financial year		985,735	1,203,112
<b>Cash and cash equivalents at end of financial year</b>	<b>2</b>	<b>1,201,088</b>	<b>985,735</b>

# Notes to the Financial Statements

## PORT MACQUARIE RACE CLUB LTD

For the year ended 30 June 2023

### Summary of Significant Accounting Policies

The financial report is for the Port Macquarie Race Club Limited (the company), as an individual entity, incorporated and domiciled in Australia.

#### Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Simplified Disclosure of the Australian Accounting Standards Board and the *Corporations Act 2001*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

The financial statements, except for the cash flow information, have been prepared on an accrual basis, and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, and financial assets and financial liabilities. The amounts presented in the financial statements are in Australian Dollars and have been rounded to the nearest dollar.

The financial statements were authorised for issue on 17<sup>th</sup> November 2023 by the Board of Directors.

#### Accounting Policies

##### Income Tax

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

##### Property, Plant and Equipment

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

##### *Plant and equipment*

Plant and equipment are measured on a cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note on Impairment of Assets).

##### *Depreciation*

The depreciable amount of all fixed assets including buildings and capitalized leased assets, but excluding freehold land, are depreciated over their useful lives to the company commencing from the time the asset is held ready for use. Depreciation rates used for each class of depreciable asset are:

# Notes to the Financial Statements

## PORT MACQUARIE RACE CLUB LTD

For the year ended 30 June 2023

### Summary of Significant Accounting Policies (Cont.)

#### *Depreciation Rates*

10% - 25%	Bar Equipment
7.5% - 40%	Fixture & Fittings
15% - 25%	Motor Vehicles
6.67% - 50%	Plant & Equipment
2.5% - 25%	Structural Improvements
5% - 50%	Office Equipment
20%	Right of use asset

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

These gains or losses are recognised in profit or loss in the period in which they arise. Gains are not classified as revenue.

#### **Cash and Cash Equivalents**

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

#### **Inventories**

Inventories are carried at the lower of cost or net realisable value. Cost is based on the first-in, first out method and includes expenditure incurred in acquiring the inventories and bringing them to the existing condition and location.

#### **Leases**

At inception of a contract, the company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the company where the company is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the company uses the incremental borrowing rate.

# Notes to the Financial Statements

## PORT MACQUARIE RACE CLUB LTD

For the year ended 30 June 2023

### Summary of Significant Accounting Policies (Cont.)

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

### Financial Instruments

#### *Initial Recognition and Measurement*

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

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified as at “fair value through profit & loss”, in which case transaction costs are expensed to profit or loss immediately.

#### *Classification and Subsequent Measurement*

##### *Financial liabilities*

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.
- A financial liability is measured at fair value through profit or loss if the financial liability is:
  - a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
  - held for trading; or
  - initially designated as at fair value through profit or loss.



# Notes to the Financial Statements

## PORT MACQUARIE RACE CLUB LTD

For the year ended 30 June 2023

### Summary of Significant Accounting Policies (Cont.)

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

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense over in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit-taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

### *Financial assets*

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

# Notes to the Financial Statements

## PORT MACQUARIE RACE CLUB LTD

For the year ended 30 June 2023

### Summary of Significant Accounting Policies (Cont.)

A financial asset that meets the following conditions is subsequently measured fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The company initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

### *Equity instruments*

At initial recognition, as long as the equity instrument is not held for trading or is not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the company can make an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the company’s accounting policy.

### *Derecognition*

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

### *Derecognition of financial liabilities*

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial

# Notes to the Financial Statements

## PORT MACQUARIE RACE CLUB LTD

For the year ended 30 June 2023

### Summary of Significant Accounting Policies (Cont.)

modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### *Derecognition of financial assets*

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the company no longer controls the asset (i.e. has no practical ability to make unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which the company elected to classify under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

#### *Impairment*

- The company recognised a loss allowance for expected credit losses on:
- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amount due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The company used the following approaches to impairment, as applicable under AASB 9:

# Notes to the Financial Statements

## PORT MACQUARIE RACE CLUB LTD

For the year ended 30 June 2023

### Summary of Significant Accounting Policies (Cont.)

- the general approach;
- the simplified approach;
- the purchased or originated credit-impaired approach; and
- low credit risk operational simplification.

#### *General approach*

Under the general approach, at each reporting period, the company assesses whether the financial instruments are credit-impaired, and:

- if the credit risk of the financial instrument has increased significantly since initial recognition, the company measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- if there is no significant increase in credit risk since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

#### *Simplified approach*

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of its customer base, appropriate groupings of its historical loss experience, etc).

#### *Purchased or originated credit-impaired approach*

For financial assets that are considered to be credit-impaired (not on acquisition or originations), the company measured any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);
- a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- the likelihood that the borrower will enter bankruptcy or other financial re-organisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

# Notes to the Financial Statements

## PORT MACQUARIE RACE CLUB LTD

For the year ended 30 June 2023

### Summary of Significant Accounting Policies (Cont.)

#### *Low credit risk operational simplification approach*

If a financial asset is determined to have low credit risk at the initial reporting date, the company assumed that the credit risk has not increased significantly since initial recognition and, accordingly, can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the company applied its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or relative to the credit risk of the jurisdiction in which it operates.

#### *Recognition of expected credit losses in financial statements*

At each reporting date, the company recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit and loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

### **Impairment of assets**

At the end of each reporting period, the company reviews the carrying values of its tangible and intangible assets 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 assets carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an assets class, the company estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

# Notes to the Financial Statements

## PORT MACQUARIE RACE CLUB LTD

For the year ended 30 June 2023

### Summary of Significant Accounting Policies (Cont.)

#### Employee Benefits

##### *Short-term employee benefits*

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

##### *Long-term employee benefits*

The company classifies employees' long service leave as long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the company's obligation for other long-term employee benefits, which are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

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

The award applied to some casual staff of the company makes allowance for annual leave and long service leave.

Contributions are made by the company to an employee superannuation fund and are charged as expenses when incurred.

#### Provisions

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

#### Trade and Other Receivables

Trade and other debtors include amounts due from members as well as amounts receivable from customers for goods sold. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

#### Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the company during the reporting period which remains unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days.

# Notes to the Financial Statements

## PORT MACQUARIE RACE CLUB LTD

For the year ended 30 June 2023

### Summary of Significant Accounting Policies (Cont.)

#### Revenue and Other Income

The company is first required to determine whether amounts received are accounted for as Revenue per AASB 15: Revenue from Contracts with Customers or Income per AASB 1058: Income of Not-for-Profit Entities.

Funding arrangements which are enforceable and contain sufficiently specific performance obligations are recognised as revenue under AASB 15. Otherwise, such arrangements are accounted for under AASB 1058, where upon initial recognition of an asset, the company is required to consider whether any other financial statement elements should be recognised (eg financial liabilities representing repayable amounts), with any difference being recognised immediately in profit or loss as income.

#### *Operating Grants*

When the company received operating grant funding, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB15.

When both these conditions are satisfied, the company:

- identifies each performance obligations relating to the grant;
- recognises a contract liability for its obligations under the agreement; and
- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the company:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards;
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions); and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

#### *Contributed Assets*

The company receives assets from the government and other parties for nil or nominal consideration in order to further its objectives. These assets are recognised in accordance with the recognition requirements of other applicable accounting standards (eg AASB 9, AASB 16, AASB 116 and AASB 138.)

On initial recognition of an asset, the company recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer).

The company recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

The company receives assets from the government and other parties for nil or nominal consideration in order to further its objectives.

# Notes to the Financial Statements

## PORT MACQUARIE RACE CLUB LTD

For the year ended 30 June 2023

### **Summary of Significant Accounting Policies (Cont.)**

These assets are recognised in accordance with the recognition requirements of other applicable accounting standards (eg AASB 9, AASB 16, AASB 116 and AASB 138.)

#### *Capital Grant*

When the company receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liability, financial instruments, provisions) recognised under other Australian Accounting Standards.

The company recognises income in profit or loss when or as the company satisfies its obligations under the terms of the grant.

#### *Interest Income*

Interest income is recognised using the effective interest method.

#### **Borrowing Costs**

Borrowing costs directly attribute to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

#### **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 expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

#### **Comparative figures**

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

#### **Critical accounting estimates and judgments**

The directors 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 based on current trends and economic data, obtained both externally and within the company.

#### *Key estimates – Impairment*

The company assesses impairment at the end of each reporting period by evaluating conditions specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.



# Notes to the Financial Statements

## PORT MACQUARIE RACE CLUB LTD

For the year ended 30 June 2023

### Summary of Significant Accounting Policies (Cont.)

#### General Reserve

This figure represents the net assets of the Port Macquarie Race Club transferred to the company at incorporation on 3 December 1986.

#### New and Amended Accounting Standards Adopted by the company

*AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments*

The company adopted AASB 2020-3 which makes some small amendments to a number of standards including the following: AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141.

The adoption of the amendment did not have a material impact on the financial statements.

*AASB 2021-7a: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*

AASB 2020-7a makes various editorial corrections to a number of standards effective for reporting periods beginning on or after 1 January 2022. The adoption of the amendment did not have a material impact on the financial statements.

	2023	2022
	\$	\$
<b>1. Bar &amp; Catering Revenue</b>		
<b>Gross Bar Profits</b>		
Bar Opening Inventories	(25,012)	(26,110)
Bar Sales – Functions	63,601	29,246
Bar Sales – Raceday	359,148	167,171
Bar Inventories Purchases	(174,371)	(83,092)
Bar Closing Inventories	12,830	25,012
<b>Total Gross Bar Profits</b>	<b>236,196</b>	<b>112,227</b>
<b>Gross Catering Profits</b>		
Catering Opening Inventories	(6,884)	(5,880)
Catering Rentals - Functions	83	-
Catering Sales – Functions	82,983	60,822
Catering Sales – Raceday	140,197	82,314
Catering Inventories Purchases	(162,874)	(75,945)
Catering Closing Inventories	6,779	6,884
<b>Total Gross Catering Profits</b>	<b>60,284</b>	<b>68,195</b>
<b>Total Bar &amp; Catering Revenue</b>	<b>296,480</b>	<b>180,422</b>

# Notes to the Financial Statements

## PORT MACQUARIE RACE CLUB LTD

For the year ended 30 June 2023

	2023	2022
	\$	\$
<b>2. Cash &amp; cash equivalents</b>		
<b>Current</b>		
<b>Cash at bank</b>		
CBA Term Deposits	210,090	209,320
CBA Project Account	467,381	535,286
Commonwealth Bank Account	121,313	9,128
Business online Saver	401,304	220,000
<b>Total Cash at bank</b>	<b>1,200,088</b>	<b>973,735</b>
<b>Cash on hand</b>		
Cash on Hand - Raceday Floats	1,000	12,000
<b>Total Cash on hand</b>	<b>1,000</b>	<b>12,000</b>
<b>Total Cash &amp; Cash Equivalents</b>	<b>1,201,088</b>	<b>985,735</b>
<b>3. Inventories</b>		
<b>Current</b>		
Inventories – Bar	12,830	25,012
Inventories – Catering	6,779	6,884
<b>Total Inventories</b>	<b>19,609</b>	<b>31,897</b>
<b>4. Trade &amp; Other Receivables</b>		
<b>Current</b>		
Racing NSW Clearing Account	193,395	244,233
Sundry Receivable	38,462	42,746
Other Debtors	74,402	2,500
<b>Total Trade &amp; Other Receivables</b>	<b>306,259</b>	<b>289,479</b>
<b>5. Property Plant and Equipment</b>		
<b>Motor Vehicles</b>		
Motor Vehicles at cost	75,887	93,213
Less Accumulated Depreciation	(32,337)	(33,425)
<b>Total Motor Vehicles</b>	<b>43,550</b>	<b>59,788</b>
<b>Structural Improvements</b>		
Structural Improvements at cost	454,942	446,441
Less Accumulated Depreciation	(205,669)	(181,727)
Race Fields Capital Works	794,010	794,010
Less Accumulated Depreciation	(130,130)	(134,692)
Racecourse Development	-	19,737
<b>Total Structural Improvements</b>	<b>913,153</b>	<b>943,769</b>

# Notes to the Financial Statements

## PORT MACQUARIE RACE CLUB LTD

For the year ended 30 June 2023

	2023 \$	2022 \$
<b>5. Property Plant and Equipment (Cont.)</b>		
<b>Plant and Equipment</b>		
Bar Equipment at cost	69,641	60,852
Less Accumulated Depreciation	(41,837)	(35,204)
Fixtures and Fittings at cost	42,687	43,250
Less Accumulated Depreciation	(33,098)	(30,578)
Plant & Equipment at cost	864,635	825,935
Less Accumulated Depreciation	(712,457)	(571,471)
Office Equipment at cost	12,773	12,746
Less Accumulated Depreciation	(10,712)	(10,211)
<b>Total Plant and Equipment</b>	<b>191,631</b>	<b>295,318</b>
<b>Total Property Plant and Equipment</b>	<b>1,148,334</b>	<b>1,298,876</b>

### 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:

2023	Motor Vehicles	Plant and Equipment	Structural Improvements	Total
	\$	\$	\$	\$
Balance at the beginning of the year	59,788	295,318	943,769	1,298,876
Additions at cost	-	48,147	8,501	56,648
Disposals	1,334	61	19,737	21,132
Depreciation expense	14,904	81,279	89,874	186,057
Carrying amount at the end of the year	43,550	262,125	842,659	1,148,334

	2023 \$	2022 \$
<b>6. Other Assets</b>		
<b>Current</b>		
Accrued Revenue	340,778	286,498
Prepayments	2,430	2,934
<b>Total Other Assets</b>	<b>343,208</b>	<b>289,432</b>

# Notes to the Financial Statements

## PORT MACQUARIE RACE CLUB LTD

For the year ended 30 June 2023

	2023 \$	2022 \$
<b>7. Trade &amp; Other Payables</b>		
<b>Current</b>		
Accrued Expenses	11,166	3,043
Corporate Card	904	-
Income in Advance	424,899	487,676
Employee Child Support Payable	25	11
GST	187,598	78,258
PAYG Withholdings Payable	6,875	11,045
Sponsorship in Advance	24,367	34,187
Superannuation Payable	3,930	7,099
Trade Payables	23,792	56,776
<b>Total Trade &amp; Other Payables</b>	<b>683,557</b>	<b>678,094</b>
<b>8. Reconciliation of cash flows from operations</b>		
Operating Result	181,893	74,198
<i>Non cashflow items in the profit and loss</i>		
Amortisation – borrowing costs	119	8
Depreciation	188,361	181,570
Interest Paid	2,633	421
Loss on write-off of plant and equipment	(19,798)	-
Gain on disposal of plant and equipment	(7,757)	-
<i>Change in assets and liabilities</i>		
Increase/(decrease) in Trade and Other Payables	68,240	(96,753)
Increase/(decrease) in Provisions	5,428	(22,977)
(Increase)/decrease in Inventories	12,288	94
(Increase)/decrease in Trade and Other Receivables	(71,060)	(103,971)
Increase/(decrease) in Deferred Revenue	(62,777)	(90,017)
Increase/(decrease) in Prepayments	503	(2,934)
<b>Net Cash provided by operating activities</b>	<b>337,669</b>	<b>(60,361)</b>
<b>9. Provisions</b>		
<b>Current</b>		
Employee Provisions - Annual Leave	37,242	35,982
Employee Provisions - Long Service Leave	75,839	76,319
<b>Total Current</b>	<b>113,081</b>	<b>112,301</b>
<b>Non-Current</b>		
Employee Provisions - Long Service Leave	11,755	7,107
<b>Total Non-Current</b>	<b>11,755</b>	<b>7,107</b>

# Notes to the Financial Statements

## PORT MACQUARIE RACE CLUB LTD

For the year ended 30 June 2023

### 9. Provisions (Cont).

	Employee Benefits	Total
<b>Analysis of total provisions</b>	\$	\$
Opening balance at 1 July 2022	119,408	119,408
Additional provisions raised during year	66,169	66,169
Amounts used	60,741	60,741
<b>Balance at 30 June 2023</b>	<b>124,836</b>	<b>124,836</b>

### 10. Related party disclosures

The following related party transactions occurred during the year:

Coastal Fire Protection \$2,842

Unless otherwise stated, all transactions with this related party were made on an arm's length basis and on commercial terms. Related party transactions is stated net of the amount of goods and services tax (GST).

### 11. Subsequent Events to Reporting Date

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

### 12. Contingent Assets or Liabilities

The directors have determined that that there are no contingent assets or liabilities except for the following:

1. Infrastructure Funding

i. Course Proper

The directors entered into an infrastructure funding deed for the redevelopment of the course proper in April 2015. The deed prescribed that Racing NSW would make available an amount up to \$3,700,000 to the company for the redevelopment of the course proper. The capital developments were completed during 2016 and total funding expended and capitalised on the project was \$3,618,581. Course Proper renovations were completed and the directors do not have any knowledge of the updated amount of the loan from Racing NSW due to Racing NSW managing the project.

ii. M Collins & Sons Court Case

As at the reporting date, the directors have not received confirmation on the settlement proceeds from Racing NSW in relation to the legal proceedings with M Collins & Sons (construction company used as part of the 2017 development of the Course Proper) for warranty claims made.

iii. B Grass Training Track

The directors entered into an infrastructure funding deed for the upgrade of the B Grass in January 2020. The deed prescribed that Racing NSW would make available an amount up to \$766,000 (excluding GST) to the company for this development. The capital improvements were completed during 2020 and the total funding expended and capitalised at 30<sup>th</sup> June 2020 was \$765,943.

# Notes to the Financial Statements

## PORT MACQUARIE RACE CLUB LTD

For the year ended 30 June 2023

### 12. Contingent Assets or Liabilities (Cont.)

The Club was provided with an unsecured, interest free, interminable loan from Racing NSW for the above developments totaling \$4,384,524.

The loan is only repayable if one or the following conditions are triggered:

- the company ceases to operate as horse racing club;
- the company merges, amalgamates or otherwise associates with any other race club without prior written consent from Racing NSW that any such event will breach the loan conditions;
- the company amends its governance structure without prior written consent from Racing NSW;
- the company conducts business activities in such a manner it becomes financially unstable or insolvent;
- the company disposes of land or other freehold property without the agreement of Racing NSW;
  
- the company is in material breach of any of its obligations, duties and functions under the funding agreement which has/cannot be remedied or be capable of remedy within the specified time of receiving a written breach notice from Racing NSW;

Whilst the repayment of the loan is contingent on the above conditions, the directors believe that this is unlikely to occur but have nevertheless treated the funds as a contingent liability at the reporting date.

#### 2. Bank Guarantee

As part of the development of the B Track in 2015, the Club entered into a bank guarantee with the construction company responsible for its development. The bank guarantee of \$73,703 is yet to be released due to ongoing issues with the track – post its development. During the 2021 financial year, the construction company requested the payout value of the bank guarantee.

The bank guarantee is the subject of an ongoing legal dispute but nevertheless payment of the guarantee is a contingent liability at reporting date for the company.

2023	2022
\$	\$

### 13. Right of Use Assets

The company's lease portfolio includes printing equipment. This lease has 5 years as its lease term and will expire on March 2024.

#### i) AASB 16 related amounts recognised in the balance sheet

##### Right of use assets

Leased equipment	10,945	10,945
Accumulated depreciation	(9,217)	(6,913)
Total Right of use asset	<b>1,728</b>	<b>4,032</b>
Movement in carrying amount:		
Opening Net Carrying Amount	4,196	6,742
Interest expense on lease liabilities	135	242
Addition to right-of-use asset	-	-
Depreciation expense	2304	2304
Net Carrying Amount	<b>1,757</b>	<b>4,196</b>

# Notes to the Financial Statements

## PORT MACQUARIE RACE CLUB LTD

For the year ended 30 June 2023

	Note	2023 \$	2022 \$
<b>13. Right of Use Assets (Cont.)</b>			
<b>ii) AASB 16 related amounts recognised in the statement of profit or loss</b>			
Depreciation charge related to right-of-use assets		2,304	2,304
Interest expense on lease liabilities		135	242
<b>iii) Total future lease payments at the end of the reporting period</b>			
No later than one year		1,894	2,428
Between 1 to 5 years		-	1,894
Greater than five years		-	-
<b>Total future lease payments</b>		<b>1,894</b>	<b>4,322</b>
<b>14. Auditors Remuneration</b>			
Remuneration of the auditor:			
– auditing or reviewing the financial statements		8,100	8,100
<b>15. Key Management Personnel Compensation</b>			
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) of that company, is considered key management personnel (KMP).			
The totals of remuneration paid to KMP of the company during the year are as follows:			
– KMP compensation		188,811	148,638
<b>16. Financial Risk Management</b>			
The company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivables and payable, and lease liabilities.			
The carrying amounts for each category of financial instruments, measured in accordance with AASB9: Financial Instruments as detailed in the accounting policies to these financial statements, are as follows:			
<b>Financial assets</b>			
Financial assets at amortised cost:			
- cash and cash equivalents	2	1,201,088	985,735
- trade and other receivables	4	647,037	289,479
<b>Total financial assets</b>		<b>1,848,125</b>	<b>1,275,214</b>
<b>Financial liabilities</b>			
Financial liabilities at amortised cost:			
- trade and other payables	7	683,557	678,094
- lease liabilities		1,894	4,322
<b>Total financial liabilities</b>		<b>685,451</b>	<b>682,416</b>

# Notes to the Financial Statements

## PORT MACQUARIE RACE CLUB LTD

For the year ended 30 June 2023

### **17. Members' Guarantee**

---

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each members is required to contribute a maximum of \$2 each towards meeting any outstanding obligations of the company. As at 30 June 2023, the number of members was 184 (2022:2021).

### **18. Company details**

---

The registered office is situated care of:  
Skybridge Financial Port Macquarie Pty Ltd  
1-28 Gore Street, Port Macquarie NSW 2444.

The principle place of business is:  
Port Macquarie Race Club Limited  
Port Macquarie Race Course,  
283 Oxley Highway, Port Macquarie NSW 2444



# Directors' Declaration

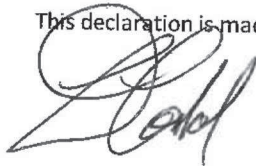
PORT MACQUARIE RACE CLUB LTD

For the year ended 30 June 2023

In accordance with a resolution of the Directors of Port Macquarie Race Club Limited, the Directors of the company declare that:

1. In the Directors' opinion, the financial statements and notes:
  - a) comply with *Australian Accounting Standards – Simplified Disclosures* (including *Australian Accounting Interpretations*) and the *Corporations Regulations 2001*; and
  - b) give a true and fair view of the financial position as at 30 June 2023 and performance for the year ended of the company,
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



David Todd  
Director

Dated this 14th day of November 2023

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF PORT MACQUARIE RACE CLUB LIMITED**

**Report on the Audit of the Financial Report**

**Opinion**

We have audited the financial report of Port Macquarie Race Club Limited (the company), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of Port Macquarie 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 2023 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Simplified Disclosures and the *Corporations Regulations 2001*.

**Basis for Opinion**

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

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

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

**Emphasis of Matter**

We draw attention to the following:

1. the summary of significant accounting policies in the Notes to the financial report, which describes the basis of accounting. The financial report has been prepared to satisfy the requirements of the company's financial reporting under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose; and
2. Note 12 to the financial report, which describes the contingent assets and liabilities that the directors are aware of as at the reporting date. We were unable to obtain sufficient and appropriate audit evidence to ascertain the value and updated loan arrangements with Racing New South Wales Ltd in relation to the redevelopment of the Course Proper as at the reporting date.

Our opinion is not modified in respect of the above matters.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PORT MACQUARIE RACE CLUB LIMITED**

### **Information Other than the Report and Auditor's Report Thereon**

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF PORT MACQUARIE RACE CLUB LIMITED**

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern
  
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
  
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the company's audit. We remain solely responsible for our audit opinion.

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.

**Dated this 14<sup>th</sup> day of November 2023 at North Parramatta**

**McCARTHY SALKELD  
AUDIT PTY LTD**



**Jane Perry FCA JP**

**Ground Floor, Suite 3  
410 Church Street  
North Parramatta NSW 2151**