



**Above:** Chris Alford, David Aiken and Sam Riseley with the winners trophy following the 50th Miracle Mile.

**Front cover:** Lennytheshark and driver Chris Alford after their victory in the Ainsworth Miracle Mile.

# Contents

Contents	1
Auditor's Independence Declaration	1
Notice of Meeting	1
Agenda	1
Notices of Motions	2
Directors' Report	3
Chairman's Report	5
Chief Executive's Report	6
Racing Gallery	8
Financial Statements	16
Independent Auditor's Report	20
Directors' Declaration	20

## Auditor's independence declaration

Dear Board Members New South Wales Harness Racing Club Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of New South Wales Harness Racing Club Limited.

As lead audit partner for the audit of the financial statements of New South Wales Harness Racing Club Limited for the financial year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

**DELOITTE TOUCHE TOHMATSU**

**Nathan Balban, Partner, Chartered Accountants, Parramatta, 21st September 2017.**

Liability limited by a scheme approved under Professional Standards Legislation. Member of Deloitte Touche Tohmatsu Limited.

## NOTICE OF MEETING

Notice is hereby given that the 115th Annual General Meeting of the New South Wales Harness Racing Club Limited will be held on Level Two in the Members Lounge, Club Menangle, Racecourse Avenue, Menangle Park on Saturday, 21st October 2017, commencing at 4.00pm.

## AGENDA

- 1 To confirm the Minutes of the previous Annual General Meeting held on Saturday, 22nd October 2016.
- 2 To receive the Annual Report and the Club's Financial Report for the year ended 30th June, 2017.
- 3 To transact business that has been brought before the meeting under the Rules of the Club.
- 4 To declare those Members elected to the position of Director.

## QUESTIONS

Members who intend to bring forward questions at the 2017 Annual General Meeting are requested to give notice of same to the undersigned at least forty-eight (48) hours prior to the meeting so that information required can be available at the meeting.

# Notices of Motions

The following Notices of Motion have been received:

## NOTICE OF RESOLUTIONS FOR ANNUAL GENERAL MEETING

Notice is hereby given that at the Annual General Meeting of NEW SOUTH WALES HARNESS RACING CLUB LIMITED to be held on Saturday 21st October 2017 commencing at 4.00pm at the premises of the Club, Racecourse Avenue, Menangle Park, New South Wales the members will be asked to consider and if thought fit pass the following resolutions.

To consider and if thought fit to pass the following Resolutions, notice of which has been given in accordance with Article 72 of the Club's Memorandum and Articles of Association.

The Board of Directors move:

### FIRST ORDINARY RESOLUTION

That having regard to the Registered Clubs Acts, the Board of Directors move that the Chairman of the Club receive an honorarium in recognition of his services as a member of the Board and Chairman of the Club in the sum of \$2,000 per month (or any remaining part of month during the term of his office) for the 2017/18 term of office.

### SECOND ORDINARY RESOLUTION

That for the purposes of the Registered Clubs Act the members hereby approve expenditure by the Club in the sum not exceeding \$70,000, until the Annual General Meeting of the Club in 2018, for the following benefits which are to be made available to Directors of the Club.

The reasonable costs of travel and accommodation for the Chairman and his spouse to attend race meetings and functions which are considered beneficial to the Club by the Board of Directors.

The reasonable costs of food and beverages for Directors and their spouses when attending any of the Metropolitan Race Meetings conducted by the Club at the Club's premises.

The reasonable costs of Directors and their spouses attending Board sanctioned harness racing affiliated and other functions beneficial to the Club.

The reasonable costs of food and beverages for Directors attending Directors' Meetings and other properly constituted committee meetings of the Club.

That Directors have reserved parking at all Metropolitan Race Meetings conducted by the Club.

The members acknowledge that these benefits are not available to members generally but only to those members who are Directors of the Club.

### THIRD ORDINARY RESOLUTION

That for the purposes of the Registered Clubs Act the members hereby approve expenditure by the Club in the sum not exceeding \$10,000, until the Annual General Meeting of the Club in 2018, for the following benefits to be made available to certain members of the Club.

(a) The reasonable costs of food for former Chairmen and their spouses and two of their guests when attending any of the non Marquee Metropolitan Race Meetings conducted by the Club.

(b) The reasonable costs of food for former Directors of the Club who served as Directors of the Club for six or more years and their spouses when attending any of the non Marquee Metropolitan Race Meetings conducted by the Club.

The members acknowledge that these benefits are not available to members generally but only to those members who have the qualifications referred to in paragraphs (a) and (b) of this Resolution.

## NOTES TO MEMBERS

1. Under the Registered Clubs Act ("the Act") a member of the Club, whether or not he or she is a member of the Board of Directors or of any committee of the Club is not entitled to derive directly or indirectly any profit, benefit or advantage that is not offered equally to every full member of the Club.
2. However, there are exceptions to this in the Act. The most significant of these exceptions are:
  - (a) the payment by the Club of out-of-pocket expenses incurred by Directors in the course of carrying out their duties in relation to the Club and which are approved by a current resolution of the board; and
  - (b) benefits, not in the form of money, which are the subject of a current authorisation, given by general meeting of the members.
3. The benefits referred to in the Second Ordinary Resolution, are mostly in the nature of out-of-pocket expenses to be incurred by Directors in the course of carrying out their duties in relation to the Club.
4. Notwithstanding that most of the benefits in the Second Ordinary Resolution could be approved simply by way of a Board resolution, a custom and practice has developed in the club industry of having all such benefits approved by way of a resolution of the members at the Annual General Meeting. The Board of the Club is proposing to follow this custom and practice as it provides transparency to the membership.
5. The benefits in the Third Ordinary Resolution can only be made available with the approval or authorisation of the members by way of that Resolution being passed at the meeting.

## PROCEDURAL MATTERS FOR RESOLUTIONS

1. The Gaming Machines Act provides that all Life members and financial Ordinary, Country, Senior, Young and Social members can vote on the Ordinary Resolutions.
2. To be passed, each Ordinary Resolution requires votes from a simple majority of those members who being eligible to do so vote on the Ordinary Resolution at the meeting.
3. Under the Registered Clubs Act:
  - (a) members who are employees of the Club are not entitled to vote.
  - (b) proxy voting is prohibited.
4. The Board recommends that members vote in favour of all resolutions.

# Directors' Report

The directors of New South Wales Harness Racing Club Limited submit herewith the annual financial report of the company for the financial year ended 30 June 2017. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names and particulars of the directors of the company during or since the end of the financial year are:

## **R G Sharman**

### **24 years a Director – Chairman 4 years**

Deputy Chairman (2007-2013). Executive Director (2001-2007). Licensee of a conveyancing practice in south-west Sydney; Hospital Scientist; Bachelor of Science; Diploma of Law; Delegate to Harness Racing Australia; former Director of Racingcorp Pty Ltd; Director NSWHRC Syndications; Representative Harness Industry Consultative Group; Chairman of the Menangle House & Registered Club work group; Chairman of the Finance & Development workgroup.

## **P F Plummer**

### **11 years a Director – Deputy Chairman**

Chairman Harness Racing Clubs Committee; Delegate for Harness Racing Clubs Committee; Former Committee Member NSW Owners Association; former Vice President NSW Breeders Association; Director NSWHRC Syndications; Chairman of the Racing work group; Member of Menangle House & Registered Club work group; Member of the Marketing, Catering, Events & Membership workgroup.

## **P R Sullivan**

### **9 years a Director – Executive Director**

Company Director; Director of Australian Pacing Gold; Member of the Racing work group; Chairman of the Facilities, Track and Infrastructure work group.

## **M J Brown**

### **4 years a Director**

Director of Michael Brown Planning Strategies Pty Ltd; Qualified Mediator (Australian Commercial Disputes Centre); Bachelor of Applied Science (Environmental Planning); Diploma in Local Government Management; Associate Diploma in Town and Country Planning; Delegate for Harness Racing Clubs Committee; Director NSWHRC Syndications; Member of the Facilities, Track and Infrastructure work group; Chairman of the Marketing, Catering Events and Membership work group; Member of Menangle House & Registered Club work group. Harness Racing NSW Volunteer Appreciation Award 2016. Initiated the Indigenous Drivers Series (JC Caffyn Plate). President of NSW Standardbred Owners Association and Delegate on the Harness Racing Industry Consultative Group.

## **R J Marshall**

### **4 years a Director**

Master's Degree (University of Sydney); Diploma in Education; Senior Partner in 'Roads to Rome' Educational Consultancy; Deputy Chairman of Australian Pacing Gold; Director of NSWHRC Syndications; Chairman of the Media and Communications work group; Member of the Menangle House & Registered Club workgroup; Member of the Marketing, Catering, Events and Membership work group; Former Chairman of the Inter Dominion Harness Racing Council; Former Member of Harness Racing

NSW; Former Member of the Harness Racing Regulatory Authority; Former Executive Director of the NSW Harness Racing Club.

## **R J Nalder**

### **2 years a Director (Resigned 22 October 2016)**

Owner/Operator of Independent Portable Buildings; Former Board Member of Harness Racing NSW; Former Committee Member of NSW Harness Breeders Association; Former Chairman of the Racing work group; Former member of the Facilities, Track & Infrastructure work group.

## **W E Ellis**

### **2 years a Director**

Journalist (Consolidated Press 1964-1972; News Limited 1972-2008 including Olympic News Team 2000 and editor harness racing content, Daily Telegraph); Trainer-driver 1969-2007 with A-Grade licences from 1975; Foundation member, NSW Harness Racing Media Guild and President from 1990-2008; Member former Harness Racing Advisory Council 1996; Current advisor to NSW Harness Racing Appeals from 2012; Recipient of the HRA Meritorious Service Award; Delegate to the Harness Racing Clubs Committee; Member of the Marketing, Catering, Events & Membership workgroup; Member of the Media & Communications workgroup; Member of the Racing workgroup.

## **G J Campbell**

### **1 year a Director – Appointed 22 October 2016**

Over 30 years experience in corporate consultancy services with particular emphasis on hotels and registered clubs. Current board appointments include; Chairman Ainsworth Game Technology, Director of Liquor Marketing Group Limited (Bottle Mart); Non-executive Director of Lantern Hotels Group; and Chairman of the Audit Committee of Illawarra Catholic Club Group. Previous Board appointments include; Vice Chairman Harness Racing Australia; Chairman of Harness Racing NSW; Director of Central Coast Stadium; and Director of Blue Pyrenees Wines. Mr Campbell is a recipient of the J.P. Stratton award and the Ern Manea Gold Medal and was an inductee of the Inter Dominion Hall of Fame in February 2014. Chairman of the Finance & Development workgroup.

## **B H Christison**

### **Chief Executive**

Former Operations Manager (2004-2014) and Financial Controller (1994-2004) – NSW Harness Racing Club; Former Secretary Australian Pacing Gold (2004-2009); Former Assistant Financial Controller Westpac Travel (1991-1994); Director of Racingcorp Pty Ltd; Secretary NSWHRC Syndications; Member of the Finance and Development work group, Member of Marketing, Catering and Events work group; Member of Media and Communications work group.



## Directors' meetings

The following table sets out the number of full directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director). During the financial year, 13 board meetings were held.

Directors	Meetings Held	Meetings Attended
R G Sharman	13	12
P F Plummer	13	13
P R Sullivan	13	11
M J Brown	13	13
R J Marshall	13	11
R J Nalder	4	4
W E Ellis	13	12
G J Campbell	9	8

## Remuneration of Directors and Senior Management

Information about the remuneration of directors and senior management are set out in the full Financial Report.

## Principal activities

The principal activity of the company is to conduct and promote Harness Racing at Tabcorp Park @ Club Menangle. During the financial year there were no significant changes in the nature of those activities.

## Vision and Strategic objectives

Our vision is to continue our development as the premier harness racing club in Australasia. The strategic objectives of the company are to:

- Market our overall business so that we are recognised as a preferred entertainment and events destination.
- Commercialise non-racing activities so that they form a profitable part of the business and support our racing activities.
- Build Club Menangle as a community destination.
- Grow community "togetherness" so that we are a respected major contributor to community stakeholders.
- Optimise our investments and assets to achieve a profitable return and meet budgetary commitments.

## Performance measures

The company measures its performance from both the total income derived and the cost incurred in earning that income. In addition to financial measures a number of non-financial indicators are used. Key performance measures of the company include:

- Prizemoney distributed
- Investment return
- Membership numbers
- Sponsorship income
- Donations made and community projects
- Revenue derived from catering, functions and special events

## Review of operations

The net loss for the year amounted to \$2,318,756 (2016: \$1,559,284). Total comprehensive income for the year, which includes the fair value gain on investments, amounted to a profit of \$701,476 (2016: Loss \$3,112,694). The net operating loss includes an amount of \$2,116,390 (2016: \$3,743,680) for depreciation, amortisation and impairment of non-current assets. In the prior year there was a fair value upward movement on investment property of \$1,250,000.

## Changes in state of affairs

There were no significant changes in the state of affairs of the company during the financial year other than that referred to in the financial statements or notes thereto.

## Subsequent events

There has not been any matter or circumstance that has arisen since the end of the financial year that has 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 developments

Disclosure of information regarding likely developments in the operations of the company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the company. Accordingly, this information has not been disclosed in this report.

## Conditions on winding up

In the event of the company being wound up, each member undertakes to contribute an amount not exceeding two dollars (\$2.00) during the time that he or she is a member of the club; or within one year thereafter for the payment of the debts and liabilities of the company contracted before the member ceased to be a member; and costs, charges and expenses of winding up.

## Indemnification of officers and auditors

During or since the financial year the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary and all the executive officers of the company and any related body corporate against a liability incurred as such director, secretary or executive officer to the extent permitted by the Corporations Act 2001.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company or any related body corporate against a liability incurred as such an officer or auditor.

## Auditor's independence declaration

The Auditor's independence declaration is included on page one of this report.

Signed in accordance with a resolution of the Directors made pursuant to s.298(2) of the Corporations Act 2001 this 21st day of September 2017.

On behalf of the Directors:



R G Sharman,  
Chairman



P F Plummer,  
Deputy Chairman



# Chairman's Report

## Ray Sharman



The 2016/2017 year has seen a steady growth in the Club's business activities and consolidation of our reputation as a leading entertainment venue in the Macarthur area. Management has endeavored to expand the use of our facilities on non-racing days and also during the historically quieter racing periods and these efforts have been successful.

Events such as the Narellan Chamber of Commerce Premier's Breakfast, Beersheba Day Commemorative Breakfast, Caravan and Camping Show, weddings, birthday parties, sporting and charity functions all complement our racing activities. A recent notable success has been the monthly night food markets which have been held together with a Saturday night race meeting and have drawn large crowds to the track.

The development of the Menangle Park precinct and residential subdivision is progressing and the Club has held several meetings with the principal developer, Dahua Group. These have resulted in a positive commitment to incorporate the Club's business plans into the community development master planning processes to ensure the best outcome for the area. The Club is well positioned to take advantage of the opportunities that will be presented by the significant future development on our doorstep.

We are now identified as a major business, sport and entertainment venue in the Macarthur area, with exceptional quality catering and service. The efforts of our management team have recently been recognised with awards and nominations at a number of events. At the Combined Chamber of Commerce Business Awards the Club was named the winner of the Business Excellence Award and won the Regional Business of the Year for the southwestern area, and will proceed to the NSW Business Chamber State Awards in both categories later this year. We are also a finalist in the Cultural category of the Clubs NSW Community Awards for our development of the JC Caffyn Indigenous Drivers Series, to be held in October. These awards and nominations are a credit to the great work of our staff led by CEO Bruce Christison.

This year we celebrated the 50th running of the Miracle Mile in our February Group One Carnival, where Lennytheshark won a thrilling race to go one better than his narrow defeat the year before. The decision to move the meeting back to a Saturday night was extremely successful and the entire carnival is now a signature event on the racing calendar.

The Board is committed to maintain the status of our Group One carnival as this state's premier racing event, and to work with our industry partners to promote a great carnival featuring our flagship race. The Club recognises the contribution of HRNSW to the marketing of the 50th Miracle Mile to ensure that it was a truly memorable event and I look forward to their continuing involvement in the years ahead. The co-operation of HRV in coordinating race dates and conditions is also greatly appreciated to ensure that harness racing followers are now witness to strong carnivals in both states through January and February, with many feature races and a progression for our elite horses through a number of racing opportunities.

The Training and Stable complex on our southern property built and operated by HRNSW on the land leased to them by the Club is operating very successfully and this industry initiative is a reflection of the strong relationship between our two bodies. The available barns are fully occupied and the facilities available to those trainers located there are the best in the country. The available horse population on our immediate doorstep is a significant bonus for the Club.

HRNSW has introduced a trial tiered handicapping system for metropolitan racing after consultation with industry representatives. This system is based on dollars earned over the previous five starts and it is anticipated that this will provide more even racing and a greater spread of prizemoney return to owners, providing an incentive to keep horses in work which may have otherwise become uncompetitive. We look forward to a review of this system after the initial trial period.

The redevelopment of the Menangle House/Horse & Jockey Inn is being progressed by the Board. The plans for the renovations and the business model were reviewed during the year to ensure that the correct decisions were being made, and a number of changes were made. An initial Development Consent for a change of use from a hotel to a licensed club was obtained, but this was on a very preliminary plan of the redevelopment of the site. The final plans have now been approved by the Board and consultants are being appointed to provide the necessary documentation to submit to council. This is a significant property and business development standing on the doorstep to our racetrack and will be the cornerstone of our future business activities outside of our core of harness racing.

The Board and management conducted a Finance Workshop late last year. This reviewed the overall financial management of the Club, performance of the investments and our budgetary position.

As noted in my last report the significant investment funds held in the UBS Defensive Fund were managed in accordance with the defensive mandate of conservative investment, and this investment area had been under great pressure internationally to maintain returns. This trend adversely affected our financial result for the previous year and at the time of the Finance workshop there had been no change in this downward trend.

The Board made the decision to address this by a reduction in prizemoney levels to ensure that these were able to be funded within our budget constraints and would be sustainable into the future. It should be noted that even with these changes your Club is contributing almost \$5 million of its investment returns annually to industry prizemoney and initiatives.

The second half of the financial year has seen the performance of the UBS investment fund improve and while not at the levels originally budgeted at the time of the sale of Harold Park they are maintaining returns equal to those required to meet our current prizemoney commitments.

It is pleasing to note that these changes have reversed the financial performance from the previous year and resulted in a Total Comprehensive Income of \$701,476 for 2016/2017. The Board will continue to adopt a proactive approach to protect your Club's asset base in a difficult economic environment for defensive investments, and the Board is committed to meeting the challenges this presents in order to ensure the protection of the investment fund while we continue to provide a substantial injection of funds into the harness racing industry in addition to the revenue stream from wagering.

The Club is in the process of transitioning its publications of Trotguide and Harness Racing Weekly from a print version to an on-line format. This has been a major undertaking by our staff and has almost been completed, with the on-line edition currently being tested and fine-tuned. It is anticipated that both versions will be provided to our followers for at least the following 12 months.

I would like to take this opportunity to thank my Board members who have worked tirelessly and provided

invaluable assistance and support during the year. I would also thank the management team led by Bruce Christison and all staff members who have worked with dedication and loyalty in the best interests of your Club. I also thank all Members for supporting the Club during the year.

### VALE TO MEMBERS

During the year the Club was advised of and recorded the passing of the following Members:

- |                 |                   |
|-----------------|-------------------|
| • Arthur Cupitt | • Fred Borg       |
| • Jack Clarke   | • Henry Baines    |
| • Laurie Giles  | • Douglas Kershaw |
| • Kevin Newman  | • John Mendel     |
| • John Evans    | • Dennis Pengilly |

They will be remembered as valued members of the Club and I offer the condolences of the Club to all their families.

### ANNUAL GENERAL MEETING

Finally I encourage all members to attend the AGM and to take the opportunity to have your say in the Club's affairs.

# Chief Executive's Report

## Bruce Christison

The total comprehensive income for the year was a profit of \$701,476 compared to a loss of \$3,112,694 in the previous year. This figure includes the unrealised investment revenue resulting from the movement in the unit price of the UBS Defensive Fund investment. Without this movement the operating result for the financial year was a loss of \$2,318,756 compared to a loss of \$1,559,284 in the previous year. Depreciation and amortisation for the current year totaled \$1,861,618 in addition to an impairment amount of \$254,772.

The impairment amount related to the acceleration of the amortisation of the mast heads for the National Trotguide and Harness Racing Weekly. These publications whilst maintaining the intangible benefit of providing information to the industry have not generated a profit for many years. The Club has made the decision to transition to an online publication. An agreement has been reached to continue the print version of the publications in the short term as many in our industry still rely upon printed media. As the combined print and online publication is only forecast to generate a break even result, the Board decided to write down the remaining value of the asset.

Whilst low interest rates ensured the investment climate remained challenging, the growth in the value of the UBS Defensive Fund and other investments including the Kirribilli Club contributed a total of \$6,133,932 compared to \$2,762,696 in the previous year. A stronger performance in the second half of the year enabled the Club to meet its prizemoney commitment however the combined investment earnings over the last two years of \$8,896,628, still leaves the Club well short of the \$10M required during that period. This amount does not allow for capital growth in the fund.

This shortfall is the reason the Board made the difficult decision in December to make a slight reduction in prizemoney. These changes did not come into effect until

March 2017 and have contributed to a reduction of \$211,812 or 1.4% in prizemoney paid compared to the previous year.

Whilst the Board knows the importance of maintaining and growing prizemoney levels it must also protect the long term future of the Club. When Harold Park was sold in December 2010, commitments were made in relation to prizemoney based on what was believed to be conservative interest return projections of 7.2%. This level of return has only been generated in the first year and since then the ongoing record lows for interest rates have meant a 7.2% return for conservative funds has not been achievable.

It is important to point out that despite the challenging investment climate over this time, your club has paid out \$27M above the required levels based on industry funding. This is an achievement that all Members should be extremely proud of.

The Board is not sitting back and just waiting for the investment world to improve. It must be remembered that the Club's investment holding is not like a superannuation fund. The fund does not receive regular contributions, so it is vital that the principal is protected. As the projected rate of return increases so does the risk. As the Club relies upon the investment return to meet the existing prizemoney commitments, the risk of a negative return must be minimised.

The Club met with a number of independent investment advisers to investigate other options but to also seek consistent information to assist in decision making. The Club more recently received presentations from a short list of three Fund Managers/Advisers and has made the decision to move \$20M from the UBS Defensive Fund to a portfolio managed by Koda Capital. Whilst the UBS Fund has improved in performance the Board has decided that



further diversification of the investment is required. Koda Capital was selected due to the strong pedigree of their investment team but also as an independent firm they have greater flexibility to invest. They also have a strong background in not for profit organisations. The Board will continue to carefully monitor the performance of both UBS and Koda Capital.

Management continues to work towards reducing expenditure whilst still growing the overall business. An example of this is zero growth in wages during this period. Due to the decision to reduce prizemoney, the only wage increases applied during the year were award changes required by law. One of the few areas to increase was Racecourse Maintenance and this is due to the introduction of maintenance contracts as the warranties expire on plant and equipment in the buildings which are now nearly 4 years old. These maintenance agreements are vital in ensuring a quality venue. This is of course why we have depreciation expense and highlights the need to grow our investment fund rather than just meet our existing commitments.

From a revenue perspective, one of the highlights was an increase of 36% in sponsorship revenue. This is particularly pleasing in a very competitive market.

As mentioned in the Chairman's Report, one of the highlights of the year was the recognition the Club received from the Business Chamber and Clubs NSW. The Club is once again a finalist in the Clubs NSW Community Awards. This year the club has been recognised in the cultural section for the development of the JC Caffyn Indigenous Drivers Series. The Club also received the award for Business Excellence in the Macarthur Region. This was followed by the announcement that the Club was the overall winner of the Macarthur Region Business of the Year. This is a huge honor and the club now represents this region in both categories at the NSW Business Chamber State Awards.

As was stated in accepting these awards it is a great achievement for your Club however we understand that

there is still a mountain of work to be done. This does give a strong indication that we are heading in the right direction.

The Club works closely with the industry and is a key contributor to both the Harness Racing Industry Consultative Group and the Harness Racing Clubs Committee. A strong relationship is vital with the industry associations and I would like to thank and acknowledge the contribution of the United Harness Racing Association (UHRA), Harness Breeders NSW, the NSW Standardbred Owners Association and the Trotters Association of NSW. These associations are all comprised of passionate industry volunteers who donate their time to our sport.

I would also like to acknowledge the work of Harness Racing NSW under the Chairmanship of Graham Kelly and more recently Chris Edwards together with the leadership of Chief Executive John Dumesny. I would particularly like to thank Graham Kelly, who resigned as Chairman of HRNSW in June due to ill-health. Graham was an outstanding contributor to the Harness Racing Industry for over five and a half years. I would also like to highlight the role played by HRNSW in the very successful joint promotion of the 50th Miracle Mile.

I would also like to thank the Directors of the Club under the chairmanship of Ray Sharman for their assistance, guidance and dedication to the Club's success. It would be easy for the Club to only think of today however under the direction of this Board the Members should be proud that their Club is just as focused on protecting the future of this Club and the harness racing industry.

Finally I would like to thank the loyal staff for their outstanding contributions during the year. The winning of a major award such as the Regional Business of the Year is made possible by the strategic direction and decisions of current and past Boards and Management however it is ultimately the performance of the face of our business, the staff, which we are judged upon. The Club continues to establish a reputation as a premium entertainment destination with outstanding quality in catering and customer service.



*2017 Board of Directors: Peter Plummer, Michael Brown, Ray Sharman (Chairman), Bruce Christison (CEO), Robert Marshall, Graeme Campbell, Bill Ellis, Peter Sullivan.*



# Miracle Mile Carnival



*Lennytheshark parades after his 2017 Ainsworth Miracle Mile triumph. Oh so sweet for driver Chris Alford after coming so close in 2016.*



*Owners Martin and Kevin Riseley, trainer David Aiken and family members celebrate the victory of Lennytheshark at the presentation. Also present Troy Primmer representing sponsors Ainsworth, Racing Minister, Paul Toole and Club Menangle officials.*



*Partyon proves too strong in the HQ Insurance NSW Oaks.*



*Local Member for Campbelltown Greg Warren presents the owners of Partyon with the winners' trophy and rug.*





*A Piccadilly Princess gets there in the last stride in the Macarthur Square Ladyship Mile.*



*Connections were all smiles at the victory presentation of the Ladyship Mile. In attendance were representatives from Macarthur Square.*



*Superstar in waiting Vincent, parades after his awesome performance in the NSW Derby.*



*Dr Michael Frelander presents owners Bill and Jean Feiss with the Wards Accounting NSW Derby trophy and rug.*



*Tact Tate and Amanda Turnbull after victory in the Bohemia Crystal FFA.*



*In a season's best 1:54.1, Dead Cat Bounce was too good in the APG Trotters Mile.*









*It's Lenny the shark again, this time in the Group 1 Canadian Club Sprint.*



*Brian Goodall from Coca-Cola Amatil presents Martin Riseley with the Canadian Club Sprint Trophy and rug.*



*Hectorjayjay and regular driver Josh Aiken, after their brilliant victory in the Allied Express Sprint.*



*The connections of Hectorjayjay celebrate victory at the presentation of the Group 1 Allied Express Sprint.*

## Alabar Breeders Challenge



*Ignatius powers to victory in the 2yo C&G Alabar Breeders Challenge Final, in an Australian record 1:51.3.*



*Vincent does it again, this time in the 3yo C&G Alabar Breeders Challenge Final.*





## Len Smith Mile





# Indigenous Drivers' Stakes



*Royce Gregory Jack scores his 3rd victory in the JC Caffyn Plate.*

*Inset: Jim Caffyn Jnr was on hand with Federal Member, Dr Michael Freeland, to present Royce with the JC Caffyn Plate.*



*A very proud group of Indigenous Drivers together with Indigenous artist Randall Green. The JC Caffyn Plate is now firmly entrenched in the Club Menangle feature race calendar.*



# Beersheba Day Breakfast



*Members of the 7th Light Horse AIF Menangle Historical Troop.*



*His Excellency General The Honourable David Hurley AC DSC (Ret'd), Governor of NSW (also inset) with Club representatives at the Beersheba Day Breakfast.*



# Premiers



*Metropolitan Trainers Premiership Winner John McCarthy.*



*Metropolitan Drivers Premiership winner Todd McCarthy. Looking good Todd!*



*NSW Premier Gladys Berejiklian addresses the audience at EEOLOGY the annual Premiers Breakfast, hosted at Club Menangle.*



*Menangle power couple Robert Morris and Kerryann Turner winners of the Provincial Drivers and Trainers Premierships respectively.*



# Concise Financial Report

<b>Statement of Profit or Loss and Other Comprehensive Income</b> for the Financial Year ended 30 June 2017	Year ended 30 June 2017 \$	Year ended 30 June 2016 \$
Revenue	20,119,863	19,971,526
Investment income	3,113,700	4,316,106
Other gains and losses	29,931	-
Fair value movement of investment property	-	1,250,000
Materials and consumables used	(678,566)	(610,032)
Employee benefits expense	(3,021,283)	(3,015,634)
Depreciation expense	(1,797,925)	(1,834,138)
Amortisation of intangible assets	(63,693)	(63,693)
Prizemoney	(15,177,000)	(15,398,812)
Racing expenses	(1,382,821)	(1,268,566)
Marketing expenses	(606,287)	(570,719)
Racecourse maintenance	(914,806)	(793,915)
Administrative expenses	(893,560)	(836,732)
Publication expenses	(672,752)	(724,656)
Impairment of property, plant & equipment	-	(1,845,849)
Impairment of intangible assets	(254,772)	-
Other expenses	(118,785)	(134,170)
<b>Loss before income tax expense</b>	<b>(2,318,756)</b>	<b>(1,559,284)</b>
Income tax expense	-	-
<b>Net Loss</b>	<b>(2,318,756)</b>	<b>(1,559,284)</b>
Net fair value gain/(loss) on available-for-sale financial assets during the year	3,129,313	(1,613,143)
Reclassification adjustments relating to available-for-sale financial assets disposed of in the year	(109,081)	59,733
<b>Other comprehensive income/(loss) for the year</b>	<b>3,020,232</b>	<b>(1,553,410)</b>
<b>Total comprehensive income/(loss) for the year</b>	<b>701,476</b>	<b>(3,112,694)</b>

<b>Statement of Changes in Equity</b> for the Financial Year ended 30 June 2017	Investments Revaluation Reserve \$	Retained Earnings \$	Total \$
<b>Balance at 1 July 2015</b>	<b>1,982,491</b>	<b>171,298,036</b>	<b>173,280,527</b>
Loss for the year	-	(1,559,284)	(1,559,284)
Net fair value loss on available-for-sale financial assets during the year	(1,613,143)	-	(1,613,143)
Reclassification adjustments relating to available-for-sale financial assets disposed of in the year	59,733	-	59,733
Total comprehensive income for the year	(1,553,410)	(1,559,284)	(3,112,694)
<b>Balance at 30 June 2016</b>	<b>429,081</b>	<b>169,738,752</b>	<b>170,167,833</b>
Loss for the year	-	(2,318,756)	(2,318,756)
Net fair value gain on available-for-sale financial assets during the year	3,129,313	-	3,129,313
Reclassification adjustments relating to available-for-sale financial assets disposed of in the year	(109,081)	-	(109,081)
Total comprehensive income/(loss) for the year	3,020,232	(2,318,756)	701,476
<b>Balance at 30 June 2017</b>	<b>3,449,313</b>	<b>167,419,996</b>	<b>170,869,309</b>



## Statement of Financial Position

for the Financial Year ended 30 June 2017

Year ended  
30 June 2017  
\$

Year ended  
30 June 2016  
\$

### Current assets

Cash and cash equivalents	855,459	391,360
Trade and other receivables	5,188,319	5,130,997
Investments	95,095,372	94,061,805
Inventories	117,022	97,252
Other	10,873	34,866

<b>Total current assets</b>	<b>101,267,045</b>	<b>99,716,280</b>
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### Non-current assets

Property, plant and equipment	57,590,132	57,824,269
Investment property	16,750,000	16,750,000
Intangibles	-	318,465

<b>Total non-current assets</b>	<b>74,340,132</b>	<b>74,892,734</b>
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<b>Total assets</b>	<b>175,607,177</b>	<b>174,609,014</b>
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### Current liabilities

Trade and other payables	3,710,680	3,288,139
Other liabilities	170,000	170,000
Provisions	560,178	537,711

<b>Total current liabilities</b>	<b>4,440,858</b>	<b>3,995,850</b>
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### Non-current liabilities

Other liabilities	170,000	340,000
Provisions	127,010	105,331

<b>Total non-current liabilities</b>	<b>297,010</b>	<b>445,331</b>
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<b>Total liabilities</b>	<b>4,737,868</b>	<b>4,441,181</b>
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<b>Net assets</b>	<b>170,869,309</b>	<b>170,167,833</b>
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### Equity

Reserves	3,449,313	429,081
Retained earnings	167,419,996	169,738,752

<b>Total equity</b>	<b>170,869,309</b>	<b>170,167,833</b>
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## Statement of Cash Flows

for the Financial Year ended 30 June 2017

Year ended  
30 June 2017  
\$

Year ended  
30 June 2016  
\$

### Cash flows from operating activities

Receipts from customers	22,017,175	21,782,986
Payments to suppliers and employees	(24,974,929)	(25,393,665)
Net cash used in operating activities	(2,957,754)	(3,610,679)

### Cash flows from investing activities

Payments for property, plant and equipment	(1,589,411)	(5,328,571)
Proceeds on sale of property, plant and equipment	55,555	-
Investment income	1,100,364	1,098,610
Investment management fees and taxes	(144,655)	(141,333)
Net proceeds from withdrawal of investments	4,000,000	8,000,000
Net cash provided by investing activities	3,421,853	3,628,706

<b>Net increase in cash and cash equivalents</b>	<b>464,099</b>	<b>18,027</b>
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<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>391,360</b>	<b>373,333</b>
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<b>Cash and cash equivalents at the end of the financial year</b>	<b>855,459</b>	<b>391,360</b>
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## Discussion and analysis of the Profit or Loss and Other Comprehensive Income

For the financial year ending 30 June 2017, the entity generated a net loss of \$2.3 million. This result includes realised returns from our investment portfolio, but does not recognise unrealised gains generated from the increasing value of our investments, such as the increase in the unit price of our managed fund. After taking into account these fair value gains in our investment portfolio, our total comprehensive income resulted in a net profit of \$701,476.

The performance of the investment portfolio over the year is a vital component to the organisation as a whole. Investment income forms a material slice of our overall revenue and for that reason the board and management monitors this closely. Often it is a balancing act of trying to maximise returns while minimising the volatility within the investment.

When making these investment decisions, the long-term return is the main consideration, with the understanding that there may be an occasional negative return in meeting these long term goals. This was the case in recent times, where our investment portfolio experienced a downturn. This began in the prior financial year and continued for the first half of the current reporting period. This downward trend was a major concern of the board during the first few months of the year.

It was unclear how long this period would last and, with the financial security of the entity in mind, prizemoney changes were implemented during the year. This resulted in a slight decrease in prizemoney expense of 1.4%. Similarly, management aimed to reduce other operating expenses where possible. As an example employee benefit expenses have remained relatively unchanged from the prior period. This is despite an increase in catering and gaming activity, which traditionally would have increased staffing levels and expenses. Publication expenses associated with the production of Trotguide and Harness Racing Weekly, were also reduced during the period.

Newspaper sales continue to decline as more consumers obtain their news from online sources. In a response to this, the future of the publications is to transition to a greater online presence. The reduction of expenses in the current year is directly related to combat the decline in sales over the period. Similarly, as sales continue to fall, an assessment was made of the carrying value of the publication mastheads. This has resulted in a fair value impairment of \$255,000 during the current financial year.

Another saving incurred during the year was in ambulance expenses. Through funding obtained by tax parity legislation, Harness Racing NSW absorbed ambulance costs incurred by all clubs during the year. On its own, this would have reduced racing expense by \$130,000 over the prior year, however this was offset with the adoption of expenses associated with foal registration fees. The board is always supportive of introducing initiatives to support the industry, and one way to contribute to the direct assistance of the breeding industry was to cover foal registration fees in NSW. Although the decision was made in the previous year, the increase in the expense was only incurred in the current financial year. This had the effect of increasing racing expenses overall.

With a number of important feature races during the year, nothing was celebrated more than the 50th running of the Miracle Mile. Additional funding was contributed to celebrate this milestone event and contributed to a slight increase in marketing expenses over the period.

Racecourse maintenance was another area that did see an increase in expenses over the period. It has now been four years since the construction of the new grandstand facilities and, as the complex ages, additional expenditure is required for its upkeep. A number of maintenance agreements were entered into in the current year.

Additionally, increasing energy costs contributed to an increase in expenses in this area.

Despite the downturn in the investment portfolio mentioned above, the second half of the current financial year did see a steady recovery in our investment fund. This was particularly evident by a steady increase in the unit price of for the last six months of the year. Overall the fair value gain attributable to these investments was over \$3 million.

## Discussion and analysis of the Balance Sheet

Total current assets of the entity have increased by \$1.5 million from the same period last year. This movement has largely been attributed to the increase in the UBS managed fund, which increased by just over \$1 million. Despite withdrawing \$4 million from the investment fund, almost \$2 million was reinvested from investment income. The fund grew by another \$3.1 million due to the increase in the unit price of the fund.

Cash on hand also increased by \$464,000 from the same time last year. This was due to a late transfer of funds from the UBS investment, just prior to the end of the year. That is, funds were withdrawn from the UBS investment into our cash account to meet prizemoney and other commitments due to Harness Racing NSW immediately at the start of the new financial year.

Non-current assets experienced a \$550,000 decrease from the same time last year. This is largely due to the amortisation and impairment of intangibles assets associated with the publication mastheads, reducing this balance by \$320,000.

Property, plant and equipment also experienced a net fall totalling \$230,000. This was largely due to depreciation incurred on these assets of \$1.8 million, offset by additions of \$1.6 million.

Total liabilities increased by \$296,000 from the same time as last year. This was largely due to the increased commitments to Harness Racing NSW, which were payable towards the end of the year.

## Discussion and analysis of the Statement of Cash Flows

The net cash used in operating activities fell compared to the prior period. This was partly due to reduced expenses in some areas, combined with an increased payables balance as at 30 June 2017. Similarly there was an increase in receipts from customers, largely generated from increased activity from catering and gaming operations.

There were some important changes in cash flows from investing activities compared to the prior period. Last year, \$5.3 million was used to purchase property, plant and equipment.

The most notable asset purchased last year was the Menangle House property. In comparison to the current year, only \$1.6 million was used to purchase assets. To assist with the purchase of the Menangle House property in the prior period, additional funds were called on from our investment portfolio. As a comparison, the net proceeds withdrawn from investments fell by \$4 million compared to last year.

## Notes to the Financial Statements

### 1. Summary of Accounting Policies

#### Basis of preparation

The concise financial report has been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 1039 'Concise Financial Reports'. The concise financial report, including the financial statements and specific disclosures included in the concise financial report, has been derived from the full financial report of NSW Harness Racing Club Limited.

All amounts are presented in Australian dollars.

A full description of the accounting policies adopted by the entity is provided in the notes to the financial statements which form part of the full financial report.

The concise financial report was authorised for issue by the Directors on 21 September 2017.

### 2. Adoption of new and revised accounting standards

The following new and revised Standards and Interpretations have been adopted in the current financial year but have had no effect on the amounts reported in the current year.

- AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective and are not expected to have any material impact on the financial report of the entity.

- AASB 9 'Financial Instruments', and the relevant amending standards
- AASB 15 'Revenue from contracts with customers'
- AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards

– Effective Date of AASB 15', and AASB 2016-3 'Amendments to Australian Accounting Standards – Clarifications to AASB 15'

- AASB 16 'Leases'
- AASB 1058 Income of Not-for-Profit Entities, AASB 1058 Income of Not-for-Profit Entities (Appendix D), AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities
- AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities
- AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'
- AASB 2016-4 'Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities'
- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014–2016 Cycle and Other Amendments
- AASB 2017-2 Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle

### 3. Segment information

The company derives revenue primarily from the sponsorship and development of the Harness Racing Industry. The company's operations are carried out in Australia.

### 4. Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has 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.

## Other information - unaudited

### Core property

Pursuant to Section 41J(2) of the Registered Clubs Act for the financial year ended 30 June 2017:

a) The following properties are core property of the Club;

- i. The defined premises of the Registered Club located at Tabcorp Park Menangle, Racecourse Avenue, Menangle Park, NSW.

b) The following properties are non-core properties:

- i. All other properties owned by the Club and not included in a)i above.

Refer to notes to members below.

#### Notes to Members

1. Section 41J (2) of the Registered Clubs Act requires the Annual Report to specify the core property and non-core property of the Club as at the end of the financial year to which the report relates.
2. Core property is any real property owned or occupied by the Club that comprises:
  - (a) the defined premises of the Club; or
  - (b) any facility provided by the Club for use of its members and their guests; or

(c) any other property declared by a Resolution passed by a majority of the members present at a general meeting of Ordinary members of the Club to be core property of the Club.

3. Non-core property is any other property other than that referred to above as core property and any property which is declared by the members at a general meeting of ordinary members of the Club not to be core property.
4. The significance of the distinction between core property and non-core property is that the Club cannot dispose of any core property unless:
  - (a) the property has been valued by a registered valuer within the meaning of the Valuers Act 2003; and
  - (b) the disposal has been approved at a general meeting of the Ordinary members of the Club at which the majority of the votes cast support the approval; and
  - (c) any sale is by way of public action or open tender conducted by an independent real estate agent or auctioneer.

These disposal provisions are to some extent modified by regulations made under the Registered Clubs Act which provide for a number of exceptions and by Section 41J itself.



# Independent Auditor's Report

to the Members of New South Wales Harness Racing Club Limited

## Opinion

We have audited the concise financial report of New South Wales Harness Racing Club Limited (the "Entity"), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and related notes, derived from the financial report of New South Wales Harness Racing Club Limited for the year ended 30 June 2017 and the discussion and analysis.

In our opinion, the accompanying concise financial report, including the discussion and analysis of New South Wales Harness Racing Club Limited, complies with Accounting Standard AASB 1039 Concise Financial Reports.

## Basis for Opinion

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

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

## Concise Financial Report

The concise financial report does not contain all the disclosures required by the Australian Accounting Standards in the preparation of the financial report. Reading the concise financial report and the auditor's report thereon, therefore, is not a substitute for reading the financial report and the auditor's report thereon.

## The Financial report and Our Report Thereon

We expressed an unmodified audit opinion on the financial report in our report dated 21 September 2017.

## Responsibilities of the Directors for the Concise Financial Report

The directors are responsible for the preparation of the concise financial report in accordance with Accounting Standard AASB 1039 Concise Financial Reports, and the Corporations Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the concise financial report.

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

Our responsibility is to express an opinion on whether the concise financial report, in all material respects, complies with AASB 1039 Concise Financial Reports and whether the discussion and analysis complies with AASB 1039 Concise Financial Reports based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 Engagements to Report on Summary Financial Statements.

### DELOITTE TOUCHE TOHMATSU

Nathan Balban

Partner

Chartered Accountants

Parramatta, 21 September 2017

Liability limited by a scheme approved under Professional Standards Legislation. Member of Deloitte Touche Tohmatsu Limited

## Directors' Declaration

### The directors declare that

- (a) in the directors' opinion, the attached financial statements and notes thereto comply with Accounting Standard AASB 1039 'Concise Financial Reports'; and
- (b) the attached financial statements and notes thereto have been derived from the full financial report of the company.

Signed in accordance with a Resolution of the Directors.

### On behalf of the Directors



R G Sharman,  
Chairman

Sydney, 21 September 2017



P F Plummer,  
Deputy Chairman



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