

Gosford Race Club Limited

ABN 26 003 846 124



***20th Annual Report
2009***

GOSFORD RACE CLUB LIMITED

**GOSFORD RACE CLUB LIMITED
ABN 26 003 846 124**

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2009

BOARD OF DIRECTORS

Chairman
AP Norrgard

Vice-Chairman
NW Cowell

Honorary Treasurer
S McShane

Directors

AEJ Allen, NT Crews, MA Cusick, RC Delaney, WH Rutledge AM, JM Macfadyen, ES Toovey

Life Members

NM Agnew, IJ Brennan, NW Cowell, I Craig, JAH Flakelar,
NE Laird, BJ Little, AP Norrgard, WH Rutledge AM, JR Ryan, AG Swan, A Stapleford
BF Taylor, JH Toms APM, ES Toovey, FJ Ward, KS Winterbottom

Administration

Chief Executive – James Heddo

Registered Office

Racecourse Road, West Gosford NSW 2250

Auditor

O'Donoghue & Co

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the twentieth Annual General Meeting of the Members of the Gosford Race Club Limited will be held in the Dining Room, Gosford Racecourse on Monday 26th October 2009 at 7.00pm

(Only full financial members and life members are eligible to attend)

AGENDA

- 1.** To confirm the Minutes of the nineteenth Annual General Meeting of Gosford Race Club Limited held 27th October 2008.
- 2.** To receive and consider the reports of the Board and Management.
- 3.** To receive and consider the Profit & Loss Statement, Balance Sheet and Auditor's Report.
- 4.** To elect five members to serve on the Board of Directors of the Club for two years. Five members of the Board, AEJ Allen, NW Cowell, RC Delaney, S McShane & AP Norrgard, now retire and AEJ Allen, NW Cowell, RC Delaney, S McShane & AP Norrgard, are eligible for re-election in accordance with the Memorandum and Articles of Association and offer themselves accordingly.

Note: As per 30(a) nominations for election to the Board shall be made in writing signed by two members and the nominee, who are full financial members of the club at the time of signing the nomination form. Nominations are to be received by the secretary no later than 4pm Monday 12th October 2009 at the Club's registered office.

- 5.** To deal with any business of which due notice has been given.

By Order of the Board 28th September 2009

James Heddo

Chief Executive Officer

CONTENTS

	Pages
Chairmans Report	1 - 4
Directors' Report	5 - 8
Directors' Declaration	9
Auditor's Independence Declaration	10
Independent Audit Report to the Members	11
Statement of Recognised Income and Expenditure	12
Balance Sheet	13
Cash Flow Statement	14
Statement of Changes in Equity	14
Notes to and forming part of the accounts	15-21

Presidents Report 2008/2009

It is with great sadness that I open my report noting the passing of Malcolm Cusick OAM on 15 June 2009. His dedication and love of Gosford Race Club will never be duplicated.

In January 2007 he was awarded the Order of Australia Medal for service to the Thoroughbred Racing Industry of NSW, a fitting tribute.

Finance

In the 2008/2009 season the Gosford Race Club distributed an additional \$909,694 in prizemoney, trophies and subsidies when compared to the previous season despite revenue from TAB distributions only increasing by \$451,308.

The Racing NSW decision to allocate the 2009 Anzac Day Raceday to Newcastle Jockey Club on the basis that it fell on a Saturday was a devastating one for Gosford Race Club, and cost the Club upwards of \$100,000 net revenue. I am pleased to report that Anzac Day Raceday will be back at Gosford in 2010 and we will continue to campaign for this raceday event to remain allocated to Gosford Race Club regardless of which day of the week it falls on.

It should also be noted that Income from investments decreased by \$172,029 when compared to the previous season due to the Global Economic Crisis.

Taking all of the above into account, I feel that the Gosford Race Club has performed exceptionally well to minimise our expenses and retain our strong financial position.

The Gosford Race Club supports Racing NSW in their legal battle with Corporate Bookmakers to obtain 1.5% of turnover for Industry funding, and the monies currently held in trust until a legal verdict is delivered would greatly enhance our revenues.

Staff Restructure

During the year the Club looked at and reviewed our organisational structure with a view to growing the whole business and providing clear lines of accountability and reporting procedures for all management.

After a clear and transparent process, we were able to achieve significant ongoing savings in salaries and on costs by restructuring our staff.

Intra Code

Racing NSW has called for submissions from the three racing sectors (Metropolitan, Provincial and Country) to provide views on the future application of an Intra Code Agreement over the next three years from 1 July 2010.

The new Intra Code Agreement will be an incentive based scheme and will reward Clubs who achieve increased TAB turnover and prizemoney returns to owners.

Under the current Intra Code, the Provincial sector receives 17% of TAB distribution revenue, despite contributing around 19% of turnover and the Provincial Association will apply to see this anomaly corrected which would result in an additional \$2.5 million being available to be distributed between the five provincial clubs each year.

I can assure our Members that the Gosford Race Club will continue to work hard to achieve a more equitable spread of Industry funding.

Amalgamation

During the 2008/2009 season, Kevin Greene, the NSW Minister for Gaming and Racing, proposed a report be conducted into the feasibility of amalgamation between the Gosford and Wyong Race Clubs. Ernst & Young were chosen to facilitate this report which was released on 23 June 2009.

The final report did not demonstrate any substantial savings or benefits relating to a possible amalgamation, and made a final recommendation that further investigation be taken into the sale of both locations with investment in an entirely new location on the Central Coast.

Mr Greene has since stated in a Press Release that “no club will be forced to sell their Racecourse” and the Gosford Race Club remains committed to providing quality racing in first class facilities at Gosford Racecourse.

Racecourse Gardens

In May 2009, DA approval was granted by Gosford City Council pertaining to this site. Since that time, the Gosford Race Club has received several approaches from interested parties and the Club will continue to explore all options with the aim of maximising our return from this venture

Racing

For the first time in many years, the Gosford Race Club did not lose a race meeting all season despite some heavy rain during the year and in particular during the April/May period.

The Gosford Race Club hosts four feature Black Type races each year, and the following tables shows their schedule for the coming season.

Date	Race
Sunday 18 October 2009	\$100,000 Belle of the Turf (Listed) – 1600m
Wednesday 18 November 2009	\$150,000 Gosford Gold Cup (Listed) – 2100m
Thursday 22 April 2010	\$125,000 Gosford 3YO Guineas (Listed) – 1200m
Wednesday 23 June 2010	\$100,000 Takeover Target Stakes (Listed) – 1200m

In 2008/2009 the Club reviewed its racing program and made some changes to our feature race program that we are sure will strengthen the fields we attract and provide a better spectacle to our Members.

The Gosford Gold Cup has been moved to the Spring after many years battling the weather in the April/May period, and is scheduled for Wednesday 18 November 2009.

I am pleased to announce that Gosford Quarries will remain as the sponsor of the 2009 Gosford Gold Cup which will be the fourth year of their sponsorship of our flagship event and we thank them for their continued support.

With changes to the metropolitan program and in particular the alteration of the Canterbury Guineas (1900m) to the Randwick Guineas (1600m) a review was undertaken into the positioning and distance of the time honoured Gosford Guineas. It was decided that this race would remain in the Autumn Carnival, but would have a distance change from 1600m to 1200m.

The decision was justified when a quality field lined up including top 3YO Aichi from the Peter Snowden yard, who led all the way and won in what turned out to be his last Australian start before heading to Dubai to take on the world.

CHAIRMANS REPORT (Continued)

In 2004, Takeover Target recorded his first Black Type win when he won the Pacesetter Stakes at his fifth career start. To recognise and honour Takeover Target's magnificent career, the Gosford Race Club has renamed the Pacesetter Stakes the Takeover Target Stakes for the 2009 running and then in perpetuity.

Special Events

It was an honour and a privilege for the Gosford Race Club to host legendary racecaller Ian Craig's last day of race calling. The consummate professional to the end, Ian bowed out on Wednesday 24 June 2009 at Gosford Race Club with a stream of fans wishing him all the best in his retirement.

A special luncheon to commemorate Ian's career was held on the day and a capacity audience sat enthralled as Ian reminisced over his many years of calling. At this luncheon, Ian was presented with Life Membership of the Gosford Race Club.

On behalf of all racing fans, the Gosford Race Club wishes Ian and his wife Marilyn all the best in their future endeavours.

Premierships

Congratulations to the winners and thank you to the sponsors of the premierships, B & L Herington Wholesalers, Elanora Hotel, & Thoroughbred Publishing, whose support of the premiership is greatly appreciated. I would like to especially note the excellent performance of local jockey Chris O'Brien, who won the jockey's premiership without the backing of a major stable.

Leading trainer: Gai Waterhouse
Leading Jockey: Chris O'Brien
Leading Apprentice: Tommy Berry

Sponsors

An integral part of Gosford Race Club's revenue comes in the form of sponsorship. I would like to acknowledge the outstanding contribution of all of our sponsors.

We have many long term and loyal sponsors, and this is because of the value for money packages that we offer and the outstanding facilities available at the Club.

On behalf of the Board our thanks are extended to all the Club's sponsors listed below.

During the year support was received from the following sponsors and their co sponsors:

Gosford Quarries	Lion Nathan – Tooheys
SKY Channel	TAB
Baking Industry Association	Men of League Foundation Central Coast
Aevum Living Retirement & Aged Care	Raine & Horne Gosford
Schweppes	Central Coast Hotels Association
Westpac Rescue Helicopter Service	Samaritans
Gosford City Council	Broken Bay Catholic Diocese
BJ Howes Metaland	SGE Credit Union
Rotary Club of Gosford	Oncology Children's Foundation
Todayscountry94.1FM	Bristol Decoration Centre Erina
Ettalong Bowling Club	The Greens The Entrance Bowling Club
Pro-Ride Racing International	Huckel Excavations Pty Ltd
Michael Hansell Signs	Macleans
Lakes Printers	Mangrove Produce & Hardware
Narara Plumbing	

CHAIRMANS REPORT (Continued)

Acknowledgements

I wish to acknowledge the support received from the following:

Racing NSW	Department of Liquor, Gaming & Racing
Sydney Turf Club	Australian Jockey Club
All the Provincial Race Clubs	NSW Owners Association
NSW Bookmakers Co-operative	NSW Trainers Association
NSW Jockeys Association	NSW Thoroughbred Breeders Association

and all other Clubs and Associations who readily gave their assistance when requested.

Appreciation

On behalf of the Directors I would like to congratulate James Heddo for his fine efforts since taking over as CEO at Gosford Race Club in September 2008.

I would also like to acknowledge the following staff members.

- Colin Aldrick and the administration staff of Helen Guest and Rochelle Barker, whose high standard of work continues.
- The Board feels that the racing and training tracks at Gosford Racecourse have never been in better order and I thank Steve Scollard and the grounds staff for their efforts.
- Graeme North manages the bars at Gosford Race Club and I thank him and his staff for ensuring that we provide high quality service whilst adhering to Liquor License regulations.
- Skip Guest oversees the operation of the golf driving range for the Club and I thank him and the casual staff for their support and dedication throughout the year.

To all members of the Board of Gosford Race Club I thank you for your continued attendances and your support of the Board. I appreciate the dedication and support of my fellow Directors in their efforts, as well as the time given freely to attend Directors meetings, Sub Committee meetings, race meetings and meetings of other bodies to manage and promote the Club's affairs.

I also welcome Michael Cusick to the Board of Directors, and wish him all the best as part of our hard working team.

Peter Norrgard
Chairman

DIRECTOR'S REPORT

GOSFORD RACE CLUB LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDING 30TH JUNE 2009

To be presented to members at the Annual General Meeting of the Company to be held in the Members Lounge, Gosford Racecourse, on Monday the 26th of October, 2009 at 7.00pm.

The Directors present their report on the financial accounts of the company for the year ended 30th June 2009.

NAMES OF DIRECTORS

The names and particulars of the Directors in office at the date of this report are:

Name	Experience and Special Responsibilities	Responsibilities Qualifications
A P Norrgard Chairman	Director since September 1989 Elected as Chairman 8/11/05	Ex-Officio Member on all Sub Committees Retired
N W Cowell Vice Chairman	Director since July 1991 Elected Vice Chairman 16/07/07	Advertising & Promotions Sub Committee Catering & Beverages Sub Committee Finance Sub Committee Racecourse & Buildings Sub Committee Retired
S McShane Hon. Treasurer	Director since May 2005 Elected Treasurer 14/02/06	Development Sub Committee Finance Sub Committee Racing Sub Committee Financial Markets Trader, Chartered Accountant
AEJ Allen Director	Director Since May 2006	Advertising and Promotions Sub Committee Development Sub Committee Racecourse & Buildings Sub Committee Licensed Real Estate Agent
N T Crews Director	Director since August 2007	Advertising and Promotions Sub Committee Development Sub Committee Finance Sub Committee Racecourse & Buildings Sub Committee Company Director
M A Cusick	Director since August 2009	Development Sub Committee Racing Sub Committee Financial Adviser
R C Delaney Director	Director since October 2003	Advertising & Promotions Sub Committee Catering and Beverages Sub Committee Racecourse & Buildings Sub Committee Company Director
J M Macfadyen Director	Director since October 2008	Development Sub Committee Racecourse & Buildings Sub Committee Company Secretary

DIRECTOR'S REPORT (Continued)

Name	Experience and Special Responsibilities	Responsibilities Qualifications
W H Rutledge AM Director	Director since November 2003	Development Sub Committee Finance Sub Committee Racing Sub Committee Solicitor
E S Toovey Director	Director since February 1992	Advertising & Promotions Sub Committee Catering and Beverages Committee Racecourse and Buildings Cub Committee Racing Sub Committee Retired

COMPANY SECRETARY

James Charles Heddo (Appointed 29th September 2008)
Former employee Sydney Turf Club, CEO Townsville Turf Club and Company Secretary Bendigo Race Club, extensive experience in racing industry management.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year has been to conduct licensed horse racing. There has been no significant change in the nature of these activities during the year.

REVIEW AND RESULTS OF OPERATIONS

The operating loss of the company for the financial year was \$213,594.

DIVIDENDS

Under the Club's Constitution no dividend can be paid.

FINANCIAL POSITION

The company is in a strong financial position with investments of \$3,201,178.

STATE OF AFFAIRS

No significant changes in the Company's state of affairs occurred during the financial year. There has not been any matter or circumstance, other than that referred to in the accounts or notes thereto, that has arisen since the end of the financial year and has significantly affected, or may significantly affect, the Company's operations, the results of those operations, or the Company's state of affairs in the financial years after the financial year.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Much of the future planning of Gosford Race Club hinges on Racing NSW outcomes in relation to Race Fields Legislation and the new Intra Code Agreement. Both issues should be finalised by 30 June 2010.

In May 2009, the Gosford Race Club had DA approval confirmed in relation to the "Racecourse Gardens" site. This site has three street frontages, being located on the eastern side of Racecourse Road, on the southern side of the intersection with Faunce Street West. The third street frontage is attained from Young Street to the eastern boundary of the subject property. The Club is now actively pursuing a long term lease or the sale of this site, and hopes to have the matter finalised in the near future.

ENVIRONMENTAL ISSUES

The Gosford Race Club continues to successfully utilise run off water and bore water to maintain our tracks and facilities which has significantly reduced the need for town water. The Club continues to work closely with Gosford City Council on water saving initiatives.

DIRECTORS BENEFITS

During or since the financial year other than disclosed in Note 13, no Director of the company has received or become entitled to receive a benefit because of a contract that the Director, or a firm in which the Director is a member, or an entity in which the Director has a substantial financial interest made with the Company, or an entity that the Company controlled, or a body corporate that was related to the Company, when the contract was made or when the Director received, or became entitled to receive the benefit.

OFFICER'S AND AUDITOR'S INDEMNIFICATION

The Company has not, during or since the financial year, in respect of any person who is or has been a Director or Officer of the Company:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

With the exception of the following matters:

During or since the financial year the Company had paid premiums to insure each of the following directors and company officers against liabilities.

The amount of the premium was paid by the Racing NSW and liability is limited to \$10 million.

C Aldrick	A E J Allen	N W Cowell
N T Crews	R C Delaney	J C Heddo
J M Macfadyen	S McShane	A P Norrgard
W H Rutledge	E S Toovey	

DIRECTOR'S REPORT (Continued)

RECORD OF ATTENDANCE AT BOARD MEETINGS

Board Meetings and Special Board Meetings

Name	Board		Sub Committees	
	A	B	A	B
A P Norrgard	14	14		
A E Allen	14	12	11	9
N W Cowell	14	12	14	12
N T Crews	14	7	14	10
R C Delaney	14	13	11	11
J M Macfadyen	9	4	7	4
S McShane	14	13	10	8
W H Rutledge	14	13	10	10
E S Toovey	14	13	14	13

Column A – Indicates number of meetings held during the period the director was a Member of the Board and/or Sub-Committee.

Column B – Indicates number of meetings attended during the period the director was a Member of the Board and/or Sub-Committee.

Ex-Officio – A P Norrgard (All Sub-Committees)

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration for the year ended 30th June 2009 has been received and forms part of the Annual Financial Report.

Signed in accordance with a resolution of the Directors made pursuant to Section 310(2) of the Corporations Law.

On Behalf of the Directors.

A P Norrgard
Director

S McShane
Director

Dated at Gosford this , 28th September 2009

**DIRECTOR'S DECLARATION
FOR THE YEAR ENDED 30TH JUNE 2009**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 8 to 17 are in accordance with the *Corporations Act 2001* and:
 - a) comply with Accounting Standards and Corporations Regulations 2001; and
 - b) give a true and fair view of the financial position as at 30th June 2009 and of the performance for the year ended on that date of the company and economic entity.
2. The Chief Executive Officer and Chief Finance Officer have each declared that:
 - a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c) the financial statements and notes for the financial year give a true and fair view.
3. 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 a resolution of the Board of Directors.

AP Norrgard
Director

S McShane
Director

Dated at Gosford this 28th September, 2009

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

I declare that, to the best of my knowledge and belief, during the year ended 30th June 2009, there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

O'Donoghue & Co
2nd Floor, 86 Mann Street
GOSFORD NSW 2250
Ph. (02) 4325 0314

O'DONOGHUE & CO

P.G. O'DONOGHUE
Principal

Registered Company Auditor

Dated at Gosford this 28th September, 2009

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
GOSFORD RACE CLUB LIMITED
FOR THE YEAR ENDED 30TH JUNE 2009**

REPORT ON THE FINANCIAL REPORT

We have audited the financial report of Gosford Race Club Limited and controlled entities for the financial year ended 30th June 2009, as set out on pages 8 to 10 and 13 to 17.

The financial report consists of the Statement of Income and Expenditure, Balance Sheet, Cash Flow Statement and accompanying Notes as set out on pages 11 to 17. The company's directors are responsible for the preparation and presentation of the financial report and the information it contains. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and cash flow.

INDEPENDENCE

In conducting our audit, we followed applicable independence requirements of Australian professional and ethical pronouncements and the *Corporations Act 2001*.

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the Auditor's Independence Declaration set out on page 6 of the Annual Financial Report has not changed as at the date of providing our audit opinion.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion, the financial report of Gosford Race Club Limited is in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30th June 2009 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporation Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

O'Donoghue & Co
2nd Floor, 86 Mann Street
GOSFORD NSW 2250
Ph: (02) 4325 0314

O'DONOGHUE & CO

P.G. O'DONOGHUE
Principal
Registered Company Auditor

Dated at Gosford this 28th September, 2009

**PROFIT & LOSS STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2009**

	2009	2008
	\$	\$
Revenue		
TAB distributions – net	4,541,678	4,090,370
Hospitality and events	642,124	606,475
Sponsorship and broadcast rights	925,647	902,674
Membership subscriptions	43,980	35,755
Property	145,040	122,317
Subsidies and Reimbursements	322,000	401,651
Admissions	62,672	82,014
Bookmaker fees	81,714	111,692
Nominations and acceptances	142,529	116,953
Training fees	27,134	24,817
Golf	125,208	95,822
Sundry	60,747	22,320
Total Revenue	<u>7,120,473</u>	<u>6,612,860</u>
Other Income		
Investment Income	265,678	437,707
Profit (Loss) on sale of plant and equipment	-	(692)
Total Revenue and Income	<u>7,386,151</u>	<u>7,049,875</u>
Expenditure		
Prizemoney, trophies and subsidies	3,188,084	2,278,390
Hospitality and events	599,748	796,193
Racecourse maintenance	657,846	680,995
Racing	1,042,940	984,529
Administrative	1,250,765	1,652,313
Marketing and Promotions	86,480	214,449
Golf	112,324	95,554
Sponsorship costs	135,685	66,015
	<u>7,073,872</u>	<u>6,768,438</u>
Net surplus before depreciation, amortisation and financing costs	<u>312,279</u>	<u>281,437</u>
Financing costs		
Interest paid	(28,451)	(35,852)
Net financing costs	<u>(28,451)</u>	<u>(35,852)</u>
Depreciation and amortisation	(497,422)	(471,844)
NET SURPLUS/(DEFICIT) FOR THE YEAR	<u>(213,594)</u>	<u>(226,259)</u>
Profit for the period	<u>(213,594)</u>	<u>(226,259)</u>
Total recognised income and expense for the period	<u>(213,594)</u>	<u>(226,259)</u>

The accompanying notes form part of these financial statements.

**BALANCE SHEET
AS AT 30TH JUNE 2009**

	Notes	2009 \$	2008 \$
CURRENT ASSETS			
Cash	11	51,860	43,152
Cash on Hand	11	3,400	3,400
Receivables	4	419,230	809,137
Prepayments	5	739	2,511
Inventories	5	28,448	46,653
TOTAL CURRENT ASSETS		503,677	904,853
NON CURRENT ASSETS			
Property, Plant & Equipment	2	15,620,286	15,929,202
Investments	3	3,201,178	4,062,714
TOTAL NON CURRENT ASSETS		18,821,464	19,991,916
TOTAL ASSETS		19,325,141	20,896,769
CURRENT LIABILITIES			
Cash	11	-	199,559
Interest bearing liabilities	7	300,000	300,000
Payables	6	229,117	377,496
Provisions	9	99,614	84,907
Other	10	13,907	366,780
TOTAL CURRENT LIABILITIES		642,638	1,328,742
NON CURRENT LIABILITIES			
Provisions	9	67,128	55,687
Other	10	4,945	15,115
TOTAL NON CURRENT LIABILITIES		72,073	70,802
TOTAL LIABILITIES		714,711	1,399,544
NET ASSETS		18,610,430	19,497,225
MEMBERS' EQUITY			
Asset Revaluation Reserve	12	(574,415)	98,786
Retained Profits	15	19,184,845	19,398,439
TOTAL MEMBERS' EQUITY		18,610,430	19,497,225

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2009**

	Note	2009 \$ INFLOWS (OUTFLOWS)	2008 \$ INFLOWS (OUTFLOWS)
Cash Flows from Operating Activities			
Cash receipts in the course of operations		7,120,473	6,612,168
Cash payment in the course of operations		(7,108,399)	(6,468,456)
Interest received		265,678	437,707
Interest paid		(28,451)	(35,852)
Net cash provided by Operating Activities	11 (2)	249,301	545,567
Cash Flows from Investing Activities			
Payments for property, plant and equipment		(186,733)	(698,530)
Redemption of Investments		145,699	720,036
Proceeds from the sale of plant & equipment		-	942
Net Cash used in Investing Activities		(41,034)	22,448
Cash Flows from Financing Activities			
Repayment of Interest Bearing Liabilities		-	(200,000)
Net cash used in Financing Activities		-	(200,000)
Net increase/(decrease) in cash held		208,267	368,015
Cash held at the beginning of the financial year		(153,007)	(521,022)
Cash held at the end of the financial year	11 (1)	55,260	(153,007)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH JUNE 2009

	Retained Earnings \$	Asset Revaluation Reserve \$	Total \$
Balance at 1st July, 2007	19,624,698	1,085,183	20,709,881
Profit attributed to the entity	(226,259)	(986,397)	(1,212,656)
Balance at 30th June, 2008	19,398,439	98,786	19,497,225
Profit attributed to the entity	(213,594)	(673,201)	(886,795)
Balance as at 30th June, 2009	19,184,845	(574,415)	18,610,430

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE ACCOUNTS

These Notes form part of and should be read in conjunction with the 2009 Accounts.

Note 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers Gosford Race Club Limited and controlled entities. It is a public company limited by guarantee, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless stated otherwise.

Basis of Preparation:

The financial report of Gosford Race Club Limited has been prepared on an accrual basis and is based on historical costs and, except where stated, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. These accounting policies have been applied consistently with those of the previous year, except where there is a change in accounting policy.

Accounting Policies:

(a) Principles of Consolidation

A controlled entity is any entity Gosford Race Club Limited has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with Gosford Race Club Limited to achieve the latter's objectives. All inter-company balances and transactions between entities in the economic entity, including any unrealised profits and losses, have been eliminated on consolidation.

i. Revenue Recognition

Sales Revenue

Sales Revenue comprises revenue earned from the services to individuals outside the entity. It is recognised when the fee in respect of services provided is receivable.

All revenue is stated net of the amount of Goods and Services Tax (GST).

Interest Income

Interest Income is recognised as it accrues.

Asset Sales

The gross proceeds of asset sales are included as revenue of the company. The profit or loss on disposal of assets is brought to account at the date an unconditional contract of sale is signed.

Other Revenue

Revenue recognition policy for investments is found in notes attached.

(c) Inventories

Inventories are valued at the lower of cost and net realisable value.

(d) Depreciation and Amortisation

Depreciation on plant, equipment and buildings is calculated on the prime cost basis so as to write off the net cost of each fixed asset over their estimated useful lives.

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

- Buildings 2%
- Plant & Equipment 5% - 33%

(e) Uncalled Capital – Members Liability

The amount of capital which is capable of being called up, except in the unlikely event of and for the purpose of the winding up of the company, is not to exceed \$50 per member by virtue of the company's constitution.

(f) Employee Entitlements

Provision is made for the company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their normal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements. Contributions are made by the company to employee superannuation funds and are charged as expenses when incurred.

(g) Recoverable Amount of Non-Current Assets

Non-current assets are written down to recoverable amount where the carrying value of any non-current asset exceeds recoverable amount. Recoverable amount is determined as the present value of the amount expected to be recovered through the cash inflows and outflows arising from the continued use and subsequent disposal of the non current asset.

(h) 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. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

(i) Taxation

The company is exempt from taxation under Section 23(g) of the Income Tax Act.

(j) Impairment of Assets

At each reporting date the group reviews the carrying value of tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists the recoverable amount is expensed to the Balance Sheet.

(k) Investments

Other Companies

Investments in other listed and unlisted companies are valued at market value at each balance date. The unrealised gains or losses are included in the Asset Revaluation Reserve before income tax. Realised gains and losses are brought to account in the profit and loss account. Dividends and distributions are brought to account as they are received through the Profit and Loss Account.

NOTES TO AND FORMING PART OF THE ACCOUNTS (Continued)

Debentures

Investments in debentures are carried at the lower cost and recoverable amount. Interest income is brought to account on an accrual basis.

(l) Debt Defeasance

In all cases where defeasance occurs, it is highly unlikely that the company will again be required to pay any part of the debt or meet any guarantees or indemnities associated with the debt.

(m) Key Management Personnel Compensation

2009	Short-term Benefits	Post Employment Benefits	Total
Total Compensation	\$314,046	\$88,914	\$402,960
2008			
Total Compensation	\$334,687	\$51,550	\$386,237

2009	2008
\$	\$

Note 2 – PROPERTY, PLANT AND EQUIPMENT

Buildings at Cost	9,728,557	9,728,019
Less Accumulated Depreciation	(2,793,358)	(2,596,336)
	<u>6,935,199</u>	<u>7,131,683</u>
Fences at Cost	225,186	222,925
Less Accumulated Depreciation	(164,612)	(158,592)
	<u>60,574</u>	<u>64,333</u>
Furniture & Fittings at Cost	278,610	281,720
Less Accumulated Depreciation	(206,276)	(196,645)
	<u>72,334</u>	<u>85,075</u>
Ground Improvements at Cost	2,673,635	2,655,074
Less Accumulated Depreciation	(583,638)	(515,719)
	<u>2,089,997</u>	<u>2,139,355</u>
Racecourse Gardens	<u>267,275</u>	<u>213,064</u>
	267,275	213,064
Land at – Directors' valuation	<u>5,211,000</u>	<u>5,211,000</u>
	5,211,000	5,211,000
Plant at Cost	2,849,813	2,979,481
Less Accumulated Depreciation	(1,921,294)	(1,923,944)
	<u>928,519</u>	<u>1,055,537</u>
Faunce Street	<u>38,203</u>	<u>1,800</u>
	38,203	1,800
Leased Asset	33,409	33,409
Less Amortisation	(16,224)	(6,054)
	<u>17,185</u>	<u>27,355</u>
TOTAL PROPERTY PLANT AND EQUIPMENT	<u>15,620,286</u>	<u>15,929,202</u>

NOTES TO AND FORMING PART OF THE ACCOUNTS (Continued)

Note 3 – INVESTMENTS

Current

Investments redeemable within 12 months	3,201,178	4,062,714
	3,201,178	4,062,714

Non Current

Investments redeemable later than 12 months	-	-
	-	-

Note 4 – RECEIVABLES

Current

Accounts Receivable	419,230	809,137
	419,230	809,137

Note 5 – OTHER CURRENT ASSETS

Interest Paid in Advance	739	2,511
Stock on Hand – Bar & Catering	27,907	45,662
Trophies on Hand	541	991
	29,187	49,164

Note 6 – PAYABLES

Current

Payables	229,117	377,496
	229,117	377,496

Note 7 – INTEREST BEARING LIABILITIES

Current

Bank Loans – secured	300,000	300,000
Total Current Liabilities	300,000	300,000

Non-Current

Bank Loans – secured	-	-
Total Non-Current Liabilities	-	-

Note 8 – FINANCING ARRANGEMENTS

The company has access to the following lines of credit:

Total facilities available

Bill Facility	500,000	300,000
Bank Overdraft	300,000	500,000

Facilities utilised at balance date

Bill Facility	300,000	300,000
Bank Overdraft	-	199,559

Facilities non utilised at balance date

Bill Facility	200,000	-
Bank Overdraft	300,000	300,441

All secured by:

- First Mortgage over lots 5,6 & 7 Blacketts Street, West Gosford
- “All Monies” mortgage by Gosford Race Club Ltd over: Racecourse Road, West Gosford
- Security over term deposit

Interest Rate Risk

The Company’s exposure to interest rate risk is limited due to the financial instruments entered into with the bank.

NOTES TO AND FORMING PART OF THE ACCOUNTS (Continued)

Note 9 – PROVISIONS	2009	2008
Current Liabilities	\$	\$
Employee Entitlements - Annual Leave	53,314	38,607
- Sick Leave	46,300	46,300
	-----	-----
	99,614	84,907
	=====	=====
Non Current Liabilities		
Employee Entitlements - Long Service Leave	67,128	55,687
	=====	=====

Note 10 – OTHER LIABILITIES		
Current Liabilities		
Members' Subscriptions in Advance	2,000	24,640
Future Fund	-	322,000
Prepaid Sponsorship	4,110	12,343
Lease Liability	7,797	7,797
	-----	-----
	13,907	366,780
	=====	=====
Non Current Liabilities		
Lease Liability	4,945	15,115
	-----	-----
	4,945	15,115
	=====	=====

Note 11 – NOTES TO THE STATEMENT OF CASH FLOWS

1 Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdraft. Cash at the end of the year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:

Westpac Bank Overdraft	47,692	(199,559)
ING Account	4,168	43,152
Cash on Hand	3,400	3,400
	-----	-----
	55,260	(153,007)
	=====	=====

2 Reconciliation of Net Cash provided by Operating Activities to Operating Profit after Income Tax

Operating (Loss)/Profit after income tax	(213,594)	(226,259)
Depreciation	497,422	471,844
Loss on Investments	42,635	-
Provisions for Employee Entitlements	26,148	2,907
(Profit)/Loss on disposal of non current assets	-	83,677
Change in net assets and liabilities:		
(Increase)/Decrease in Receivables	389,907	(91,858)
(Increase)/Decrease in Inventories	18,205	10,191
Increase/(Decrease) in Account Payable	(148,379)	(34,385)
Increase/(Decrease) in Other Liabilities	(363,043)	329,450
	-----	-----
	249,301	545,567
	=====	=====

NOTES TO AND FORMING PART OF THE ACCOUNTS (Continued)

	2009	2008
	\$	\$
Note 12 – RESERVES		
Asset Revaluation Reserve		
Balance at beginning of the year	98,786	1,085,183
Movement for the year	(673,201)	(986,397)
	-----	-----
Balance at end of the year	(574,415)	98,786
	=====	=====

Note 13 – RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Payments for legal expenses valued at \$1,650 were made to Taperell Rutledge Solicitors, of which Mr W Rutledge is a Consultant.

Purchases of juice supplies valued at \$624 were made from Terrigal Juice, of which Mr RC Delaney is Proprietor.

Note 14 – AUDITOR’S REMUNERATION

Audit Services	27,550	28,400
	-----	-----
	27,550	28,400
	=====	=====

Note 15 – RETAINED PROFITS

Retained Profits at the beginning of the financial year	19,398,439	19,624,698
Net (Loss)/Profit	(213,594)	(226,259)
	-----	-----
	-	-
Retained Profits at the end of the financial year	19,184,845	19,398,439
	=====	=====

Note 16 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Club’s principal financial instrument comprises of bank overdraft. The main purpose of this financial instrument is manage working capital requirements and to raise finance for the Club’s operations.

The Club has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

It is the Club’s policy that no trading in financial instruments shall be undertaken. The main risks arising from the Club’s financial instruments are the interest rate risk and credit risk. The Committee reviews and agrees policies for managing each of these risks and they are summarised below:

NOTES TO AND FORMING PART OF THE ACCOUNTS (Continued)

Note 16 Continued

Interest Rate Risk

The Club's policy is to manage its interest cost using an appropriate mix of fixed and variable debt as determined by the Committee from time to time.

Credit Risk

The Club trades only with recognised, creditworthy third parties.

In addition, receivable balances are monitored on an ongoing basis with the result that the Club's exposure to bad debts is not significant.

Note 17 – SEGMENT REPORTING

The company operates predominantly in one industry. The principal activity of the company is to conduct licensed horse racing in the geographical area of Gosford Racecourse, New South Wales.

REVENUE	Core Operations	Economic Entity
External Sales	6,995,265	6,995,265
Total segment revenue	<u>6,995,265</u>	<u>6,995,265</u>
Unallocated revenue	-	390,886
TOTAL REVENUE FROM ORDINARY ACTIVITIES	<u><u>6,995,265</u></u>	<u><u>7,386,151</u></u>
RESULT		
Segment Result	(479,272)	(479,272)
Unallocated expenses net of unallocated revenue	-	265,678
Profit from ordinary activities before income tax expense	<u>(213,594)</u>	<u>(213,594)</u>
Income tax expense	-	-
Profit from ordinary activities after income tax expense	<u>(213,594)</u>	<u>(213,594)</u>
NET PROFIT	<u><u>(213,594)</u></u>	<u><u>(213,594)</u></u>
ASSETS		
Segment assets	16,123,963	16,123,963
Unallocated assets	-	3,201,178
TOTAL ASSETS	<u><u>16,123,963</u></u>	<u><u>19,325,141</u></u>
LIABILITIES		
Segment Liabilities	714,711	714,711
Unallocated Liabilities	-	-
TOTAL LIABILITIES	<u><u>714,711</u></u>	<u><u>714,711</u></u>

Note 18 – OPERATING LEASES

Non-cancellable Operating Lease

Rentals are payable as follows:

Within One Year	7,797	7,797
One year or later with no later than five years	4,945	15,115
	<u>12,742</u>	<u>22,912</u>

The club leases a motor vehicle under an operating lease. The remaining term is between one and four years.