



44th Annual Report &  
Statement of Accounts

**2020**

For the year ended 30th June 2020

For presentation to Members at the Annual General Meeting

Saturday 28th November 2020 at 11.15am

## **CHAIRMAN'S REPORT**

On behalf of the Board of Directors and Management of The Illawarra Turf Club Ltd I am pleased to present to Members my Chairman's Report for the 2019-2020 Financial Year.

To say that the 2019-2020 year was unusual would be an understatement. Our Club, together with the rest of Australia and the World, has undergone one of the most difficult periods in its history as a result of the COVID-19 Pandemic.

By closely following the bio-security measures introduced by RacingNSW and satisfying the restrictions and protocols as required by the NSW Government and Health Authorities we have been able to continue racing throughout the entire Pandemic period.

Obviously, this could not have occurred without considerable assistance provided by both Federal and State Governments through the Job Keeper programme and other taxation reductions but also because of considerable assistance from RacingNSW in the reduction of costs that otherwise would have been borne by the Club.

Therefore, it is somewhat of an anomaly that we report a profit for the Financial Year of \$4,047,578. This result includes a grant from RacingNSW of \$4,066,371 for the construction of our state of the art Polytrack training facility which was fully paid for and completed by October 31, 2019.

Leaving aside the Track Grant the Club recorded a loss for the year of \$18,793 which as stated above was only made possible by the assistance of the Federal and State Governments and RacingNSW. After taking into account non-cash items of \$410,190 the Club finished the year with a trading profit of \$391,397. This figure was achieved with the inclusion of a TAB distribution top up relating to the 2019 year which had not been received at reporting time in that year and has accordingly been included in the current figures as was advised in last year's report.

The Club budgeted its operations for the 2020-2021 year taking into account the continued restrictions imposed by COVID-19 and the inability to benefit from the second tranche of Job Keeper. This budget allows us to ensure all our financial commitments are met in the this and following years.

The Club acknowledges the impact of the COVID-19 restrictions and the need to continue operations for its Members. In doing this we have already granted continued membership at

no cost until December 31, 2020. The Club is working on its responsibilities to its Members and will shortly be announcing its proposals in respect of the balance of the current membership year.

The Club programmed 34 race meetings during the year with three being abandoned due to inclement weather. Eight of these meetings were conducted with only essential personnel present on the days.

Total Prizemoney paid for the year was \$9,556,210 up considerably due largely to the introduction of the \$1M "The Gong" race meeting to our programme. Prizemoney continues to be funded through subsidies provided to the entire industry by RacingNSW and by the distribution of the proceeds of Race Fields legislation and Tax Parity considerations.

The Club is confined by the COVID-19 in increasing patronage for both race and non-race days but will continue to explore avenues becoming available as restrictions ease.

The second and third stages of the Club Capital Works on the track were combined and planned to proceed. At the outbreak of COVID-19 all works were placed on hold. The Project Management Team has just recently been reactivated and the work is now back on the agenda. A portion of the work to remediate problems in the home straight will be undertaken with the commencement of work in late January 2021. This will mean our meeting on Saturday, February 20 has been moved to a later date in the year.

Changes to handicapping and programming have had an effect on field sizes and it is hoped this trend continues in the future.

The ongoing involvement of the Club with community groups generates a strong horse racing base for The Illawarra Turf Club. As I have stated before the Club's vision is, and always will be, to provide a successful, viable and appealing facility for all aspects of horse racing in the Illawarra.

During the year the Club again conducted our "Classic Day" on a Friday afternoon. The day presented excellent racing, generated a good TAB turnover and was attended by a significant number of patrons. Next year's "Classic Day" will also be held on a Friday. The Provincial Championship Heat was again run on a Saturday this year and was successful with excellent attendance and very strong turnover result. The 2020 heat of the Provincial Championship will again be programmed for a Saturday raceday.

The Club's inaugural \$1M "The Gong" race meeting was held on November 23, 2019 and was a huge success. A crowd of just under 6000 people attended the meeting. As a stand alone meeting we recorded record TAB turnover and the event created an immense amount of interest and goodwill for not only the Club but also the Illawarra region.

During the year we lost a number of friends and associates and we pass our sincere condolences to the families of the deceased.

May I take this opportunity of thanking our many Sponsors, my Fellow Directors and all Members of Staff for their continuing support and contribution to the success of the Club over the past twelve months.

Barry Vandenberg  
Chairman  
The Illawarra Turf Club Ltd

## FINANCIAL REPORT

This year shows the club recording a profit of \$4,047,578. Please note this figure included a Track grant from Racing NSW of \$4,066,371 whilst last year's figures included a grant of \$762,361. Notwithstanding the grants the loss this year was only \$18,793 (Trading profit of \$391,397 when non-cash items are taken into account) against a recorded loss of \$474,884 last year a variance of \$456,091. This was an outstanding result considering the difficult conditions the club met due to covid 19. The reason for such a good result was due to Government assistance (Jobkeeper and payroll tax concessions) along with funding from Racing NSW to assist with various race day expenses. Despite restrictions due to Covid we were still able to conduct race meetings albeit without crowds resulting in us maintaining TAB Distribution levels similar to last year. This year, we conducted 31 race meetings (note 8 meetings were conducted without crowds due to Covid). There were 34 meetings scheduled, however, 3 meetings were abandoned due to inclement weather. There were 16 Saturday/Sunday meetings whilst 15 meetings were conducted midweek. These meetings once again included the 4 extra mid-week meetings taken over from the ATC.

This year our total crowd figure was 33,951 down on last year's total crowd of 40,927 however as stated previously this year there were 8 meetings with no crowds. Melbourne Cup Day was a good day with a crowd of 3,976 slightly down on last year's crowd of 4,103. All revenue streams were healthy with Catering sales slightly up on last year whilst Bar sales were in line with last year. Total TAB turnover was \$1.33 million however was well down on last year's excellent turnover of \$2.02 million. The day was well received by all in attendance. This year marked the 1<sup>st</sup> year of the million dollar "Gong" day and this day has taken over Melbourne Cup day as our biggest day of the year. There was a crowd of 5,958 in attendance, an outstanding race programme resulting in TAB turnover of \$7.499 million and we only expect the day to get bigger once we recover from covid. Our Feature day this year the "Kembla Grange Classic" was again held on a Friday and was our last meeting conducted with a crowd in attendance for the financial year. Unfortunately, there was a disappointing crowd of only 919 in attendance well down on last year. The weather was fine with the track a Good 4 and there were 7 races conducted with good sized fields. TAB turnover was \$1.82 million down on last year's turnover of \$1.934 million (8 races). We encourage all members to support the day as we try and make this day an important day on the racing calendar. This year our Function profits was \$69,937 only slightly down on last year's figure of \$73,530 despite not conducting a function over the last 3 months of the year due to covid. We ask all members to consider the Turf Club when organising functions as we have excellent function rooms and packages.

All our financial requirements have been met during the year and we have budgeted to ensure all our financial commitments are met in ensuing years.

Darren Sparks  
Finance Manager

## **RACING**

The Illawarra Turf Club conducted a total of 31 race meetings at Kembla Grange in the 2019/20 racing season.

2163 runners contested 232 races for the year at an average of 9.3 per race. This represented an increase of 0.5 runners per race which continued the upward trend in average starters from the previous year. Racing NSW has introduced many programming initiatives over the past two years and these are having a significant positive impact. Total prizemoney for the year of \$9,556,210 was a sharp increase due to the impact of our first ever standalone race meeting. This also resulted in rises in betting turnover.

As mentioned above, Saturday 23<sup>rd</sup> November 2019 witnessed the running of the club's inaugural Standalone Saturday race meeting headlined by the \$1,000,000 The Gong. The day was a huge success with the main race won in great style by the Chris Waller trained Mister Sea Wolf. Other feature races this year included the Carlton Draught Kembla Grange Classic and Assett Professional Services Stayers Cup which were run on Friday 13<sup>th</sup> March 2020. The Polytrack Provincial Championships Qualifier was held on Saturday 21<sup>st</sup> March.

A field of fifteen top class runners lined up for the Carlton Draught Kembla Grange Classic. It was won by the James Cummings trained Asiago, who was a narrow victor from multiple Group One winner Shout The Bar. Already, nine fillies from the Kembla Grange Classic have added black type performances to their records.

This season's Kembla Grange Premierships were won as follows: Champion Trainer – James Cummings, Leading Local Trainer – Gwenda Markwell, Leading Jockey – Keagan Latham, Leading Apprentice – Tom Sherry and Kembla Grange Horse of the Year – Nindamos (trained by Brett Lazzarini).

Michael Craig

Racing Manager

## MARKETING

It has been my pleasure to again work with the team at Kembla Grange Racecourse to deliver our members and guests a series of events and race meetings. Below is a summary of some of our feature meetings and events -

### **Melbourne Cup Day (Tuesday 5<sup>th</sup> November 2019)**

There was a good crowd of race goers on course for the 2019 Melbourne Cup Day meeting with Fashions on the Field again well supported along with live entertainment by a series of local performers.

### **The Gong Race Day (Saturday 23<sup>rd</sup> November 2019)**

The Gong Race Day was an exciting inclusion to the 2019 / 2020 program. The meeting included the running of the first \$1 million Gong. The meeting generated a lot of interest and media coverage.

### **Classic Day (Friday 13<sup>th</sup> March 2020)**

Classic Day was again headed up with the running of the Carlton United Breweries Kembla Grange Classic. Other feature races included the PFD Food Services AJ "Bert" Lillye Memorial and the Assett Professional Services Stayers Cup. This day was also supported by long term sponsors Coca Cola. The Stella Artois lawn included entertainment and a complimentary BBQ.

### **Championship Day (Saturday 21<sup>st</sup> March 2020)**

This was the first of the major meeting effected by Covid-19 and run without patrons on course.

**Sponsorship** – if you would like to discuss the benefits of sponsoring a race day at Kembla Grange Racecourse or the possibility of becoming a corporate member please contact our offices on (02) 42617211. I look forward to seeing you during the 2019 / 2020 racing year.

Kim Pascoe

Marketing and Sponsorship Manager

## SPONSORSHIP

I would like to acknowledge our 2019/2020 race day sponsors and thank them for their support.

Calvary Health

Tynan Motors

Noah's Inclusive Services

The Disability Trust

Master Builders Association  
Illawarra Division

Go Hire

i98fm

WIN Network

Jack Primmer Electronics

TC Air & Electric

Illawarra Sunrise Rotary

Traffic Logistics

ABAX

PolyTrack

Coca Cola Amatil

Carlton United Breweries

PFD Food Services

**THE ILLAWARRA TURF CLUB LTD**  
**(LIMITED BY GUARANTEE)**  
**ACN 001 458 555**

**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**



**THE ILLAWARRA TURF CLUB LTD  
(LIMITED BY GUARANTEE)  
ACN 001 458 555**

**CONTENTS**

	<b>Page No.</b>
Directors Report	2
Auditors Independence Declaration	5
Statement of Profit or Loss	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors Declaration	26
Independent Auditors Report	27

**THE ILLAWARRA TURF CLUB LTD  
(LIMITED BY GUARANTEE)  
ACN 001 458 555**

**DIRECTORS REPORT**

Your Directors present their report on The Illawarra Turf Club Ltd ("The Company") for the Financial Year ended 30 June, 2020.

**Directors**

The names of the Directors in office at anytime during or since the end of the year are -

<b>Name</b>	<b>Qualification</b>	<b>Experience</b>	<b>Special Responsibilities</b>
B Vandenberg	Managing Director	Director since 2001	Chairman
M Howlin	Lawyer	Director since 2007	Vice Chairman
A Stephen	Company Director	Director since 1994 (retired Aug 19)	Non Executive Director
R Farrell	Technical Manager	Director since 2013	Non Executive Director
P Mack	General Manager	Director since 2016	Treasurer
I Millward	Recruitment Officer	Director since 2018	Non Executive Director
R Kennedy	Engineer	Director since 2018	Non Executive Director
L Murphy	Retired	Director since 2020	Non Executive Director

Directors have been in office since the start of the financial year to the date of this report.

A Stephen ceased being a Director on 29 August 2019. L Murphy was appointed on 26 September 2019.

**Company Secretary**

P De Vries held the position of the Company Secretary at the end of the Financial Year and was appointed Company Secretary on 31 January 2001. P De Vries attended 12/12 board meetings.

**Board Meetings**

<b>Director</b>	<b>Meetings Attended</b>
B Vandenberg	12/12
M Howlin	9/12
A Stephen	1/2
R Farrell	11/12
P Mack	10/12
R Kennedy	11/12
L Murphy	10/10

**Principal Activities**

The principal activity of the company during the financial year was that of a horse racing club. There was no significant change in the nature of these activities that occurred during the year.

**THE ILLAWARRA TURF CLUB LTD  
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**Review and Results of Operations**

The profit of the Company for the Financial Year was \$4,047,578 (2019 - \$287,478). Refer to note 2, page 16.

There were thirty-one race meetings held for the year ended 30 June 2020.

The meetings conducted included sixteen Saturday meetings and fifteen midweek meetings.

The Club does not pay income tax in accordance with the provisions of the Income Tax Assessment Act.

**Significant Changes in the State of Affairs**

No significant changes in the Company's state of affairs occurred during the Financial Year.

**Significant Events after the Balance Date**

No matters or circumstances have arisen since the end of the Financial Year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future Financial Years.

**Future Likely Developments**

Likely developments in the operations of the Company and the expected results of those operations in future Financial Years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

**Directors and Senior Executives Emoluments**

<b>Chief Executive</b>	<b>Salary</b>	<b>Non-Cash Benefits</b>	<b>Total</b>
P De Vries	\$ 275,380	\$ -	\$ 275,380

**Indemnification and Insurance of Officers and Auditors**

Indemnification

The Company has agreed to indemnify the following current Directors of the Company: B Vandenberg, M Howlin, R Farrell, P Mack, R Kennedy and L Murphy against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors of the company, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has also agreed to indemnify the current Directors of its controlled entities for all liabilities to another person (other than the company or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities including costs and expenses.

**THE ILLAWARRA TURF CLUB LTD  
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**DIRECTORS REPORT**

Insurance Premiums

Since the end of the previous Financial Year, the Company has paid insurance premiums in respect of Directors and Officers liability and legal expenses and insurance contracts for current and former Directors and Officers, including Executive Officers of the Company. The insurance premiums relate to:

- Costs and expenses incurred by Directors in defending any legal proceedings, whether civil or criminal and whatever their outcome and
- Other liabilities that may arise from the Directors position, with the exception of conduct involving a wilful breach of duty of improper use of information or position to gain a personal advantage.

The insurance policies outlined above do not contain details of premiums paid in respect of individual Directors of the Company:

**Legal Proceedings**

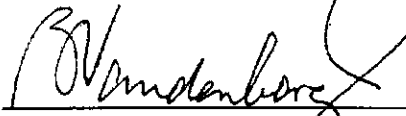
No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

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

**Auditor's Independence Declaration**

A copy of the Auditors Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 5.

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



**B Vandenberg**  
Chairman



**M Howlin**  
Vice Chairman

**Dated:** 29 October 2020

**THE ILLAWARRA TURF CLUB LTD  
(LIMITED BY GUARANTEE)  
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**AUDITORS INDEPENDENCE DECLARATION UNDER  
SECTION 307C OF THE CORPORATIONS ACT 2001**

**TO THE DIRECTORS OF  
THE ILLAWARRA TURF CLUB LTD**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020 there have been no contraventions of -

- i. the Auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

**BLG Audit Services Pty Ltd  
Level 2  
128-134 Crown Street  
WOLLONGONG, NSW, 2500**



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**Director: Scott Brodie**

**Dated: 11/11/2020**

**THE ILLAWARRA TURF CLUB LTD  
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**STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 \$	2019 \$
Revenue	2	21,570,651	15,676,662
Changes in inventories		48,904	28,915
Consumables used		(740,373)	(708,823)
Employee benefits expense		(3,623,002)	(3,088,804)
Depreciation and amortisation expenses		(403,460)	(348,329)
Finance costs	3	(73,323)	(58,022)
Prizemoney and trophies		(9,573,698)	(8,060,565)
Other expenses		<u>(3,158,121)</u>	<u>(3,153,556)</u>
<b>Profit for the year</b>		<b><u>4,047,578</u></b>	<b><u>287,478</u></b>
Profit attributable to member of the company		<u>4,047,578</u>	<u>287,478</u>

The accompanying notes form part of these financial statements.

**THE ILLAWARRA TURF CLUB LTD  
(LIMITED BY GUARANTEE)  
ACN 001 458 555**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2020**

	Note	2020 \$	2019 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	151,403	116,220
Trade and other receivables	7	2,023,497	1,734,256
Inventories	8	185,711	136,807
<b>TOTAL CURRENT ASSETS</b>		<u>2,360,611</u>	<u>1,987,283</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	7,280,915	3,389,383
<b>TOTAL NON-CURRENT ASSETS</b>		<u>7,280,915</u>	<u>3,389,383</u>
<b>TOTAL ASSETS</b>		<u><u>9,641,526</u></u>	<u><u>5,376,666</u></u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	890,386	684,221
Borrowings	11	367,948	677,623
Provisions	12	215,788	202,487
Other	13	1,330	24,640
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,475,452</u>	<u>1,588,971</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	11	868,960	542,985
Provisions	12	450,925	446,099
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>1,319,885</u>	<u>989,084</u>
<b>TOTAL LIABILITIES</b>		<u><u>2,795,337</u></u>	<u><u>2,578,055</u></u>
<b>NET ASSETS</b>		<u><u>6,846,189</u></u>	<u><u>2,798,611</u></u>
<b>EQUITY</b>			
Retained earnings		<u>6,846,189</u>	<u>2,798,611</u>
<b>TOTAL EQUITY</b>		<u><u>6,846,189</u></u>	<u><u>2,798,611</u></u>

The accompanying notes form part of these financial statements.

**THE ILLAWARRA TURF CLUB LTD  
(LIMITED BY GUARANTEE)  
ACN 001 458 555**

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

	Retained Earnings \$	Total \$
<b>Balance at 1 July 2018</b>	2,511,133	2,511,133
<b>Comprehensive income</b>		
Profit for the year	<u>287,478</u>	<u>287,478</u>
<b>Total comprehensive income for the year attributable to the members of the company</b>	<u>287,478</u>	<u>287,478</u>
<b>Balance at 30 June 2019</b>	<u>2,798,611</u>	<u>2,798,611</u>
<b>Balance at 1 July 2019</b>	2,798,611	2,798,611
<b>Comprehensive income</b>		
Profit for the year	<u>4,047,578</u>	<u>4,047,578</u>
<b>Total comprehensive income for the year attributable to the members of the company</b>	<u>4,047,578</u>	<u>4,047,578</u>
<b>Balance at 30 June 2020</b>	<u>6,846,189</u>	<u>6,846,189</u>

The accompanying notes form part of these financial statements.



**ILLAWARRA TURF CLUB LTD  
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**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 \$	2019 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		21,258,100	15,904,712
Payments to suppliers and employees		(16,870,901)	(15,150,536)
Finance costs		(73,323)	(58,022)
<b>Net cash provided by operating activities</b>	<b>20 (b)</b>	<u>4,313,876</u>	<u>696,154</u>
<b>Cash flows from investing activities</b>			
Receipts from investing activities		-	-
Purchase of property, plant and equipment		(4,294,992)	(942,927)
<b>Net cash provided by (used in) investing activities</b>		<u>(4,294,992)</u>	<u>(942,927)</u>
<b>Cash flows from financing activities</b>			
Receipts from borrowings		330,000	-
Repayment of borrowings		(15,455)	(88,087)
<b>Net cash provided by (used in) financing activities</b>		<u>314,545</u>	<u>(88,087)</u>
Net increase/(decrease) in cash held		333,429	(334,860)
Cash and cash equivalents at beginning of financial year		(398,076)	(63,217)
Cash and cash equivalents at end of financial year	<b>20 (a)</b>	<u>(64,647)</u>	<u>(398,077)</u>

The accompanying notes form part of these Financial Statements.

**THE ILLAWARRA TURF CLUB LTD  
(LIMITED BY GUARANTEE)  
ACN 001 458 555**

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

The Financial Statements cover The Illawarra Turf Club Ltd as an individual entity. The Illawarra Turf Club Ltd is a company limited by guarantee, incorporated and domiciled in Australia.

The Financial Statements were authorised for issue on 31st October 2020 by the Directors of the Company.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Preparation**

The Financial Statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

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. Compliance with Australian Accounting Standards ensures that the Financial Statements and Notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of these Financial Statements are presented below and have been consistently applied unless otherwise stated.

The Financial Report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied. Cost is based on the fair value of consideration given in exchange for assets.

The Financial Statements were authorised for issue on the 31st October 2020 by the Directors of the Company.

**a) Income Tax**

The Club being a non-profit organisation established for the promotion of thoroughbred racing is exempt from Income Tax pursuant to the provision of Section 50-45 of the Income Tax Assessment Act (1997), as amended.

**b) Inventories**

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

**c) Property, Plant and Equipment**

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

**Property**

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by independent valuers.

**THE ILLAWARRA TURF CLUB LTD  
(LIMITED BY GUARANTEE)  
ACN 001 458 555**

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

**Property (Continued)**

In the periods when the freehold land and buildings are not subject to an independent valuation, the Directors conduct Directors valuations to ensure the land and buildings carrying amount is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount related to the revalued amount of the asset.

**Plant and Equipment**

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of profit or loss in the financial period in which they are incurred.

**Depreciation**

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

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

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Racetrack and Buildings	2.5 - 20%
Plant and Equipment	2.5 - 33%
Motor Vehicles	20 - 25%
Bar Glasses and Kitchen Utensils	10 - 20%

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

**d) Financial Instruments**

**Initial recognition and measurement**

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

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transactions costs are recognised as expenses in profit or loss immediately.

**Classification and subsequent measurement**

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The Company does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

*i) Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

**THE ILLAWARRA TURF CLUB LTD  
(LIMITED BY GUARANTEE)  
ACN 001 458 555**

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

*ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

*iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

*(iv) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

*(v) Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

**Impairment**

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

**e) Impairment of Assets**

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116).

**THE ILLAWARRA TURF CLUB LTD  
(LIMITED BY GUARANTEE)  
ACN 001 458 555**

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

Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

**f) Employee Benefits**

The provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

**g) 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 are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**h) 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.

**i) Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Revenue recognition relating to the provision of a service is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

**THE ILLAWARRA TURF CLUB LTD  
(LIMITED BY GUARANTEE)  
ACN 001 458 555**

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

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

**j) Borrowing Costs**

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

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

**k) 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.

**l) Comparative Figures**

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

**m) Critical Accounting Estimates and Adjustments**

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 Redevelopment Funding**

During the year, funding was provided to the Company by way of an interest free, interminable loan from Racing NSW for the purposes of funding the racecourse redevelopment project. The Directors believe that the economic substance of the funding resembles grant income rather than the legal form of a loan. This is primarily due to the absence of a future repayment schedule and the funding being provided for a specific purpose on an interest free basis.

Accordingly, the funding has been recognised in accordance with the recognition criteria in Note 1 (i). Further detail on the funding arrangements has been included in Note 23.

**THE ILLAWARRA TURF CLUB LTD  
(LIMITED BY GUARANTEE)  
ACN 001 458 555**

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

	2020	2019
	\$	\$
<b>2. REVENUE AND OTHER INCOME</b>		
Revenue		
Sales Revenue		
Sale of Goods	1,629,996	1,881,905
Other Revenue		
TAB Distribution	12,930,700	11,285,538
Racing NSW Grant Funding	4,081,371	762,361
Racing Income	1,804,270	1,475,689
Membership Subscriptions	57,067	50,030
Other Income	239,747	221,139
JobKeeper and Cash Flow Boost	827,500	-
Total Revenue	<u>21,570,651</u>	<u>15,676,662</u>
<b>3. PROFIT FOR THE YEAR</b>		
Profit from continuing operations includes the following specific expenses -		
<b>Expenses</b>		
Interest expense on financial liabilities	<u>73,323</u>	<u>58,022</u>
Total finance costs	<u>73,323</u>	<u>58,022</u>
Cost of sales	<u>691,469</u>	<u>679,908</u>
<b>4. KEY MANAGEMENT PERSONNEL COMPENSATION</b>		
Short term benefits	<u>275,380</u>	<u>275,010</u>
Total compensation	<u>275,380</u>	<u>275,010</u>
<b>5. AUDITOR REMUNERATION</b>		
Remuneration of the Auditor		
Auditing or reviewing the Financial Statements	43,555	38,720
<b>6. CASH AND CASH EQUIVALENTS</b>		
Petty Cash	500	500
Cash on hand	<u>150,903</u>	<u>115,720</u>
	<u>151,403</u>	<u>116,220</u>



**THE ILLAWARRA TURF CLUB LTD  
(LIMITED BY GUARANTEE)  
ACN 001 458 555**

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

	2020	2019
	\$	\$
<b>7. TRADE AND OTHER RECEIVABLES</b>		
<b>CURRENT</b>		
Trade receivables	5,500	67,994
TAB distribution receivable	1,750,497	1,666,262
Other debtors	267,500	-
	<u>2,023,497</u>	<u>1,734,256</u>
<b>8. INVENTORIES</b>		
<b>CURRENT</b>		
<b>At cost</b>		
Bar stock on hand	163,371	119,831
Catering stock on hand	22,340	16,976
	<u>185,711</u>	<u>136,807</u>
<b>9. PROPERTY, PLANT AND EQUIPMENT</b>		
Racetrack and buildings	9,644,048	5,591,689
Less accumulated depreciation	<u>(2,915,646)</u>	<u>(2,705,926)</u>
Total Land and buildings	<u>6,728,402</u>	<u>2,885,763</u>
Plant and equipment	2,637,612	2,394,979
Less accumulated depreciation	<u>(2,151,673)</u>	<u>(2,008,975)</u>
	<u>485,939</u>	<u>386,004</u>
Motor vehicles	246,407	246,407
Less accumulated depreciation	<u>(179,834)</u>	<u>(128,791)</u>
	<u>66,574</u>	<u>117,616</u>
Bar glasses and kitchen utensils	33,912	33,912
Less accumulated depreciation	<u>(33,912)</u>	<u>(33,912)</u>
	<u>-</u>	<u>-</u>
Total plant and equipment	<u>552,513</u>	<u>503,620</u>
<b>Total property, plant and equipment</b>	<u>7,280,915</u>	<u>3,389,383</u>
<b>a) Movements in carrying amounts</b>		
For disclosure on movement in carrying amounts please refer to Note 22 at the end of this financial report.		
<b>10. TRADE AND OTHER PAYABLES</b>		
<b>CURRENT</b>		
Trade creditors	<u>890,386</u>	<u>684,221</u>

**THE ILLAWARRA TURF CLUB LTD  
(LIMITED BY GUARANTEE)  
ACN 001 458 555**

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

	2020	2019
	\$	\$
<b>11. BORROWINGS</b>		
<b>CURRENT</b>		
Bank overdraft	216,050	514,296
Hire purchase liability	51,898	63,327
Bank bills - secured	100,000	100,000
Total current borrowings	<u>367,948</u>	<u>677,623</u>
<b>NON-CURRENT</b>		
Hire purchase liability	63,695	65,975
Less unexpired hire purchase liability	(9,735)	(7,990)
	<u>53,960</u>	<u>57,985</u>
Bank bills - secured	815,000	485,000
Total non-current borrowings	<u>868,960</u>	<u>542,985</u>
<b>Total borrowings</b>	<u>1,236,908</u>	<u>1,220,608</u>
<b>a) Total current and non-current secured liabilities</b>		
Bank overdrafts	216,050	514,296
Bank bills	915,000	585,000
Hire purchase loans	105,858	121,312
	<u>1,236,908</u>	<u>1,220,608</u>
<b>b) The carrying amounts of non-current assets pledged as security are -</b>		
Registered Mortgage Debenture - Property, Plant and Equipment	7,280,915	3,389,383
Floating Charge - TAB Distribution	1,750,497	1,666,262
	<u>9,031,412</u>	<u>5,055,645</u>
<b>12. PROVISIONS</b>		
Provision for holiday pay	215,788	202,487
Provision for long service leave	450,925	446,099
	<u>666,713</u>	<u>648,586</u>
<b>Provision for holiday pay</b>		
Opening balance at 1 July 2019	202,487	192,383
Additional provisions raised	197,895	186,482
Amounts used	(184,594)	(176,378)
Balance at 30 June 2020	<u>215,788</u>	<u>202,487</u>

**THE ILLAWARRA TURF CLUB LTD  
(LIMITED BY GUARANTEE)  
ACN 001 458 555**

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

	2020	2019
	\$	\$
<b>Provision for long service leave</b>		
Opening balance at 1 July 2019	446,099	421,114
Additional provisions raised	66,640	63,884
Amounts used	(61,814)	(38,899)
Balance at 30 June 2020	<u>450,925</u>	<u>446,099</u>
<b>Total provisions</b>		
Opening balance at 1 July 2019	648,586	613,497
Additional provisions raised	264,535	250,366
Amounts used	(246,408)	(215,277)
Balance at 30 June 2020	<u>666,713</u>	<u>648,586</u>
<b>13. OTHER LIABILITIES</b>		
<b>CURRENT</b>		
Income in advance	<u>1,330</u>	<u>24,640</u>
	<u>1,330</u>	<u>24,640</u>

**14. EVENTS AFTER THE REPORTING PERIOD**

The Financial Report was authorised for issue of 31st October 2020 by the Board of Directors.

**15. RELATED PARTY TRANSACTIONS**

**Related Parties**

The Company's main related parties are as follows -

**a) Key management personnel**

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

**b) Entites subject to significant influence by the Company**

An entity which has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

**c) Other related parties**

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.

**d) Transactions with related parties**

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

**THE ILLAWARRA TURF CLUB LTD  
(LIMITED BY GUARANTEE)  
ACN 001 458 555**

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

	2020	2019
	\$	\$
The following transactions occurred with related parties -		
i. Lease payments for the use of racecourse to Kembla Grange Recreation Trust	7,500	2,500
ii. Legal fees paid to Gibson Howlin Lawyers, a firm in which Vice Chairman M Howlin is a partner	1,493	-

**16. ECONOMIC DEPENDENCE**

The continuing operation of the Club is dependent upon the lease of the land which is crown land held in trust by the Kembla Grange Recreation Trust. In addition, the Club receives 78.87% (2019: 76.85%) of its income from NSW Racing Pty Ltd, representing the distribution of wagering receipts governed by the NSW Racing Distribution Agreement with TAB Limited. Consequently, the Club is economically dependent on TAB Limited.

**17. OPERATING SEGMENTS**

The Company operates predominantly in one business and geographical segment being the horse racing industry at Kembla Grange, New South Wales, Australia.

**18. FINANCIAL RISK MANAGEMENT**

**Financial Risk Management Policies**

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bills and leases, preference shares and derivatives.

	2020	2019
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents	151,403	116,220
Accounts receivable	2,023,497	1,734,256
<b>Total Financial Assets</b>	2,174,900	1,850,476

**Financial Risk Management Policies**

The Directors' overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for Company operations. The Company does not have any derivative instruments at year end.

**THE ILLAWARRA TURF CLUB LTD  
(LIMITED BY GUARANTEE)  
ACN 001 458 555**

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

The Finance Committee, consisting of senior executives of the Company, meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The Finance Committee's overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The Finance Committee operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

**Specific Financial Risk Exposures and Management**

The main risks the Company is exposed to through its financial instruments are credit rate risk, liquidity risk and market risk relating to interest rate risk.

**a) Credit Risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness and includes the utilisation of systems for the approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the Finance Committee has otherwise cleared as being financially sound. Where the Company is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, then risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

*Credit risk exposures*

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position. Credit risk also arises through the provision of financial guarantees, as approved at Board level, given to third parties in relation to obligations under its bank bill facility.

The Company has no significant concentration of credit risk with any single counterparty or group of counterparties.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality.

**THE ILLAWARRA TURF CLUB LTD  
(LIMITED BY GUARANTEE)  
ACN 001 458 555**

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

Credit risk related to balances with banks and other financial institutions is managed by the finance committee in accordance with approved Board policy.

**b) Liquidity Risk**

Liquidity risk arises from the possibility that the Company might encounter difficulty in setting its debts or otherwise meeting its obligations related to financial liabilities. The Company manages this risk through the following mechanisms -

- preparing forward-looking cash flow analyses in relations to its operational, investing and financing activities
- using derivatives that are only traded in highly liquid markets
- monitoring undrawn credit facilities
- obtaining funding from a variety of sources
- maintaining a reputable credit profile
- managing credit risk, related to financial assets
- only investing surplus cash with major financial institutions
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities. Bank overdrafts have been deducted in the analysis as management does not consider that there is any material risk that the bank will terminate such facilities. The bank does however maintain the right to terminate the facilities without notice and therefore the balances of overdrafts outstanding at year end could become repayable within 12 months. Financial guarantee liabilities are treated as payable on demand since the company has no control over the timing of any potential settlement of the liability.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will roll forward.

	2020	2019
	\$	\$
<i>Financial liability and financial asset maturity analysis</i>		
	Within 1 Year	
<b>Financial liabilities due for payment</b>		
Bank loans secured	100,000	100,000
Hire Purchase Liabilities	51,898	63,327
Total contractual outflows	<u>151,898</u>	<u>163,327</u>
Total expected outflows	<u>151,898</u>	<u>163,327</u>
 <b>Financial assets - cash flow realisable</b>		
Receivables	<u>2,023,497</u>	<u>1,734,256</u>
Total expected inflows	<u>2,023,497</u>	<u>1,734,256</u>
Net inflow on financial instruments	<u>2,023,497</u>	<u>1,734,256</u>

**THE ILLAWARRA TURF CLUB LTD  
(LIMITED BY GUARANTEE)  
ACN 001 458 555**

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

	2020 \$	2019 \$
	1 to 5 Years	
<b>Financial liabilities due for payment</b>		
Bank loans secured	815,000	485,000
Hire Purchase Liabilities	53,960	57,985
Net outflow on financial instruments	868,960	542,985
<b>Financial Liabilities</b>		
Bank loans secured	915,000	585,000
Hire Purchase Liabilities	105,858	121,312
Total contractual outflows	1,020,858	706,312
Total expected outflows	1,020,858	706,312
<b>Financial Assets</b>		
Receivables	2,023,497	1,734,256
Total expected inflows	2,023,497	1,734,256
Net inflow on instruments	1,002,639	1,027,944

*Financial assets pledged as collateral*

The following financial assets have been pledged as security for debt and their realisation into cash may be restricted subject to terms and conditions attached to the relevant debt contracts.

Registered Mortgage Debenture - Property Plant & Equipment	7,280,915	3,389,383
Floating Charge - TAB Distribution	1,750,497	1,666,262
	9,031,412	5,055,645

**c) Market risk**

*Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Company is also exposed to earnings volatility on floating rate instruments.

Interest rate risk is managed using a mix of fixed and floating rate debt.

The net effective variable interest rate borrowings (i.e. unhedged debt) exposes the Company to interest rate risk which will impact future cash flows and interest charges and is indicated by the following floating interest rate financial liabilities -

- \$705,000 Flexible Bank Loan
- \$210,000 Instalment Bank Loan
- \$600,000 Overdraft Facility

**THE ILLAWARRA TURF CLUB LTD  
(LIMITED BY GUARANTEE)  
ACN 001 458 555**

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

**19. COMPANY DETAILS**

The Registered Office and principal place of business of the Company is - The Illawarra Turf Club Ltd  
Princes Highway, Kembla Grange NSW

	2020	2019
	\$	\$
<b>20. CASH FLOW INFORMATION</b>		
<b>a) Reconciliation of cash</b>		
Cash at the end of financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:		
Cash	151,403	116,220
Bank Overdraft	(216,050)	(514,297)
	(64,647)	(398,077)
<b>b) Reconciliation of cash flow from operations with profit</b>		
Profit after income tax	4,047,578	287,478
Non-cash flows in profit		
Depreciation	403,460	348,329
(Profit)/Loss on sale of property, plant and equipment	-	-
Changes in Assets & Liabilities		
(Increase)/decrease in trade and term debtors	(289,241)	226,980
(Increase)/decrease in other assets	-	-
(Increase)/decrease in inventories	(48,904)	(28,915)
Increase/(decrease) in payables	206,165	(173,877)
Increase/(decrease) in other liabilities	(23,310)	1,070
Increase/(decrease) in provisions	18,128	35,089
<b>Net cash provided by operating activities</b>	<b>4,313,876</b>	<b>696,154</b>

The Company has a bank overdraft facility of \$600,000 (2019: \$600,000) and a commercial loan facility of \$915,000 (2019: \$585,000) amounting to a total of \$1,515,000 (2019: \$1,185,000). This may be terminated at any time at the option of the bank. Interest rates are variable.



**THE ILLAWARRA TURF CLUB LTD  
(LIMITED BY GUARANTEE)  
ACN 001 458 555**

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

	Racetrack and Buildings \$	Plant and equipment \$	Motor vehicles \$	Bar glasses and kitchen utensils \$	Total \$
<b>22. MOVEMENT IN CARRYING AMOUNTS</b>					
Movements in the carrying amounts for each class of property, plant and equipment.					
Balance at 1 July 2018	2,213,096	411,809	169,331	549	2,794,785
Disposals					-
Additions	838,540	104,387	-		942,927
Depreciation expense	(165,873)	(130,194)	(51,713)	(549)	(348,329)
<b>Carrying amount at 30 June 2019</b>	<b>2,885,763</b>	<b>386,002</b>	<b>117,618</b>	<b>-</b>	<b>3,389,383</b>
Additions	4,052,360	242,634	-		4,294,993
Depreciation expense	(209,720)	(142,698)	(51,043)	-	(403,461)
<b>Carrying amount at 30 June 2020</b>	<b>6,728,403</b>	<b>485,938</b>	<b>66,575</b>	<b>-</b>	<b>7,280,915</b>

**23. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

Racecourse Development Project - Contingent Liability

During the year, funding was provided to the company by way of an interest free, interminable loan from Racing NSW for the purposes of the Racecourse Development project. This loan is only repayable if one of the following conditions are triggered:

- The company conducts business activities in such a manner that it becomes financially unstable or insolvent;
- The company ceases to operate as a race club;
- The company disposes of land or other freehold property without the agreement of Racing NSW;
- The company merges, amalgamates or otherwise associates with any other race club;
- The company amends its governance structure; or
- The company is in material breach of any of its obligations, duties and functions under the funding agreement

The Directors are of the opinion that the circumstances outlined above are unlikely to occur in the ordinary course of business and accordingly, no liability has been made in the financial report at 30 June 2020. The maximum contingent liability as at 30 June 2020 in respect of this loan amounts to \$8,000,000.

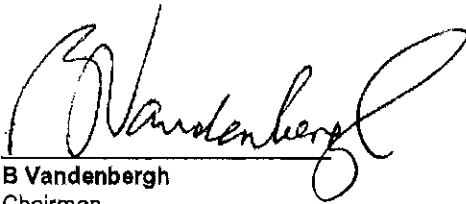
**THE ILLAWARRA TURF CLUB LTD  
(LIMITED BY GUARANTEE)  
ACN 001 458 555**

**DIRECTORS DECLARATION**

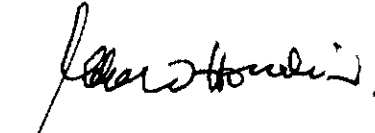
The directors of the Company declare that

- a) The Financial Statements and Notes, as set out on pages 6 to 25, are in accordance with the *Corporations Act 2001*:
  - i. comply with Accounting Standards and the Corporations Regulations 2001; and
  - ii. give a true and fair view of the financial position as at 30 June 2020
- b) 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.



**B Vandenberg**  
Chairman



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**M Howlin**  
Vice Chairman

**THE ILLAWARRA TURF CLUB LTD  
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**INDEPENDENT AUDIT REPORT  
TO THE MEMBERS OF  
THE ILLAWARRA TURF CLUB LTD**

**Report on the Financial Report**

I have audited the accompanying financial report of The Illawarra Turf Club Ltd (the Company) which comprises the statement of financial position as at 30 June 2020, the income statement, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

*Directors Responsibility for the Financial Report*

The Directors of the Company are responsible for the preparation and fair presentation of the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the Company Constitution and for such internal control as the Directors determine is necessary to enable the preparation of the Financial Report that is free from material misstatement, whether due to fraud or error. In Note 1, the Directors also state, in accordance with Accounting Standard AASB 101: 'Presentation of Financial Statements', that the financial statements comply with International Financial Reporting Standards (IFRS)

*Auditor Responsibility*

My responsibility is to express an opinion on the Financial Report based on our audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Report. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the Financial Report, whether due to fraud or error. In making those risk assessments, the Auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Report 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 entity's internal control. An Audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the Financial Report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**THE ILLAWARRA TURF CLUB LTD  
(LIMITED BY GUARANTEE)  
ACN 001 458 555**

**INDEPENDENT AUDIT REPORT  
TO THE MEMBERS OF  
THE ILLAWARRA TURF CLUB LTD**

*Auditor Opinion*

In my opinion:

- a. The Financial Report of The Illawarra Turf Club is in accordance with the company's constitution including -
  - (i) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its performance for the year ended on that date.
  - (ii) complying with Australian Accounting Standards (including the Australian Account Interpretations) and the Company's constitution.
- b. The Financial Report also complies with International Financial Reporting Standards as disclosed in Note 1.

**BLG Audit Services Pty Ltd  
Level 2  
128-134 Crown Street  
WOLLONGONG NSW 2500**



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**Director: Scott Brodie**

**Date: 11/11/2020**