PORT MACQUARIE
RACE CLUB

Annual Report
&
Financial Statements

Year ended 30 June 2024

Annual General Meeting
Monday 13th January 2024 at 7:00pm

Port Macquarie Race Club Limited

ABN 80 003 188 252

Financial Report

For the Year Ended 30 June 2024

Contents

Agenda

PORT MACQUARIE RACE CLUB LTD

For the year ended 30 June 2024

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 13th January 2025 at 7:00 pm

Business:

1. To receive and confirm the minutes of the last annual general meeting held on the 13th of January 2025.
2. To receive and consider the President's report.
3. To receive and consider the Financial Report for the year ended 30 June 2024.
4. To confirm the Board of Directors for the ensuring year – all directors were elected or appointed for a two-year term in 2025 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 20th December 2024.

NOTE: All directors were elected or appointed for a 2-year term in 2023 and will continue to serve until the 2025 AGM.

NBeresford.

Nardi Beresford

Secretary

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

Monday 13th January 2025

It is with much pleasure that a small profit was resulted for financial year 2023/4. The race club's ability to generate income was greatly reduced during this period due to there being no racing whilst the track was being redeveloped. The financials reflect a true and accurate account of the clubs 2023/4 accounts.

The club during the 2023/4 financial period had to cease racing due to the redevelopment works to the course proper. These works were essential to the ongoing viability of racing in Port Macquarie and of significant value to racing in the Mid North Coast providing a racing surface that can deal with multiple weather conditions.

Racing NSW through their contractors Evergreen have delivered an exceptional sand-based racetrack. It is only early days on the course proper but already has shown us plenty of signs that the grass and root system have knitted and has also its ability to drain water effectively.

Whilst the racing was suspended, and the revenue was lean it didn't stop the race club through the good management of the CEO and the prudence of the board from responsibly developing items of safety and progress.

Examples of these items are:

1. The CEO with the approval of the board introduced new caterers to the race club. CharBar through negotiations were engaged to perform this role. The purpose to vastly improved race day and event experience utilizing a professional catering team. Towards the end of the financial year a couple of private events were held catered by CharBar with the results being very polished and professional, presenting a high standard of food served.

2. New tap and go eftpos systems were introduced at the bars to enhance the efficiency of the bar and staff by reducing wait times and cash management. These have proved to be a success with the members and patron adopting them.

3. The buildings were painted externally. These works were performed by the board members with the assistance of painting contractors which vastly decreased the cost of the improvements.

4. A new concrete ramp with disability compliance was needed to be installed due to the deterioration of the existing pathway that lead from the roadway past the Clydedale Room which was deemed unsafe due to the trip hazards it presented.

5. The trees that were next to the saddling enclosure presented a safety risk to patrons and racing staff and it was decided they had to be removed. This is now our presentation podium for major race events. It also provides greater viewing for the patrons to the horses parading before and after the race.

6. The Ivan Livermore Stand has had improvements to the bar and what used to be the bistro resulting in a more modernized and cleaner area. New curtains and some flooring upgrades have helped to make the stand brighter and more inviting to the members and patrons as well as potential events.

7. The stables project has now successfully been granted development approval and is progressing with the acquisition of fill.

8. Replacement of the big screen in betting ring. Due to the age of the existing big screen it was deemed not viable to repair damaged units. The cost to repair were significant and at its age were not viable. A new screen with new technology was sourced and installed providing patrons with a clearer and larger picture.

The future looks bright for the Port Macquarie Race Club with the successful refurbishment of the course proper, the ongoing "on course stables" and the improvement to the facilities for members this can only lead to a substantial increase in revenue from last financial year.

I would like to thank the members of Port Macquarie Race Club for their ongoing support, our loyal and long serving sponsors these being John Oxley Motors, Panthers Port Macquarie, Carlton United Breweries, Flower Hotels, DeBortoli Wines the board members for their unity and commitment, The CEO for her managerial expertise in financial and interpersonal skills, the Racetrack Manager and his team for their commitment in providing a safe and consistent racing platform and I would also like to greatly thank Racing NSW for their ongoing support and assistance.

DAVID TODD

President

Directors' Report

PORT MACQUARIE RACE CLUB LTD

For the year ended 30 June 2024

Your directors present this report on the company for the financial year ended 30th June 2024.

Directors

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

Director	Appointment	Resigned
Gregory Delaforce	9 April 2010	27 October 2023
John Fisher	27 July 2015	30 August 2024
Jamie Harrison	24 November 2008	
David Blanch	31 January 2011	
David Todd	8 December 2010	
Wayne Evans	27 July 2015	
Paul Ryan	30 April 2020	
Ronald Murray	30 April 2020	
Paul Burke	30 August 2024	
Christopher King	30 August 2024	

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 26th 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 loss of the company for the financial year amounted to $517,458. The results represent a decrease of $637,626 when compared to the profit of $120,168 for the previous financial year. Note that the profit showing above is the profit showing on the income statement of $14,186 less the non-operating extraordinary items of $531,644.

Review of Operations

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

There were no race meetings due to the Course being redeveloped during 2024 financial year.

Bar Trading

Bar sales decreased from $422,749 in 2023 to $23,436 in 2024. The gross profit percentage in 2023 was 65.44% and in 2024 it was 27.79%.

Catering Trading

Catering sales decrease from $223,263 in 2023 to $2,310 in 2024. The gross profit percentage in 2023 was 34.56% where gross loss in 2024 it was 368.90%.

Later in the financial year CharBar catering took over as contract caterers for the club.

After Balance Date Events

The directors are aware of the following events that occurred after the balance date as at the reporting date:

i. Club continues to be in legal dispute with prior contractors (on the Course Proper) and the mediation process is currently in process. There may be confidentiality issues that need to be met therefore disclousure it not possible
ii. Racing resumed in September 2024

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

The Club remains in an ongoing legal dispute with previous contractors regarding the Course Proper. The mediation process is currently underway, and due to potential confidentiality requirements, further disclosure is not possible at this time.

Directors Particulars

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

Directors	Qualification	Experience	Special Responsibilities
David Todd	Business Owner	11 year 7 months as Director	President
Jamie Harrison	Business Owner Manager	13 years as Director	Director
David Blanch	Real Estate Agent	11 year 5 months as Director	Director
Wayne Evans	Retired Magistrate	7 year 3 Months as a Director	Independent Director
Paul Ryan	Retired Media Executive	3 Year 2 months	Independent Director
Ronald Murray	Retired	3 Year 2 months	Independent Director
Paul Burke	Retired	10 Months	Independent Director
Christopher King	Retired	10 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 10 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	2	1
Jamie Harrison	10	7
David Blanch	10	10
David Todd	10	8
Wayne Evans	10	10
John Fisher	4	3
Paul Ryan	10	9
Ronald Murray	10	9
Paul Burke	6	6
Christopher King	6	6

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 entity. At 30 June 2024 the total amount that members of the company are liable to contribute if the company is wound up is $1,840 (2023 $1,840)

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 2024 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: 20th day of December 2024

McCarthy Salkeld
Audit

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 2024, 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 20th day of December 2024

McCARTHY SALKELD
AUDIT PTY LTD

Jane Perry FCA JP

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

Statement of Comprehensive Income

PORT MACQUARIE RACE CLUB LTD

For the year ended 30 June 2024

	Notes	2024	2023
Income			
Bar, Catering & Race Book Revenue		25,745	646,012
Total Income		**25,745**	**646,012**
Cost of Goods Sold			
Opening Inventories		19,609	31,897
Purchases		21,226	337,245
Closing Inventories		(13,081)	(19,609)
Total Cost of Goods Sold		**27,754**	**349,533**
Gross Profit / (Loss)	1	**(2,009)**	**296,479**
Other Income			
Admissions		-	88,123
Betting Income		-	6,326
Nominations & Acceptances		-	26,738
Sundry Racing Income		21,333	510,119
Non-racing Income		66,138	222,874
Racing NSW Distribution		377,902	5,211,631
Total Other Income		**465,373**	**6,065,811**
Total Income		**463,364**	**6,362,291**
Expenses			
Administration Expenses		299,356	504,900
Depreciation & Amortisation Expenses		181,292	188,361
Finance Costs		3,754	2,633
Function Expenses		6,453	58,277
Prize Money & Rebates		-	4,284,487
Racecourse Maintenance Expenses		473,611	630,752
Race Day Expenses		16,357	572,714
Total Expenses		**980,823**	**6,242,124**
Operating Profit / (Loss)		**(517,458)**	**120,168**
Other Comprehensive Income			
Crown Reserve Infrastructure Grant		109,803	61,725
Course Proper – Rectification Contribution		4,062,351	
Total Other Comprehensive Income		**4,172,154**	**61,725**
Other Expenses			
Impairment – Race Fields		3,640,511	-
Total Other Expenses		**3,640,511**	-
Net Profit		**14,186**	**181,893**

Statement of Financial Position

PORT MACQUARIE RACE CLUB LTD

As at 30 June 2024

	Notes	2024	2023
Assets			
Current Assets			
Cash & cash equivalents	2	942,542	1,201,088
Trade & other receivables	4	202,329	306,259
Inventories	3	13,081	19,609
Other Assets	6	1,680	343,208
Total Current Assets		**1,159,631**	**1,870,164**
Non-Current Assets			
Property, plant and equipment	5	5,454,203	4,926,908
Right of Use Assets	13	8,349	1,728
Borrowing Cost		1,644	468
Total Non-Current Assets		**5,464,196**	**4,929,104**
Total Assets		**6,623,827**	**6,799,268**
Liabilities			
Current Liabilities			
Trade and other payables	7	463,112	683,557
Provisions	9	82,084	113,081
Lease Liability	14	4,153	1,894
Hire Purchase Loans		16,168	8,830
Total Current Liabilities		**565,516**	**807,362**
Non-Current Liabilities			
Provisions	9	18,991	11,755
Lease Liability	14	5,191	-
Hire Purchase Loans		69,628	29,836
Total Non-Current Liabilities		**93,809**	**41,591**
Total Liabilities		**659,325**	**848,953**
Net Assets		**5,964,501**	**5,950,316**
Member Funds			
Accumulated Funds		5,955,675	5,941,490
Reserves		8,826	8,826
Total Member Funds		**5,964,501**	**5,950,316**

Statement of Changes in Member Funds

PORT MACQUARIE RACE CLUB LTD
For the year ended 30 June 2024

	Accumulated Funds	General Reserve	Total
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
Balance as 1 July 2023	**5,941,490**	**8,826**	**5,950,316**
Profit (Loss) for the year	(517,458)		(517,458)
Total other Comprehensive Income	531,643		531,643
Balance as 30 June 2024	**5,955,675**	**8,826**	**5,964,501**

Statement of Cash Flows

PORT MACQUARIE RACE CLUB LTD
For the year ended 30 June 2024

	Note	2024	2023
Cash Flow from Operating Activities			
Cash receipts from operations		967,186	6,627,717
Cash paid to suppliers and employees		(980,903)	(6,294,285)
Interest Received		13,945	4,237
Net Cash Provided By (Used In) Operating Activities	8	228	337,669
Cash Flow from Investing Activities			
Purchase of Property, Plant & Equipment		(311,791)	(117,893)
Payments towards Racecourse B Grass Development		-	-
Proceeds on sale of Property, Plant & Equipment		4,545	9,091
Borrowing Expenses		1,449	
Net Cash Provided By (Used In) Investing Activities		(308,695)	(108,802)
Cash Flow from Financing Activities			
Borrowings / (Repayment) of Lease Liability		50,824	(13,513)
Net Cash Provided By (Used In) Financing Activities		50,824	(13,513)
Net Increase (Decrease) in Cash Held		257,643	215,354
Cash at Beginning of the Year		1,201,088	985,735
Cash at End of the Year	2	**942,542**	**1,201,088**

Notes to the Financial Statements

PORT MACQUARIE RACE CLUB LTD

For the year ended 30 June 2024

Material Accounting Policies

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

Basis of Preparation

Port Macquarie Race Club Limited applies Australian Accounting Standards - Simplified Disclosure as set out in AASB 1060: *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities.*

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.*

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 have been rounded to the nearest dollar.

The financial statements were authorised for issue on 20th December 2024 by the Board of Directors.

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:

Depreciation Rate

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 Entity 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 Entity where the Entity 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 Entity uses the incremental borrowing rate.

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 Entity 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.

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.

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 entity 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 entity 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 entity'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 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 entity 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 entity 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 entity 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 entity used the following approaches to impairment, as applicable under AASB 9:

- 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 entity assesses whether the financial instruments are credit-impaired, and:

- if the credit risk of the financial instrument has increased significantly since initial recognition, the entity 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 entity 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 entity 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 reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the entity 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 entity 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 entity 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.

Employee Benefits

Short-term employee benefits

Provision is made in respect of the entity'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 entity 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 serfice. Provision is made for the entity'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 entity's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the entity 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.

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

Provisions

Provisions are recognised when the entity 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.

Revenue and Other Income

The Entity 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 Entity 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 entity 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 Entity:

- 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 Entity:

- 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 entity 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 Entity recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer).

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

The entity 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.)

Capital Grant

When the Entity 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 Entity recognises income in profit or loss when or as the Entity 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, period of finance 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.

The borrowing costs on funding of vehicles is amortised over 5 years.

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.

Key judgements - Employee Benefits

For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As the entity expects that all of its employees would use all of their annual leave entitlements earned during a reporting period before 12 months after the end of the reporting period, the entity believes that obligations for annual leave entitlements satisfy the definition of short-term employee benefits and, therefore, can be measured at the (undiscounted) amounts expected to be paid to employees when the obligations are settled.

Key estimates - depreciation rates of property, plant and equipment

The Company reviews the depreciation rates used for its assets at the end of each reporting period by evaluating the effective life of each asset and the expectation of its continued use in the Company. If the effective life of an asset is adjusted, the carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting

Policies and Definition of Accounting Estimates

The Entity adopted AASB 2021-2 which amends AASB 7, AASB 101, AASB 108 and AASB 134 to require disclosure of "'material accounting policy information" rather than "significant accounting policies"' in an entity's financial statements. It also updates AASB Practice Statement 2 to provide guidance on the application of the concept of materiality to accounting policy disclosures. The adoption of the amendment did not have a material impact on the financial statements.

AASB 2021-6: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards

AASB 2021-6 amends AASB 1049 and AASB 1060 to require disclosure of 'material accounting policy information' rather than "significant accounting policies" in an entity's financial statements. It also amends AASB 1054 to reflect the updated terminology used in AASB 101 as a result of AASB 2021-2. The adoption of the amendment did not have a material impact on the financial statements.

AASB 2022-7: Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards

AASB 2022-7 makes editorial corrections to various Australian Accounting Standards and AASB Practice Statement 2. It also formally repeals the superseded and redundant Australian Accounting Standards set out in Schedules 1 and 2 of this standard.

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

Account	2024	2023
1. Bar & Catering Revenue		
Gross Bar Profits		
Bar Opening Inventories	(12,830)	(25,012)
Bar Sales – Functions	23,436	63,601
Bar Sales – Raceday	-	359,148
Bar Inventories Purchases	(17,174)	(174,371)
Bar Closing Inventories	13,081	12,830
Total Gross Bar Profits	**6,512**	**236,196**
Gross Catering Profits		
Catering Opening Inventories	(6,779)	(6,884)
Catering Rentals - Functions	-	83
Catering Sales – Functions	2,310	82,983
Catering Sales – Raceday	-	140,197
Catering Inventories Purchases	(4,052)	(162,874)
Catering Closing Inventories	-	6,779
Total Gross Catering Profits	**(8,521)**	**60,284**
Total Bar & Catering Revenue	**(2,009)**	**296,480**

2. Cash & cash equivalents

For the purpose of the Statement of Cash Flows, cash includes cash on hand, cash at banks and investments in money market instruments. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items

Bank Accounts		
CBA Term Deposits	218,401	210,090
CBA Project Account	346,933	467,381
Commonwealth Bank Account	10,997	121,313
Business online Saver	362,211	401,304
Total Bank Accounts	**938,542**	**1,200,088**
Other Cash Items		
Cash on Hand - Raceday Floats	4,000	1,000
Total Other Cash Items	**4,000**	**1,000**
Total Cash & Cash Equivalents	**942,542**	**1,201,088**

3. Inventories

Inventories – Bar	13,081	12,830
Inventories – Catering	-	6,779
Total Inventories	**13,081**	**19,609**

4. Trade & other receivables

Racing NSW Clearing Account	112,015	193,395
Sundry Receivable	15,912	38,462
Other Debtors	74,402	74,402
Total Trade & Other Receivable	**202,329**	**306,259**

5. Property Plant and Equipment

Motor Vehicles		
Motor Vehicles at cost	119,672	75,887
Less Accumulated Depreciation	(37,092)	(32,337)

Total Motor Vehicles	**82,580**	**43,550**
Structural Improvements		
Structural Improvements at cost	561,843	454,942
Less Accumulated Depreciation	(230,975)	(205,669)
Race Fields Capital Works	794,010	794,010
Less Accumulated Depreciation	(189,469)	(130,130)
Race Fields Capital Works	-	3,640,511
Race Field Course Proper	4,062,351	-
Stable Development	247,866	138,063
Total Structural Improvements	**5,245,626**	**4,691,726**
Plant and Equipment		
Bar Equipment at cost	69,641	69,641
Less Accumulated Depreciation	(48,851)	(41,837)
Fixtures and Fittings at cost	51,269	42,687
Less Accumulated Depreciation	(35,432)	(33,098)
Plant & Equipment at cost	867,084	864,635
Less Accumulated Depreciation	(780,067)	(712,457)
Office Equipment at cost	10,820	12,773
Less Accumulated Depreciation	(8,467)	(10,712)
Total Plant and Equipment	**125,997**	**191,631**
Total Property Plant and Equipment	**5,454,203**	**4,926,908**

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:

2024	**Motor Vehicles $**	**Plant and Equipment $**	**Structural Improvements $**	**Total $**
Balance at the beginning of the year	43,550	262,125	4,621,233	**4,926,908**
Additions at cost	56,983	13,873	4,279,055	**4,349,911**
Disposals	3,857	668	3,640,510	**3,645,035**
Depreciation expense	14,097	78,839	84,645	**177,581**
Carrying amount at the end of the year	**82,579**	**196,491**	**5,175,133**	**5,454,203**

6. Other Assets

Accrued Revenue	-	340,778
Prepayments	1,680	2,430
Total Other Assets	**1,680**	**343,208**

7. Trade & Other Payables

Accrued Expenses	11,575	11,166
Corporate Card	-	904
Income in Advance	320,556	424,899
Employee Child Support Payable	-	25
Function Deposits	3,600	-
GST	73,109	187,598
PAYG Withholdings Payable	22,564	6,875
Sponsorship in Advance	-	24,367
Superannuation Payable	3,838	3,930
Trade Payables	27,871	23,792
Total Trade & Other Payables	**463,112**	**683,557**

8. Reconciliation of cash flows from operations

Operating Result	14,186	181893
Non cashflow items in the profit and loss		
Depreciation	181,292	188,361
Amortisation – borrowing costs	273	119
Interest Paid	3,754	2,633
Gain on Sale of PPE	(689)	(7,757)
Loss on sale of PPE	14,568	-
Loss on write off of PPE	3,640,511	(19,798)
RNSW contribution - capitalised	(4,062,351)	-
Movement in provisions for employee entitlements	(23,762)	-
Change in assets and liabilities		
Increase/(decrease) in Trade and Other Payables	(90,831)	68,240
Increase/(decrease) in Prepayments	750	503
(Increase)/decrease in Inventories	6,528	12,288
Increase/(decrease) in Provisions	-	5,428
(Increase)/decrease in Trade and Other Receivables	422,158	(71,060)
Increase/(decrease) in Other Debtors	22,550	-
Increase/(decrease) in Deferred Revenue	(128,709)	(62,777)
Net Cash provided by operating activities	**228**	**337,669**

9. Provisions

Current		
Employee Provisions - Annual Leave	30,938	37,242
Employee Provisions - Long Service Leave	51,146	75,839
Total Current	**82,084**	**113,081**
Non-Current		
Employee Provisions - Long Service Leave	18,991	11,755
Total Non-Current	**18,991**	**11,755**
Total Provisions	**101,074**	**124,836**

Analysis of total provisions	**Employee Benefits**	**Total**
Opening balance at 1 July 2023	119,408	119,408
Additional provisions raised during year	11,343	11,343
Amounts used	29,677	29,677
Balance at 30 June 2024	**101,074**	**101,075**

10. Related party disclosures

The following related party transactions occurred during the year:

Coastal Fire Protection $-

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:

a) Infrastructure Funding

a. 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.

In July 2024 the directors entered into a Cashflow Funding Deed with Racing NSW and Racing NSW Country. The deed prescribed that Racing NSW would provide Cashflow Funding for the Course Proper Reconstruction Works.

b. 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.

c. 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 30th June 2020 was $765,943.

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.

b) 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 entity.

13. Right of Use Assets

i) AASB 16 related amounts recognised in the balance sheet		
Right of use assets		
Leased equipment	18,554	10,945
Accumulated depreciation	(10,205)	(9.217)
Net Carrying Amount Right of use asset	**8,349**	**1,728**
ii) AASB 16 related amounts recognised in the statement of profit or loss		
Depreciation charge related to right-of-use assets	3,711	2,304
Interest expense on lease liabilities	415	135
Leased equipment:		
Opening Net Carrying Amount	1,757	4,196
Interest expense on lease liabilities	415	135
Addition to right-of-use asset	11,101	-
Depreciation expense	3,711	2,304
Net Carrying Amount	**8,732**	**1,757**

14. Capital and Leasing Commitments

Finance Lease Commitments		
Payable – Minimum Lease payments:		
— Not later than one year	4,153	1,894
— Later than one year and not later than five years	5,191	-
— Later than five years	-	-
Minimum Lease payments	**9,344**	**1,894**

The club has entered into 5-year agreement for printer lease, which will expire in Sept 2026.

15. 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

16. Auditors Remuneration

Remuneration of the auditor:		
– auditing or reviewing the financial statements	8,500	8,100

17. Key Management Personnel Compensation

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, is considered key management personnel (KMP).

The totals of remuneration paid to KMP of the entity during the year are as follows:		
– KMP compensation	104,288	103,821

18. Members' Guarantee

The entity is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the entity 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 entity. As at 30 June 2024, the number of members was 184 (2023:184).

19. Financial Risk Management

Financial assets	**Note**		
Financial assets at amortised cost:			
- cash and cash equivalents	2	942,542	1,201,088
- trade and other receivables	4	202,329	647,037
Total financial assets		**1,144,871**	**1,848,125**
Financial liabilities			
Financial liabilities at amortised cost:			
- trade and other payables	7	463,112	683,557

Directors Declaration

PORT MACQUARIE RACE CLUB LTD

For the year ended 30 June 2024

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

- The financial statements, comprising the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes to and forming part of the financial statements, are in accordance with the Corporations Act 2001; and
    1. comply with Accounting Standards – Reduced Disclosure Requirements; and
    2. give a true and fair view of the financial position as at 30th June 2024 and of the performance for the year ended on that date of the company.
- 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: 20th day of December 2024.

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 2024, 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 2024 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 2024, 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 20th day of December 2024 at North Parramatta

McCARTHY SALKELD
AUDIT PTY LTD

Jane Perry **FCA JP**

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