

ANNUAL REPORT



**FOR THE YEAR ENDING
30 JUNE 2020**

ABN 68 000 559 375



MUSWELLBROOK RACE CLUB LIMITED
NOTICE OF ANNUAL GENERAL MEETING

THURSDAY 12 NOVEMBER 2020 – 6.00PM
SILKS FUNCTION CENTRE

AGENDA

1. Present
2. Apologies
3. Confirmation of Minutes of AGM held on 12/10/19
4. Matters Arising – President's report
5. Financial Report
6. Adoption of Annual Reports, Balance Sheet, Auditors Report and Statement of Directors
7. Declaration of Directors
8. General Business
9. Meeting Close



PRESIDENTS REPORT 2020

The last 12 months at Muswellbrook Race Club have been some of the most challenging in recent memory. The Coronavirus has dealt significant negative effects to businesses including our club. We have however limited some of the effects because we been able to continue to hold race meetings and because of our previous good financial position. It was particularly disappointing to not have crowds attend our Muswellbrook Cup Day in March but the fact that we have continued to race all through the Pandemic is testament to the controls that Racing NSW put in place to keep everyone safe while still being able to continue operating.

It gives me great pleasure to report that despite the difficult year, we have posted a profit of \$274,044.84 This is an exceptional result under the circumstances and sets the club up for a promising start to the new financial year.

The overall operating profit is higher than that of the last financial year. While the obvious effects of Coronavirus included a significant reduction in wagering, as well as reduced Non-Race day revenue, the positive result was helped by Racing NSW Country and Muswellbrook Shire Council Grants for the Big Screen. The Jobkeeper and Cash Flow Boost scheme also offered great assistance, offsetting some of the revenue deficiencies. While cost reduction in some areas of race day expenditure were able to be achieved, the new and additional protocols and controls relating to Covid-19 added to the expenses.

Despite the challenges, we have continued to invest in our facilities to improve the race day experience for everyone, as well as upgrade some of our track maintenance equipment. In March, we completed the installation of a new 43 sqm big screen. This \$220,000 project had been in the pipeline for a long time well before COVID -19. It now provides a fantastic race day experience with the view to also use the screen for other community events when we can have larger numbers back on course. The funding for this screen was a joint venture between Muswellbrook Shire Council, Racing NSW Country and Muswellbrook Race Club and I would like to thank them for their continued support. Major track renovations, a new 102Hp Claas tractor and a new track supervisor building were also projects committed to in the last 12 months.

We are still committed to developing our existing facilities and building a first-class racing and function centre to not only benefit racing participants, but also the local community. While the funding for this project remains unconfirmed, we continue to discuss this project with Racing NSW with funding possibilities coming up soon. The Board have also elected to revisit the upgrade to our Pavilion area and will require State Government Funds to allow this to happen.

Our Gold Sponsors Club is now in its seventh year and while we expected the take-up of memberships to soften this year due to Covid-19, the response has been great so far with membership renewals and new businesses seeing the value in our club. We thank all our sponsors and look forward to the Gala Dinner in December.

With the uncertainty over the past 6 months, our Community Support program was put on hold during the year. The club is still very much committed to community support initiatives and we will look at a revised program in 2021.

I would like to take this opportunity to thank my fellow board members for their dedication and on behalf of the committee, plus our members, I wish to acknowledge and thank our fantastic staff at the Muswellbrook Race Club led by General Manager Duane Dowell. It is due to all their hard work the club has benefited and we have been able to reap the rewards of those efforts over the past 12 months.

Special thanks also to Racing NSW who are pivotal to the success of our club and who continue to show great innovation in raising the profile of country racing with further increases in prizemoney and exciting new concepts across the state.

It is due to all their efforts, plus trainers, strappers and everyone else involved in the running of the club who followed all the COVID-19 protocols, that we have been able to continue racing at Muswellbrook Race Club.

As you will know, our members area and Silks restaurant has been converted into the male jockey's room for the past 6 months and is likely to remain like this for the foreseeable future. I am really grateful to you, the members for your understanding, patience and loyalty during this COVID-19 period. Our membership has actually increased over the past 12 months, which shows what a special club we have which I am personally very proud to be a part of.

I am excited to see what we can achieve in 2020 and beyond.

John Sunderland - President

MUSWELLBROOK RACE CLUB LIMITED

A.B.N. 68 000 559 375

DIRECTORS REPORT

FOR THE YEAR ENDED 30 JUNE 2020

Your directors present this report on the company for the financial year ended 30 June 2020.

Directors

The names of the directors in office during the year were:

Name	Qualifications	Employment Service	Board Service	Board Meetings Attended	Board Meetings Held
W. Bedggood	General Manager Cressfield Stud	19 years	8 years	9	12
R. Googe	Grazier/Manager	47 years	9 years	11	12
J. McTaggart	Engineering Group Executive	17 years	9 years	7	12
C. March	Coal Plant Manager (Ceased 21/08/2019)	7 years	5 years	0	1
H. Parry	Mining Operations Manager	20 years	2 years	9	12
R. Peasley	Registered Land Surveyor	25 years	8 years	8	12
J. Rodger	Veterinary Surgeon	50 years	16 years	9	12
J. Sunderland	General Manager Godolphin Woodlands	18 years	10 years	12	12

The company secretary as at the date of this report is Duane Dowell.

Operating Results

The profit for the year ended 30 June 2020 was \$274,044.84. The profit for the prior year was \$71,250.81. The current year profit included Job Keeper and Cash Flow Boost payments totalling \$149,500.00 as well as Country Racing Development Funding of \$50,000.

Principal Activities

The principal activities of the company during the financial year were the provision of regional horse training and racing facilities and amenities for members and patrons.

No significant change in the nature of these activities occurred during the year.

Short-Term and Long-Term Objectives

The company's short-term objectives are to:

- Continue maintaining and improving the track, thereby providing the best possible incentive for
- Continue providing and improving facilities for patrons.
- Continue providing higher than average returns to racehorse owners.
- Increase and improve the Gold Sponsors Club initiative.
- Pursue the goals outlined in the 2017 to 2021 strategic plan.
- Provide a high class and efficient racing and training facility.
- Increase membership by offering a pleasant and cost-effective racing experience.
- Continue with plans for the expansion of the racing and function centre.
- Continue the club's focus on community support.

The company's long-term objectives are to:

- Ensure Muswellbrook Race Club Limited continues to be one of the most successful country race clubs in New South Wales with a great reputation for quality racing, facilities and experiences.
- Continue the growth of the Muswellbrook Cup Day and associated events to attract visitors into the area benefitting the wider community.
- Be the Upper Hunter's first choice for events and functions.

MUSWELLBROOK RACE CLUB LIMITED

A.B.N. 68 000 559 375

DIRECTORS REPORT

FOR THE YEAR ENDED 30 JUNE 2020

Strategies

To achieve these objectives, the company has adopted the following strategies:

- A strict financial programme is in place to eliminate waste and make day to day procedures cost effective.
- Employ and invest in experienced staff to administer and manage growth.
- A focus on sustainability to continue financial stability.
- Continue to upgrade grounds and facilities to encourage public participation in racing and events.
- Develop robust marketing strategies to remain relevant to the general public.
- The Board of Directors is working together to make both short-term and long-term objectives a reality.

Key Performance Measures

The company measures its performance by:

- Benchmarking set by Racing NSW.
- Comparison to budget.
- Increased turnover.
- Increased field sizes.
- Bar and non-racing events profit.
- Sponsorship support.
- Ability to achieve the goals set out in the 2017 to 2021 Strategic Plan.

The effectiveness of these measures will be seen as:

- The club continues its strong financial position.
- Trainers, owners and the betting public come to Muswellbrook knowing they can rely on the best racing facilities being available in country racing.
- There will be a visible improvement in field sizes, attendance and turnover for the club.

Silks Facility

The Board has continued to invest in planning the renovation and expansion of the current Silks administration and function building project.

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 member is required to contribute a maximum of \$2 each towards meeting any outstanding obligations of the company. At 30 June 2020, the total amount that members of the company are liable to contribute if the company is wound up is \$382 (2019: \$360).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on the following page of the financial report.

This directors' report is signed in accordance with a resolution of the Board of Directors.

R. K. Googe

Director

20 October 2020

Muswellbrook



Davies, Thompson & Wright

ABN 70 340 182 044

CHARTERED ACCOUNTANTS

PARTNERS

Timothy G. Looby	B.Ec. Dip.Fin.Man. C.A.
Tracey L. Lawler	B.Comm. C.A.
Scott P. Collins	B.Comm./B.Econ. C.A.

60 Brook Street
PO Box 128
Muswellbrook NSW 2333

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**AUDITORS' INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
MUSWELLBROOK RACE CLUB LIMITED**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Muswellbrook Race Club Limited. As the lead audit partner for the audit of the financial report of Muswellbrook Race Club Limited for the year ended 30 June 2020, 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.

Name of Firm: Davies Thompson & Wright
Chartered Accountants

Name of Partner: T. L. Lawler
Tracey L Lawler

Address: 60 Brook Street, MUSWELLBROOK NSW 2333

20 October 2020



MUSWELLBROOK RACE CLUB LIMITED

A.B.N. 68 000 559 375

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
Racing Revenue	2	4,991,538.30	4,907,394.07
Cost of Goods Sold		(34,109.26)	(46,427.10)
Gross Profit on Trading		4,957,429.04	4,860,966.97
Grants and Interest Revenue	2	163,114.36	23,497.87
Other Income	2	331,502.77	162,808.63
Prize Money Expense		(3,474,076.31)	(3,250,025.99)
Employee Benefits Expense		(755,820.86)	(719,893.03)
Racecourse Maintenance Expense		(189,832.61)	(210,445.31)
Depreciation and Amortisation Expense		(139,798.00)	(126,296.00)
Other Expenses		(618,473.55)	(669,362.33)
PROFIT/(LOSS) BEFORE INCOME TAX	3	274,044.84	71,250.81
Income Tax Expense	4	-	-
PROFIT/(LOSS) FOR THE YEAR		274,044.84	71,250.81
OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		274,044.84	71,250.81

The accompanying notes form part of these financial statements

MUSWELLBROOK RACE CLUB LIMITED

A.B.N. 68 000 559 375

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	1,189,627.34	1,182,439.63
Trade and other receivables	7	81,611.81	24,441.22
Inventories	8	11,802.59	26,391.93
Other assets	9	388,340.22	333,864.90
TOTAL CURRENT ASSETS		1,671,381.96	1,567,137.68
NON-CURRENT ASSETS			
Property, plant and equipment	10	4,807,921.61	4,582,670.15
TOTAL NON-CURRENT ASSETS		4,807,921.61	4,582,670.15
TOTAL ASSETS		6,479,303.57	6,149,807.83
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	126,760.81	120,053.43
Borrowings	12	17,981.31	2,536.60
Provisions	13	49,917.78	53,739.15
Income received in advance	14	1,100.00	4,140.90
TOTAL CURRENT LIABILITIES		195,759.90	180,470.08
NON-CURRENT LIABILITIES			
Borrowings	12	484,538.48	463,187.74
Provisions	13	73,151.42	54,341.08
TOTAL NON-CURRENT LIABILITIES		557,689.90	517,528.82
TOTAL LIABILITIES		753,449.80	697,998.90
NET ASSETS		5,725,853.77	5,451,808.93
EQUITY			
Reserves	15	78,111.53	78,111.53
Retained earnings		5,647,742.24	5,373,697.40
TOTAL EQUITY		5,725,853.77	5,451,808.93

The accompanying notes form part of these financial statements

MUSWELLBROOK RACE CLUB LIMITED

A.B.N. 68 000 559 375

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	RETAINED EARNINGS	RESERVES	TOTAL
	\$	\$	\$
Balance at 1 July 2018	5,302,446.59	78,111.53	5,380,558.12
Total comprehensive income for the year	<u>71,250.81</u>	<u>-</u>	<u>71,250.81</u>
Balance at 30 June 2019	5,373,697.40	78,111.53	5,451,808.93
Total comprehensive income for the year	<u>274,044.84</u>	<u>-</u>	<u>274,044.84</u>
Balance at 30 June 2020	<u>5,647,742.24</u>	<u>78,111.53</u>	<u>5,725,853.77</u>

The accompanying notes form part of these financial statements

MUSWELLBROOK RACE CLUB LIMITED
A.B.N. 68 000 559 375

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
		INFLOWS (OUTFLOWS)	INFLOWS (OUTFLOWS)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operations		5,335,626.99	5,058,815.85
Payments to suppliers and employees		(5,035,563.03)	(4,868,976.17)
Interest received		13,114.36	20,947.87
Interest paid		(463.87)	(11.34)
NET CASH FLOWS FROM OPERATING ACTIVITIES	5	<u>312,714.45</u>	<u>210,776.21</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(365,049.46)	(72,763.79)
Proceeds from sale of property, plant and equipment		22,727.27	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		<u>(342,322.19)</u>	<u>(72,763.79)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(13,789.90)	-
Loan funding received		50,585.35	29.93
NET CASH FLOWS FROM FINANCING ACTIVITIES		<u>36,795.45</u>	<u>29.93</u>
NET INCREASE/(DECREASE) IN CASH HELD		7,187.71	138,042.35
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		<u>1,182,439.63</u>	<u>1,044,397.28</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	5	<u>1,189,627.34</u>	<u>1,182,439.63</u>

The accompanying notes form part of these financial statements

MUSWELLBROOK RACE CLUB LIMITED

A.B.N. 68 000 559 375

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

The financial statements are for Muswellbrook Race Club Limited as an individual company, incorporated and domiciled in Australia. Muswellbrook Race Club Limited is a company limited by guarantee.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

Muswellbrook Race Club Limited applies Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards*.

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

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

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, financial assets and financial liabilities.

Accounting Policies

Revenue

Grants received from the Country Racecourse Development Fund (CRDF) are recognised as income, upon completion of the specific project for which the grant has been applied for. Expenditure by the company on these projects may be capitalised depending upon the nature of the project.

Revenue from the rendering of goods and services is recognised upon the delivery of the good or service to the customers. Interest revenue is brought to account on an accrual basis for bank term deposits. All revenue is stated net of the amount of goods and services tax.

Inventories

Inventories are measured at the lower of cost and current replacement cost.

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, accumulated depreciation and any impairment losses. In the event the carrying amount of property, plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to its 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.

Depreciation

The depreciable amount of all fixed assets, including capitalised leased assets but excluding freehold land, is depreciated over the asset's useful life to the company commencing from the time the asset is held ready for use. Buildings are depreciated on a straight-line basis.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Structural Improvements	1.0% to 20%
Plant and Furniture	2.5% to 100%

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

MUSWELLBROOK RACE CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise.

Leases

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

Finance leases are capitalised, recognising an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the company will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Financial Instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions to the instrument. Financial instruments are measured at cost.

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. A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). 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.

Impairment of Assets

At the end of each reporting period, the company reviews the carrying amounts 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 of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Employee Benefits

Provision is made for the company's liability for annual leave and long service leave arising from services rendered by employees to the end of the reporting period. Long service leave is accrued in respect of all employees with more than 5 years' service with the company.

Annual Leave is classified as a current liability since the company does not have an unconditional right to defer settlement of these amounts in the event employees wish to use their leave entitlement.

Provision is made for the company's Long Service Leave obligation, which is measured at cost and presented as a non-current liability in the statement of financial position.

Superannuation guarantee contributions are made by the company to the employee's superannuation fund of choice and are recognised as an expense when they become payable. All obligations for unpaid superannuation guarantee contributions are presented as current liabilities in the company's statement of financial position.

MUSWELLBROOK RACE CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented in the statement of cash flows exclusive of GST. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

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*.

Provisions

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

Comparative Figures

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

Trade and Other Payables

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

Critical Accounting Estimates and Judgements

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

Racecourse Development

On winding up or dissolution of the company, if there remains any property after satisfaction of all its debts and liabilities, the company will be required to give or transfer the surplus to another like body. The company must obtain prior written consent from the Board of the Country Racecourse Development Fund before the property is sold, transferred or otherwise disposed.

MUSWELLBROOK RACE CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$	2019 \$
2 REVENUE AND OTHER INCOME		
Racing Revenue		
TAB Distributions	3,875,120.48	3,815,392.48
Sponsorship	341,816.84	353,604.09
Bar and Food Sales – Race Day	80,759.58	154,834.29
Track Maintenance Scheme	211,016.01	194,974.85
Nominations, Non-Acceptances and Scratchings	168,658.81	113,482.14
Sky Channel Fees	284,500.85	223,569.81
Admissions and Memberships	15,270.16	26,259.15
Other Racing Income	14,395.57	25,277.26
Total Racing Revenue	<u>4,991,538.30</u>	<u>4,907,394.07</u>
Grants and Interest Revenue		
Grants from Country Racecourse Development Fund	50,000.00	-
Grants from Other	100,000.00	2,550.00
Interest Received	13,114.36	20,947.87
Total Grants and Interest Revenue	<u>163,114.36</u>	<u>23,497.87</u>
Other Income		
Functions and Restaurant Income	78,934.70	111,839.72
Insurance Recovery	7,521.74	1,889.82
Track Fees and Stable Rent	47,457.87	43,867.01
Racing NSW Expense Reimbursement	22,378.47	-
Job Keeper Subsidy	87,000.00	-
Cash Flow Boost	62,500.00	-
Gains on Disposal of Non-Current Assets	22,727.27	-
Other Non-Racing Income	2,982.72	5,212.08
Total Other Income	<u>331,502.77</u>	<u>162,808.63</u>
Total Revenue and Other Income	<u>5,486,155.43</u>	<u>5,093,700.57</u>
3 PROFIT FOR THE YEAR		
Expenses		
Interest paid or payable to other persons	463.87	11.34
Loss on disposal of non-current assets		
Property, plant and equipment	-	449.91
Auditor Remuneration		
Auditing services	6,850.00	6,450.00
Other services	11,767.00	8,173.00
Total Auditor Remuneration	<u>18,617.00</u>	<u>14,623.00</u>
4 INCOME TAX EXPENSE		
The company is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.	-	-

These notes form part of the financial statements

MUSWELLBROOK RACE CLUB LIMITED
A.B.N. 68 000 559 375

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
5 CASH FLOW INFORMATION		
a) Reconciliation of Cash		
For the purpose of the statement of cash flows, cash includes:		
Cash on hand and in at call deposits and short-term deposits of up to three months with banks or financial institutions, net of bank overdrafts.		
Cash on hand and at bank	1,189,627.34	1,182,439.63
Less: Bank overdraft	-	-
Total Cash and Cash Equivalents as stated in the Statement of Cash Flows	1,189,627.34	1,182,439.63
5 (CASH FLOW INFORMATION CONTINUED)		
b) Reconciliation of Cash Flows from Operating Activities with Total Comprehensive Income for the Year		
Total Comprehensive Income for the Year	274,044.84	71,250.81
Non-cash flows		
Depreciation and amortisation	139,798.00	126,296.00
(Profit)/loss on sale of non-current assets	(22,727.27)	449.91
Changes in assets and liabilities		
(Increase)/Decrease in Trade and Other Receivables	(57,170.59)	(11,718.66)
(Increase)/Decrease in Inventories	14,589.34	(17,279.47)
(Increase)/Decrease in Other Assets	(54,475.32)	43,146.01
Increase/(Decrease) in Trade and Other Payables	6,707.38	(29,148.67)
Increase/(Decrease) in Provisions	14,988.97	29,998.47
Increase/(Decrease) in Income Received in Advance	(3,040.90)	(2,218.19)
Cash Flows from Operating Activities	312,714.45	210,776.21
6 CASH AND CASH EQUIVALENTS		
CURRENT		
Paypal Account	325.21	299.40
Race Day Float	-	2,800.00
Cash Draw	536.80	-
Regional Australia Bank – General Cheque Account	200,793.69	155,819.22
St George Bank Limited – Fundraising Account	7,004.00	3.47
St George Bank Limited - General Cheque Account	9,190.64	12,790.56
St George Bank Limited - Business Access Saver Account	254,354.32	340,077.81
St George Bank Limited – Term Deposits	566,294.60	670,649.17
Regional Australia Bank Limited - Term Deposits	151,128.08	-
	1,189,627.34	1,182,439.63

MUSWELLBROOK RACE CLUB LIMITED
A.B.N. 68 000 559 375

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
7 TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade Debtors	10,954.30	24,441.22
Sundry Debtors	70,657.51	-
	<u>81,611.81</u>	<u>24,441.22</u>
8 INVENTORIES (At Cost)		
CURRENT		
Stock on Hand	11,802.59	26,391.93
	<u>11,802.59</u>	<u>26,391.93</u>
9 OTHER ASSETS		
CURRENT		
Prepayments	2,024.63	3,415.44
Track Maintenance Scheme	118,990.68	110,926.49
Tab Distribution Accrued	10,868.71	4,755.53
Other Accrued Income	256,456.20	214,767.44
	<u>388,340.22</u>	<u>333,864.90</u>
10 PROPERTY, PLANT AND EQUIPMENT (At Cost)		
NON-CURRENT		
Silks Function Centre	30,661.27	30,661.27
Structural Improvements	2,379,134.88	2,318,767.88
Less: Accumulated Amortisation	(854,073.00)	(825,157.00)
	<u>1,525,061.88</u>	<u>1,493,610.88</u>
Plant and Furniture	2,436,656.36	2,132,007.36
Less: Accumulated Depreciation	(1,304,502.50)	(1,193,620.50)
	<u>1,132,153.86</u>	<u>938,386.86</u>
Track Improvement	1,686,618.03	1,686,618.03
Racecourse Land and Improvements	431,524.73	431,524.73
Crockery and Glasses	1,901.84	1,868.38
Electrical Installations for Sky Channel	9,363.99	9,363.99
Less: Accumulated Depreciation	(9,363.99)	(9,363.99)
	<u>-</u>	<u>-</u>
Total Property, Plant and Equipment	4,807,921.61	4,582,670.15

MUSWELLBROOK RACE CLUB LIMITED
A.B.N. 68 000 559 375

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
Movements in Carrying Amounts		
Movement in the carrying amounts for each applicable class of property, plant and equipment between the beginning and the end of the current financial year:		
	Structural	Plant and
	Improvements	Furniture
2020		
Balance at the beginning of the year	1,493,610.88	938,386.86
Additions at cost	60,367.00	304,649.00
Disposals	-	-
Depreciation expense	(28,916.00)	(110,882.00)
Carrying amount at the end of the year	1,525,061.88	1,132,153.86
11 TRADE AND OTHER PAYABLES		
CURRENT		
Trade Creditors	44,008.54	39,425.31
BAS Payable	64,824.91	60,029.93
Accrued Expenses	17,927.36	20,598.19
	126,760.81	120,053.43
12 BORROWINGS		
CURRENT		
Visa Card	3,121.95	2,536.60
Loan – CLAAS Tractor	14,859.36	-
Total Current Borrowings	17,981.31	2,536.60
NON-CURRENT		
Loan – CLAAS Tractor	21,350.74	-
Racing NSW Interest-Free Interminable Loan	463,187.74	463,187.74
Total Non-Current Borrowings	484,538.48	463,187.74

The company has financed \$50,000.00 of the purchase price of a CLAAS AXOS 340 Tractor. The term of the loan is 36 months with the final payment to be made on 29 November 2022. The interest rate on the Chattel Mortgage Agreement is 1.99%.

As at 30 June 2020, the St George Bank has provided the company with an overdraft facility of \$50,000.

The provision of the Racing NSW interest-free interminable loan of \$463,187.74 from Race Fields Fees for drainage and irrigation upgrade works was subject to the following terms and conditions:

1. The interest-free, interminable loan will not be subject to call-up unless the company:
 - a. carries out its racing activities in such a manner that Racing NSW considers is jeopardizing its financial stability including but not limited to resulting in the company not being able to pay its debts as they fall due;
 - b. ceases to operate as a racing club including but not limited to as a result of Racing NSW suspending or cancelling its registration as a racing club;

MUSWELLBROOK RACE CLUB LIMITED
A.B.N. 68 000 559 375

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
c. attempts to or disposes of any of its freehold property (unless Racing NSW provides its prior written agreement that such disposal will not result in the loan being called-up);		
d. attempts to or disposes of any of its freehold property (unless Racing NSW provides its prior written agreement that such disposal will not result in the loan being called-up);		
e. merges, amalgamates or otherwise associates with any other club (unless Racing NSW provides its prior written agreement that any such merger, amalgamation or association will not result in the loan being called-up); and/or		
f. amends its governance structure, without the written consent of Racing NSW, such that Racing NSW no longer has the power to appoint and remove three of the seven directors.		
2. In the event that the interest-free, interminable loan is called-up, the company will repay to Racing NSW the full amount of the loan within thirty days of receiving written notice from Racing NSW (or such further period as agreed to by Racing NSW in writing).		
13 PROVISIONS		
CURRENT		
Provisions for Annual Leave	49,917.78	53,739.15
NON-CURRENT		
Provision for Long Service Leave:		
Balance at the beginning of the year	54,341.08	32,109.64
Additional provisions raised during year	29,963.36	22,231.44
Amounts used	(11,153.02)	-
Balance at the end of the year	73,151.42	54,341.08
Analysis of Total Provisions		
Current	49,917.78	53,739.15
Non-Current	73,151.42	54,341.08
	123,069.20	108,080.23
The measurement and recognition criteria relating to employee benefits have been included in Note 1 to these financial statements.		
14 INCOME RECEIVED IN ADVANCE		
CURRENT		
Income Received in Advance	1,100.00	4,049.99
Members Subscriptions in Advance	-	90.91
	1,100.00	4,140.90
15 RESERVES		
Capital Profit Reserve	73,828.53	73,828.53
General Reserve	4,283.00	4,283.00
	78,111.53	78,111.53

MUSWELLBROOK RACE CLUB LIMITED
A.B.N. 68 000 559 375

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
16 KEY MANAGEMENT PERSONNEL COMPENSATION		
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.		
The totals of remuneration paid to key management personnel of the company during the year are as follows:		
Key Management Personnel Compensation	<u>124,692.50</u>	<u>122,952.27</u>
17 OTHER RELATED PARTY TRANSACTIONS		
Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members.		
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Director related entities purchase function supplies and tickets at commercial rates.		
Related parties dealing with the company on normal trading terms and conditions are as follows:		
RAP Surveying – Payment by Club for surveying services		
18 FINANCIAL RISK MANAGEMENT		
The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term and long-term investments, accounts receivable and payable, and leases.		
The carrying amounts for each category of financial instruments has been calculated in its applicable note to the financial statements.		
19 CAPITAL COMMITMENTS		
As at 30 June 2020 there were no material capital commitments for the company.		

MUSWELLBROOK RACE CLUB LIMITED

A.B.N. 68 000 559 375

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Muswellbrook Race Club Limited, the directors of the company declare that:

1. The financial statements and notes satisfy the requirements of the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements applicable to the company; and
 - (b) give a true and fair view of the financial position of the company as at 30 June 2020 and of its performance for the year ended on that date.
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.

R. K. Googe

Director

20 October 2020

Muswellbrook



Davies, Thompson & Wright

ABN 70 340 182 044

CHARTERED ACCOUNTANTS

PARTNERS

Timothy G. Looby	B.Ec. Dip.Fin.Man. C.A.
Tracey L. Lawler	B.Comm. C.A.
Scott P. Collins	B.Comm./B.Econ. C.A.

60 Brook Street
PO Box 128
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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MUSWELLBROOK RACE CLUB LIMITED
A.B.N. 68 000 559 375**

Opinion

We have audited the financial report of Muswellbrook Race Club Limited (the company), which comprises the statement of financial position as at 30 June 2020, 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, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report of the company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements 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 Muswellbrook 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.





Davies, Thompson & Wright

ABN 70 340 182 044

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MUSWELLBROOK RACE CLUB LIMITED A.B.N. 68 000 559 375

Information Other than the Financial 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 2020, 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 – Reduced Disclosure Requirements 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.



Davies, Thompson & Wright

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MUSWELLBROOK RACE CLUB LIMITED
A.B.N. 68 000 559 375**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting 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 entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the entity 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.

Name of Firm: Davies Thompson & Wright
Chartered Accountants

Name of Partner: T. L. Lawler
Tracey L Lawler

Address: 60 Brook Street, MUSWELLBROOK NSW 2333

20 October 2020





Davies, Thompson & Wright

ABN 70 340 182 044

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PARTNERS

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MUSWELLBROOK RACE CLUB LIMITED
A.B.N. 68 000 559 375**

Scope

Our Independent Auditor's Report on the financial report of Muswellbrook Race Club Limited, which comprises the statement of financial position as at 30 June 2020, 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, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration, presented on the preceding pages, does not relate to the additional financial information presented hereinafter.

This additional information presented in the following report, namely the detailed profit and loss statement has been prepared from the accounting records of the company and we do not express an opinion thereon.

Name of Firm: Davies Thompson & Wright
Chartered Accountants

Name of Partner: T. L. Lawler
Tracey L Lawler

Address: 60 Brook Street, MUSWELLBROOK NSW 2333

20 October 2020



MUSWELLBROOK RACE CLUB LIMITED

A.B.N. 68 000 559 375

DETAILED PROFIT AND LOSS STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$	2019 \$
INCOME		
Racing Revenue		
TAB Distributions	3,875,120.48	3,815,392.48
Sponsorship	341,816.84	353,604.09
Bar and Food Sales – Race Day	80,759.58	154,834.29
Track Maintenance Scheme	211,016.01	194,974.85
Nominations, Non-Acceptances and Scratchings	168,658.81	113,482.14
Sky Channel Fees		
- International	222,225.29	160,626.37
- Rights Distribution	62,275.56	62,943.44
Admissions	4,181.82	14,731.82
Memberships	11,088.34	11,527.33
Race Book Revenue	1,695.47	2,916.37
Other Racing Income	12,700.10	22,360.89
Total Racing Revenue	<u>4,991,538.30</u>	<u>4,907,394.07</u>
Grants and Interest Revenue		
Grants from Country Racecourse Development Fund	50,000.00	-
Grants from Other	100,000.00	2,550.00
Interest Received	13,114.36	20,947.87
Total Grants and Interest Revenue	<u>163,114.36</u>	<u>23,497.87</u>
Other Income		
Functions and Restaurant Income	78,934.70	111,839.72
Insurance Recovery	7,521.74	1,889.82
Track Fees and Stable Rent	47,457.87	43,867.01
Racing NSW Expense Reimbursement	22,378.47	-
Job Keeper Subsidy	87,000.00	-
Cash Flow Boost	62,500.00	-
Gains on Disposal of Non-Current Assets	22,727.27	-
Other Non-Racing Income	2,982.72	5,212.08
Total Other Income	<u>331,502.77</u>	<u>162,808.63</u>
TOTAL INCOME	<u><u>5,486,155.43</u></u>	<u><u>5,093,700.57</u></u>

MUSWELLBROOK RACE CLUB LIMITED

A.B.N. 68 000 559 375

DETAILED PROFIT AND LOSS STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$	2019 \$
EXPENSES		
Bar Cost of Goods Sold	34,109.26	46,427.10
Prize Money Expense	3,474,076.31	3,250,025.99
Employee Benefits Expense		
Wages Racecourse Maintenance	354,154.96	350,568.37
Wages Race Day	88,436.16	72,831.91
Bar Wages	67,841.56	84,488.49
Administration Wages & Other Employee Expenses	245,388.18	212,004.26
Total Employee Benefits Expense	755,820.86	719,893.03
Racecourse Maintenance Expense		
Electricity	39,132.01	42,921.43
Maintenance -Tracks	82,958.35	72,252.25
Maintenance -General	29,319.73	46,624.49
Fuel & Other Expenses	38,422.52	48,647.14
Total Racecourse Maintenance Expense	189,832.61	210,445.31
Depreciation and Amortisation Expense	139,798.00	126,296.00
Other Expenses		
Insurance	91,036.64	69,990.15
Other Race Day Expenses	380,747.13	410,447.73
Donations	3,692.18	27,713.45
Community Support Donations	-	17,664.50
Administration Expenses (excluding employee expenses)	142,997.60	143,546.50
Total Other Expenses	618,473.55	669,362.33
TOTAL EXPENSES	5,212,110.59	5,022,449.76
PROFIT/(LOSS) BEFORE INCOME TAX	274,044.84	71,250.81

