



Tamworth Jockey Club Incorporated
ABN 29 968 716 248

Financial Statements
For the Year Ended 30 June 2021



Tamworth Jockey Club Incorporated



Tamworth Jockey Club

& FUNCTION CENTRE

TAMWORTH JOCKEY CLUB LIMITED

NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR ENDED 30TH JUNE 2021

26/7/2021

Dear Member,

It is my pleasure to invite you to attend the 2021 Annual General Meeting of the Tamworth Jockey Club Limited ("Club"). The meeting will be held at Tamworth Racecourse on **Wednesday, September 8, 2021**, in the John Clift Room, commencing at 6.00pm.

Business:

1. Attendance and Apologies
2. Confirmation of minutes of the Annual General Meeting held on November 17, 2020;
3. To receive the Annual Report for the year ended June 30, 2021;
4. To receive the Auditor's Report for the year ended June 30, 2021;
5. To announce the results for the election of SIX (6) member-elected Board Members;
6. Nomination and appointment of Patron;
7. To elect an auditor or auditors for the year to June 30, 2022;
8. The transaction of any other business in accordance with the Constitution;

***Please note:** RNSW has requested that the timing of this year's AGM be brought forward so as to allow for the election of Board members and the appointment of the four independent Board members to take place as soon as is practical. Copies of the 2021 Annual Report inclusive of the Financial Report and the 2020 Annual General Meeting minutes will be made available upon request from the office of the Tamworth Jockey Club in advance of the AGM. Members will be advised when they are available. Voting papers and information about the candidates seeking election to the Board will be distributed to members 14 days prior to the AGM.*

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Further, to allow for the provision of appropriate information, any intended general questions and/or questions pertaining to the Annual Financial Statements must be in writing and lodged with the General Manager no later than close of business on Wednesday, September 1 2021.

Light refreshments will be provided for attendees at the conclusion of the meeting.



Michael Buckley

General Manager

Tamworth Jockey Club Limited

Tamworth Jockey Club Incorporated

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Financial Statements For the Year Ended 30 June 2021

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As prepared by



cannoncohen+associates

Tamworth Jockey Club Incorporated

ABN: 29 968 716 248

Administrator's Report to Members For the Year Ended 30 June 2021

As you will appreciate, the past 12 months have been quite challenging for everyone.

I would like to acknowledge and thank the Members of the Tamworth Jockey Club, the Club's hard-working staff, our local trainers, their stable staff, owners, and all industry participants for their collective efforts which has allowed Racing to continue to operate despite the Covid pandemic.

As the Racing New South Wales appointed administrator since early January, in the absence of the TJC Board, it has been my responsibility to oversee the management of the Club's affairs. This task would not have been possible without the ongoing support I have received from everyone at Tamworth. Thank you.

I am pleased to report that despite all the circumstances, including the Club's internal governance challenges, TJC has had a successful year.

The Club has reported a profit of \$496,362 for the Financial Year ended 30 June 2021.

While this represents an improved result when compared with the \$87,268 surplus for the 2019-20 year, it should be noted that this year's profit includes \$467,019 in Racing NSW Infrastructure grants. Excluding the grants, the Club achieved an operating surplus of \$29,343 after providing for \$122,382 of depreciation.

Given the impact of Covid on the business and our other challenges during the year, the \$29,343 operating surplus is still a satisfactory result. In 2018-19 the Club made a loss of \$130,697.

Some of the Club's capital funds were utilised to complete overdue drainage work on the course proper late last year. The total cost of this project was \$466,000, with the Club contributing \$134,000.

Unfortunately, there were some delays and some subsequent issues with this project, which resulted in our two race days in December having to be transferred. Despite this initial setback and a busy racing schedule, there has been a marked improvement in the performance of the Tamworth track through the autumn and the recent wet winter months.

Some further maintenance work is scheduled for the section of the track across the top bend and chutes in November. This extra work was provided for in the original project but could not be completed in a timely manner last year.

Work is currently being completed on the construction of a new training track at Tamworth. This project is budgeted to cost \$1.56 million, with the Club contributing \$100,000.

The \$1.8m of capital funding that has been provided by Racing NSW and the NSW Country Racecourse Development Fund towards these two major projects is very much appreciated.

In addition to these projects, it was recently announced that Tamworth Jockey Club has been allocated a further \$2.4 million of funding from the NSW Berejiklian Government as part of a significant \$67 million investment that the Government is providing to support regional race clubs throughout New South Wales.

Your new Board and management will be in the envious position in the coming months of approving plans to upgrade and increase our on-course stabling accommodation, with \$1.6m of the grant to be targeted at expanding the numbers of horses in training here. The other \$800,000 portion of the Government grant has been made available for further improvements to our training facilities.

In total some \$4.2 million of capital funding is being made available to the Tamworth Jockey Club. This very significant sum clearly demonstrates Racing New South Wales ongoing commitment to this Club.

On behalf of all Members and industry stakeholders, I would like to take this opportunity to acknowledge RNSW CEO Peter V'landys AM, Chairman Russell Balding and the RNSW Board and the RNSW senior management team for their confidence and support of the Club and racing in our region.

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It would also be remiss of me not to acknowledge the efforts of the Hon. Kevin Anderson, MP, the Member for Tamworth, and the Minister for Racing, for his longstanding support of the Tamworth Jockey Club and its participants.

I won't dwell here on the issues which led to Racing NSW instigating their inquiry earlier this year into the governance of the Club by the previous TJC Board. As members will be aware, the outcome of that independent RNSW inquiry resulted in the resignation in June of the directors.

At the upcoming TJC Annual General Meeting an election will be held for six new Member elected Board Members. I would like to congratulate and thank the eight members who have nominated for the six available positions.

Racing NSW is also currently undertaking a selection process for the four additional independent Board members. Once this is finalised and the Member elected director members have been confirmed, my role as the administrator will conclude and control of the Club will be returned by Racing NSW to the new directors and management.

To help facilitate the election process, at the request of Racing NSW, the Annual General Meeting has been brought forward from November until early September.

Members should be aware that the Department of Fair Trading had previously advised the TJC Board that the Club's annual turnover was nearing the \$5 million limit that would allow it to remain an Incorporated Association.

The 2019 TJC AGM confirmed that the Association should apply to the Commissioner for Fair Trading pursuant to Section 78 of the Associations Incorporation Act 2009 for a transfer of registration declaration to permit the Association to be registered as a public company limited by guarantee under the Corporations Act 2001 (Cth).

There was a delay last year in completing the change of registration. I can confirm that this has now been actioned and approved by ASIC.

Shortly after my appointment in January, the Club's General Manager Wayne Woods, who had only been in the position since October 2020 when he replaced Mitch Shaw, resigned. The Club was also advertising for a new racetrack course manager in January.

In the absence of these two senior employees, Racing NSW agreed to extend my contract as administrator to allow me to spend additional time in Tamworth to work closely with the staff with full responsibility for the day-to-day operation of the business.

A recruitment process for both positions was undertaken. In April I was able to confirm Michael Buckley had been appointed as General Manager and Mitch Robinson would take charge of the Club's track and training operations.

Both Michael and Mitch had worked together at the Newcastle Jockey Club for some five years. Both have quickly settled into their new roles here at Tamworth and have already demonstrated that they are up to the challenge. In my view, Tamworth is very fortunate to have secured the services of two such well credentialled and professional young men.

Racing

Tamworth was pleased to once again host the Hunter & North West March qualifier in the rich Newhaven Park Country Championship series. The \$150,000 Tamworth feature was impressively won by the Rod Northam Scone trained Spiranac, defeating the Cameron Crocket trained Pure Fuego, with the Luke Morgan trained Depth That Varies a close-up third.

Tamworth's other feature race meeting of the year was conducted just over one month later, with the \$200,000 Great Northern Tamworth Cup the main race on a programme that saw over \$500,000 in prizemoney on offer at

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was Tamworth's richest ever raceday. The support of Racing NSW and our sponsors which enabled the Club to offer over half a million dollars in stakes is very much appreciated.

A highlight of Cup Day was the presence of champion Victorian jockey Craig Williams, who made a special trip to Tamworth to ride the Paul Messara race favourite Total Recall in the big race. While Williams and Total Recall were not successful, Craig was very complimentary about Tamworth and the strength of country racing in New South Wales.

There was a good size crowd on track to witness Wyong galloper High Court, trained by Jeff Englebrecht and ridden by Grant Buckley, narrowly win the \$200,00 Tamworth Cup from the gallant Cody Morgan trained local Wren's Day, who had to lump 5.5kg more weight than the winner.

Both our Country Championship meeting and Cup Day were raced on Good 4 tracks, with near capacity fields that attracted excellent TAB wagering support.

Earlier this year Racing NSW announced a further \$20m increase in prizemoney for the 2021-22 season, with over \$9m of that sum targeted for country race meetings including its non-Tab and picnic races. From July this year there is now another 20 country showcase meetings available, TAB Highways for country courses in Sydney were increased to \$100,000, while minimum prizemoney at all TAB country meetings including Tamworth has risen to \$24,000 per race.

Since 2012 country prizemoney has risen from \$58m to over \$91m.

With Tamworth widely regarded as one of the leading country racing and training venues, it is critical that the Club continues to work closely with Racing NSW and industry participants with a focus on continuing to develop its facilities and the promotion of ownership and participation in racing in this region.

With the capital improvements happening here, strong management and an enthusiastic new Board I am confident that the TJC is well positioned to continue to play its role. Best wishes for the future.



David Jewell GAICD
Administrator Tamworth Jockey Club

Tamworth Jockey Club Incorporated

ABN: 29 968 716 248

Financial Summary Report For the Year Ended 30 June 2021

Overview

The Club has reported a profit of \$496,362 for the Financial Year ended 30 June 2021. This is an increase of \$409,093 when compared with our profit of \$87,268 for the 2019–2020 Financial Year.

Income increased by \$311,426 when compared with the 2019–2020 Financial Year because of a number of significant circumstances, variances and items, which will be described later in this report.

Racing Operations

The core business of the TJC is its Racing Operations. Total race meeting income was \$4,845,342 compared with \$4,838,344 in 2019-2020, an increase of \$6,998. This year we received a RNSW Infrastructure grant of \$325,428

The larger variances are represented by:

- A decrease in distributions from Racing NSW of \$47,147.
- A decrease in non-acceptance and scratching fees of \$2,159.
- A decrease in the Sky Channel Fees of \$2,367.
- An increase in sponsorship, advertising, and donations contributions of \$143,579.
- An increase in Racing NSW Track Maintenance of \$8,302.

Total race meeting expenditure was \$4,723,642 which is an increase of \$209,258 on the previous year with the larger variances being:

- An increase in Prizemoney & Trophies of \$5,286.
- An increase in corporate packages costs of \$13,757
- A decrease in jockeys riding fees of \$5,343.
- An increase in insurance expenses of \$4,257.
- A decrease in Rates of \$3,202.
- An increase in wages of \$54,934
- A decrease in Repairs & Maintenance of \$74,449

Asset Purchases

During 2020-2021 the club purchased Outdoor event fencing \$8,229, New festival chairs \$3,820, New computers & desk \$5,477, various plant & equipment \$20,390 and the Racetrack Drainage works totalled \$547,940

COVID 19

The impact of Covid-19 has had a varied effect on the association for the year. The club was able to secure the last of the JobKeeper payments for much of its staff with these payments received totalling \$118,500. Together with these was the Cash Boost stimulus payments we received from the ATO that also totalled \$50,000. These amounts are included in our Net Operating Profit for the Year. Covid-19 restrictions were starting to ease and Race Day Trading was slowly getting back to normal as to the Function Centre also was showing an increase in bookings.

Financial Position

The club remains in a sound financial position with total current assets of \$1,112,582 compared with \$1,074,181 (2019-2020) an increase of \$38,401. Total Members' Funds at 30 June 2021 were \$10,139,451. Cash and cash equivalents at 30 June 2021 were \$420,296 a decrease of \$100,015 from last year.



Auditor's declaration of independence

To the Committee of Tamworth Jockey Club Incorporated

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021 there have been no contraventions of:

1. the auditor independence requirements as set out in the Incorporated Associations Act (NSW) 2009 in relation to the audit; and
2. any applicable code of professional conduct in relation to the audit.

Roberts & Morrow Audit Services Pty Ltd
Authorised Audit Company Number: 517597

Carolyn Cooper

Carolyn Cooper
Partner

137 Beardy Street
Armidale, NSW

Dated: 19 August 2021

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
Revenue	3	5,527,205	5,215,779
Cost of Goods Sold	4	3,498,481	3,522,410
Depreciation & Impairment	4	122,382	135,045
Employee Benefits Expense	4	754,995	717,928
Finance Costs	4	6,862	1,578
Other Expenses	4	648,123	751,549
Profit/(Loss) Attributable to Members		<u>496,362</u>	<u>87,269</u>
Total Other Comprehensive Income		<u>-</u>	<u>-</u>
Total Comprehensive Income/(Loss) Attributable to Members		<u>496,362</u>	<u>87,269</u>

The accompanying notes form part of these Financial Statements

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Statement of Financial Position For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
Current Assets			
Cash and Cash Equivalents	5	420,296	520,311
Trade and Other Receivables	7	679,911	544,418
Inventories	8	12,200	9,198
Other Current Assets	9	175	254
Total Current Assets		1,112,582	1,074,181
Non-Current Assets			
Property, Plant and Equipment	10	9,528,882	8,886,182
Trade and Other Receivables	7	139,780	139,780
Total Non-Current Assets		9,668,662	9,025,962
Total Assets		10,781,244	10,100,143
Current Liabilities			
Trade and Other Payables	11	549,822	339,458
Borrowings	12	7,987	7,907
Lease Liabilities	13	8,988	8,988
Provisions	14	23,389	35,115
Other Current Liabilities	15	-	-
Total Current Liabilities		590,186	391,468
Non-Current Liabilities			
Borrowings	12	10,773	18,760
Lease Liabilities	13	14,231	23,219
Provisions	14	26,603	23,607
Total Non-Current Liabilities		51,607	65,586
Total Liabilities		641,793	457,054
Net Assets		10,139,451	9,643,089
Members' Funds			
Asset Revaluation Reserve	16	543,879	543,879
Retained Earnings	17	9,595,572	9,099,210
Total Members' Funds		10,139,451	9,643,089

The accompanying notes form part of these Financial Statements

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Statement of Cash Flows For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
Cash Flows from Operating Activities			
Membership Fees		10,962	3,950
Racing NSW CRC Distributions		3,844,213	3,769,212
Racing NSW track Maintenance Scheme Receipts		238,917	236,211
Receipts form Customers		1,288,560	995,079
Payments to Suppliers		(4,123,339)	(4,202,667)
Payments to Employees		(754,995)	(713,254)
Interest Received		168	480
Total Cash Flows from Operating Activities		504,486	89,011
Cash Flows from Investing Activities			
Proceeds from Sale of Property, Plant and Equipment		-	-
Purchases of Property, Plant and Equipment		(588,650)	(18,988)
Total Cash Flows from Investing Activities		(588,650)	(18,988)
Cash Flows from Financing Activities			
Interest Paid		(6,783)	(1,499)
Borrowing Costs		(79)	(79)
Loan Repayments		-	(7,827)
Proceeds from Lease Agreements		-	-
Lease Liability Payments		(8,988)	(8,988)
Total Cash Flows from Financing Activities		(15,850)	(18,393)
Net Increase/(Decrease) in Cash Held	6	(100,014)	51,630
Cash at the Beginning of the Financial Year	5	520,310	468,680
Cash at the End of the Financial Year	5	420,296	520,310

The accompanying notes form part of these Financial Statements

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Statement of Changes in Equity For the Year Ended 30 June 2021

	Note	Retained Earnings \$	PP&E Reserve \$	Total \$
Balance at 1 July 2020	17	9,099,210	543,879	9,643,089
Comprehensive Income				
Profit Attributable to Members	17	496,362	-	496,362
Other Comprehensive Income	17	-	-	-
Total Comprehensive Income/(Loss) Attributable to Members		<u>496,362</u>	<u>-</u>	<u>496,362</u>
Transfers between Equity Components				
Transfers form Revaluation Reserve on Asset Derecognition	16	-	-	-
Balance at 30 June 2021		<u>9,595,572</u>	<u>543,879</u>	<u>10,139,451</u>
			2021 \$	2020 \$
Reconciliation of Equity				
Retained Earnings	17		9,595,572	9,099,210
Asset Revaluation Reserve	16		543,879	543,879
Total Equity			<u>10,139,451</u>	<u>9,643,089</u>

The accompanying notes form part of these Financial Statements

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Notes to the Financial Statements For the Year Ended 30 June 2021

1. Basis of Preparation

Tamworth Jockey Club is a Tier 1 Incorporated Association incorporated in New South Wales in 1986, operating pursuant to the Associations Incorporation Act 2009 [NSW]. The association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

In the previous period, the Directors have prepared a general-purpose financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Associations Incorporation Act 2009 [NSW]. The company has opted to adopt the Australian Accounting Standards – Simplified Disclosures ahead of its mandatory effective date of 1 July 2021. Other than the change in disclosure requirements, the adoption of the Australian Accounting Standards – Simplified Disclosures has no significant impact on the financial statements because the company's financial statements were prepared in full compliance with the recognition and measurements requirements of Australian Accounting Standards. In adopting this standard, the Company has applied AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

Significant accounting policies adopted in the preparation of the financial statements are presented below and are consistently applied unless otherwise stated.

The financial statements, excluding the cash flow information, have been prepared on an accrual's basis, and are based on historical costs modified, where applicable, by the measurement of fair value of selected non-current assets, financial assets and financial liabilities.

2. Summary of Significant Accounting Policies

a) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short term highly liquid investments which have an original maturity of three months or less, are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents and are presented within current liabilities on the balance sheet.

b) Trade and Other Receivables

Trade and other receivables include amounts due from customers and Racing NSW for goods and services sold within the ordinary course of business. Receivables have been classified as current assets where the association expects to receive the outstanding amount within 12 months of the end of the reporting period. All other receivables have been classified as non-current assets.

Receivables are initially measured at fair value expected to be received. Receivables are subsequently measured at amortised cost less any provision for impairment, using the effective interest rate method.

c) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the weighted average basis and is net of any rebates and discounts received from suppliers.

d) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised and amortised over the shorter of the life of the asset or related liability. All other borrowing costs are recognised as an expense in the period in which they are incurred.

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Notes to the Financial Statements For the Year Ended 30 June 2021

e) Property, Plant & Equipment

Recognition and Measurement

Items of Property, Plant and Equipment are initially measured at cost. Where an asset is acquired for no cost, such as gifted or contributed to the association for no consideration, the cost of the asset is recognised as the fair value at the date of acquisition.

Cost comprises any expenditure directly attributable to the acquisition of the asset and the costs to bring the asset into use by the association. The cost of assets constructed by the association includes the cost of direct materials and labour and an appropriate apportionment of overhead costs incurred to bring the asset to a working condition for its intended use.

Distinct major components of Property, Plant and Equipment items are recognised as separate assets where the components are assessed as having different useful lives.

Each class of Property, Plant and Equipment is subsequently carried at cost or fair value less accumulated depreciation and any accumulated impairment losses. Fair value for an asset class is determined by an independent or directors' valuation. A revaluation of an asset occurs when the carrying amount of an asset differs materially from the fair value of the asset. The requirement to revalue each asset class is assessed by the directors on an annual basis.

When the carrying amount of an asset exceeds its estimated recoverable amount, the carrying amount is reduced to the estimated recoverable amount and impairment losses are recognised in the profit and loss or as a revaluation decrease if the impairment relates to a previously re-valued asset.

In the event the carrying amount of an asset is less than its estimated recoverable amount, the carrying amount is adjusted to the estimated recoverable amount and the net revaluation increase is recognised in other comprehensive income and accumulated in equity under a revaluation reserve. A net revaluation increase that reverses a previous net revaluation decrease of the same class of assets is recognised in profit and loss to the extent the previous revaluation decrease was recognised in profit and loss. All property, plant and equipment classes have been measured using the revaluation method, excluding Racetrack Improvements and Irrigation Licence which are measured using the cost method.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable future economic benefits associated with the item will flow to the association and the cost of the item can be reliably measured.

All other repairs and maintenance costs are recognised as expenses in profit and loss in the period that they are incurred.

Depreciation

The depreciable amount of the association's property, plant and equipment, including buildings but excluding freehold land, is depreciated on a straight-line basis over the useful life to the association of each individual asset, commencing from the first time the asset is available for use.

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Notes to the Financial Statements For the Year Ended 30 June 2021

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

Class of Property, Plant & Equipment	Depreciation Rate
Buildings, Tracks & Improvements	0% - 10%
Plant & Equipment	5% - 40%
Motor Vehicles	5% - 40%
Right of Use Assets	5% - 40%

Each asset's useful life and residual value is reviewed and adjusted, where appropriate, at the end of each reporting period.

Gains or losses on the disposal of Plant, Property and Equipment are determined by comparing the net proceeds to the carrying amount of the asset at the date of disposal. The gain or loss is recognised by the association in the reporting period that the disposal occurred. Where an asset that has previously been re-valued is sold, the amount included in the revaluation surplus relating to that asset is transferred to retained earnings.

Right of Use Assets

Plant, Property and Equipment includes assets that have been classified as Right of Use Assets. Right of Use Assets represent assets the association has acquired under a lease agreement where substantially all of the risks and benefits of ownership remain with the lessor. The lease entitles the association a right to substantially all of the economic benefits derived from the use of the asset.

Right of Use Assets are initially measured at the cost to lease the asset over the term of the lease. Cost includes any expenses directly attributable to bringing the leased asset into use and costs to dismantle and remove the asset when the lease term expires. Right of Use Assets are subsequently carried at cost or fair value less accumulated depreciation and impairment losses. Right of Use Assets are depreciated over the term of the lease, unless the lease includes an option to purchase, at which point the asset is depreciated over the useful life of the asset.

f) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the association during the reporting period that remain unpaid. The balance is recognised as a current liability.

g) Financial Instruments

Financial assets and financial liabilities are recognised when the association becomes a party to the contractual provisions of the instrument. The association has classified all of its financial instruments as amortised cost for AASB 9 recognition and measurement requirements. Financial instruments are initially measured at fair value and are subsequently measured at fair value, amortised cost using the effective interest rate method or cost.

All income and expenses relating to financial assets are recognised in profit and loss.

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Notes to the Financial Statements For the Year Ended 30 June 2021

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. Gains or losses are recognised in the profit and loss through the amortisation process and when the financial asset is derecognised.

Financial Liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit and loss through the amortisation process and when the financial liability is derecognised.

Impairment of Financial Assets

At the end of each reporting period the association assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence that impairment as a result of one or more loss events have occurred, which has an impact on the estimated future cash flows of the financial asset or asset group.

For financial assets carried at amortised cost, the carrying amount of the financial asset is reduced through the use of a separate allowance account. If the directors determine that the carrying amount can not be recovered, the written off amounts are charged to the allowance account or the carrying amount of the impaired financial asset is reduced directly if no impairment was previously recognised.

h) Leases

Leases of property, plant and equipment are classified as either finance or operating leases and are accounted for in accordance with AASB 16. A finance lease is recognised when substantially all the risks and benefits incidental to the ownership of the asset are transferred to the association. Operating leases are recognised when substantially all the risks and benefits incidental to the ownership are retained by the lessor, but the association obtains a right to substantially all of the economic benefits derived from the use of the asset.

Finance leases are capitalised in accordance with AASB 16 by recognising an asset and a liability at the lower of the amount equal to the fair value of the leased asset or the present value of the minimum lease payments, including any guaranteed residual. Lease payments are allocated between the reduction of the liability and interest expense.

Operating leases are capitalised in accordance with AASB 16 by recognising a Right of Use Asset and a lease liability. Operating lease liabilities are initially measured at the present value of the lease payments over the life of the lease that have not been paid at the reporting date. Lease payments include all regular fixed and variable lease payments over the life of the lease, amounts expected to be payable under residual value guarantees, the exercise price of a purchase option if the association is reasonably certain to exercise that option and any penalties expected to be paid for terminating the lease. Lease payments are allocated to a reduction of the liability.

i) Unearned Income

Unearned revenues include amounts received from customers for venue hire and food and drink packages in the current financial year that are in relation to events that will occur in subsequent financial years. Unearned revenue is measured at the contracted amount received or expected to receive once performance obligations are completed by the Association.

j) 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 at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

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Notes to the Financial Statements For the Year Ended 30 June 2021

k) Employee Benefits

Provision is made for the association'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 wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled. Short term employee benefits have been recognised as provisions in current liabilities on the association's statement of financial position.

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. Cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements.

Long term employee benefits have been recognised as provisions in non-current liabilities on the association's statement of financial position, except where the association does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case they are recognised as current liabilities.

Changes in the measurement of the liability are recognised in profit or loss.

l) Revenue and Other Income

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Association expects to receive in exchange for those goods or services.

Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer;
2. Identify the performance obligations;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations;
5. Recognise revenue as and when control of the performance obligations is transferred.

Generally, the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or liability.

None of the revenue streams of the Association have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Contract revenue

Where contract revenue arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligations is satisfied.

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Notes to the Financial Statements For the Year Ended 30 June 2021

The performance obligations are varied based on the agreement but may include grant for the purchase of specific equipment.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within contract agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer over the life of the contract.

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Contract revenue

Amounts arising from grants in the scope of AASB 1058 are recognised at the assets fair value when the asset is received. The Association considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

Statement of financial position balances relating to revenue recognition Contract assets and liabilities

Where the amounts invoiced are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts invoiced to or certified *by the customer*.

When a performance obligation is satisfied by transferring a promised goods or service to the customer before the customer pays consideration or the before payment is due, the Association presents the contract as a contract asset, unless the Association's right's to that amount of consideration are unconditional, in which case the Association recognises a receivable.

When an amount of consideration is received from a customer prior to the entity transferring a good or service to the customer, the Association presents the contract as a contract liability.

Interest Income

Investment income comprises interest. Interest income is recognised as it accrues, using the effective interest method.

m) 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). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

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

Cash flows are presented on a gross basis and the GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

n) Income Tax

The directors have determined that the association is exempt from income tax under section 50-45 of the Income Tax Assessment Act 1997.

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Notes to the Financial Statements For the Year Ended 30 June 2021

o) Impairment of Assets

At the end of each reporting period the association determines whether there is an evidence of an impairment indicator for non-financial assets or asset groups. Where an indicator exists an impairment test is carried out on the asset or asset group by comparing the carrying amount with the recoverable amount, being the higher of the asset's or asset group's fair value less costs of disposal and its value in use. Any excess of the asset's or asset group's carrying amount over its recoverable amount is immediately recognised in profit and loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

Where an impairment loss on a revalued asset is identified, the loss is recognised against the revaluation surplus in respect of the same class of assets to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that asset class.

p) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated. When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

q) Critical Accounting Estimates and Judgements

The directors have made estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on historical knowledge and the best information available at the time of preparing the financial statements. As additional information becomes known the actual results may differ from the estimates.

Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the association.

The significant estimates and judgements made have been described below.

Fair Value Measure of Plant, Property & Equipment

Fair value measurements of the association's plant, property and equipment have been made by the directors using the cost method, whereby the directors have estimated the current replacement cost of each asset as the expected recoverable amount.

Impairment and revaluations have been based on the comparison of the carrying amount of each class of plant, property and equipment and the determined fair value amount at the end of the reporting period.

Provision for Impairment of Receivables

The value of the provision for impairment of receivables is estimated by considering the ageing of receivables, communication with the debtors and prior history.

Provision for Inventories

At the end of the year the directors do not believe there is any need for an obsolescence provision for inventory.

Inventory held is reviewed on a monthly basis to determine whether there is any old, damaged or obsolete stock or any other stock items which need to be written down to NRV.

Tamworth Jockey Club Incorporated

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Notes to the Financial Statements For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
3 Revenue			
Operating Activities			
Racing NSW Distributions		3,844,213	3,869,549
Racing NSW Infrastructure		325,428	-
Racing NSW Track Maintenance Scheme		238,917	236,211
Racing NSW/Country Racing NSW Infrastructure Upgrade		144,552	-
Membership Subscriptions		10,962	3,950
Other Operating Income		751,250	794,410
		<u>5,315,322</u>	<u>4,904,120</u>
Other Income			
Interest Received		168	480
Recoveries		-	17,209
Grants Other		1,238	-
Super Guarantee Reimbursement		-	139,780
Other Revenue		41,977	32,190
Government Assistance		168,500	122,000
		<u>211,883</u>	<u>311,659</u>
		<u>5,527,205</u>	<u>5,215,779</u>
4 Expenses			
Cost of Goods Sold			
Decrease/(Increase) in Inventories		(3,003)	1,225
Prizemoney, Purchases and Consumables Used		3,501,484	3,521,185
		<u>3,498,481</u>	<u>3,522,410</u>
Employee Benefits Expense			
Wages & Salaries		703,669	657,651
Superannuation Contributions		60,056	51,140
Provision for Annual & Long Service Leave		(8,730)	9,137
		<u>754,995</u>	<u>717,928</u>
Depreciation, Impairment and Amortisation			
Depreciation – Property, Plant and Equipment		122,382	135,045
Impairment – Property, Plant and Equipment		-	-
		<u>122,382</u>	<u>135,045</u>
Finance Costs			
Borrowing Costs		79	79
Interest Paid		6,783	1,499
		<u>6,862</u>	<u>1,578</u>
Net Profit/(Loss) on Disposal of Non-Current Assets Property, Plant & Equipment		-	-

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Notes to the Financial Statements For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
Other Expenses			
Advertising		22,884	16,146
Auditor's Remuneration		4,000	8,950
Bad & Doubtful debts		(528)	(14,924)
Bank Charges		2,496	2,804
Insurance		66,688	62,431
Printing & Stationery		7,061	5,493
Rates & Taxes		34,840	38,042
Repairs & Maintenance		230,183	303,348
Telephone		9,737	16,345
Water Charges		9,731	6,531
Other Operating Expenses		261,031	166,603
		648,123	611,769
		5,030,843	4,988,730
5 Cash and Cash Equivalents			
Cash Floats		2,000	2,000
Temp Account		1,350	-
NAB Community Fee Saver a/c 5526		30,369	83,522
NAB Cash Maximiser a/c 6995		386,115	434,147
NAB Business Visa		462	642
		420,296	520,311
6 Cash flow Information			
Profit/(loss) from Ordinary Activities		496,362	87,269
Non-Cash Items included in Profit/(Loss)			
Borrowing Costs		79	79
Depreciation		122,382	135,045
Provision for Annual & Long Service Leave		(8,730)	9,136
Loss on Sale of Non-Current Assets		-	-
Changes in Asset & Liabilities Net of			
(Increase)/Decrease in Trade and Other Receivables		(135,493)	(111,494)
(Increase)/Decrease in Inventories		(3,002)	1,225
Increase/(Decrease) in Trade and Other Payables		210,365	(27,550)
Increase/(Decrease) in Lease & Borrowing Liabilities		(16,896)	(16,815)
Increase/(Decrease) in Unearned Income		-	(6,276)
(Increase)/Decrease in Plant, Property & Equipment		-	-
Proceeds from Sale of Property, Plant & Equipment		-	-
Purchases of Property, Plant & Equipment		(765,082)	(18,988)
Net Movement in Cash Held		(100,015)	51,630

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Notes to the Financial Statements For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
7 Trade and Other Receivables			
Current			
Trade Debtors		217,326	84,452
Less Provision for Doubtful Debts		(3,300)	(3,828)
NSW CRC Distributions		465,885	463,794
		<u>679,911</u>	<u>544,418</u>
Non-Current			
Other Receivable		139,780	139,780
Less Provision for Doubtful Debts		-	-
		<u>139,780</u>	<u>139,780</u>
8 Inventories			
Current			
Stock on hand – Alcohol		12,200	9,198
		<u>12,200</u>	<u>9,198</u>
9 Other Current Assets			
Borrowing Costs		175	254
		<u>175</u>	<u>254</u>

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Notes to the Financial Statements For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
10 Property, Plant & Equipment			
Land & Buildings		6,437,764	6,437,764
Less Accum Dep & Impairment		(1,181,983)	(1,145,885)
Racetrack Improvements		3,099,885	2,375,513
Less Accum Dep & Impairment		(10,213)	(9,714)
Irrigation Licence		81,613	81,613
Irrigation Systems & Improvements		592,163	592,163
Less Accum Dep & Impairment		(73,878)	(59,074)
Plant & Equipment		703,180	682,790
Less Accum Dep & Impairment		(288,234)	(237,406)
Motor Vehicles		10,000	10,000
Less Accum Dep & Impairment		(8,462)	(8,016)
Office Furniture & Equipment		32,013	26,535
Less Accum Dep & Impairment		(23,951)	(22,979)
Furniture & Fittings		113,089	98,246
Less Accum Dep & Impairment		(34,664)	(25,333)
Solar Power		63,666	63,666
Less Accum Dep & Impairment		(6,158)	(5,742)
Right of Use Assets		44,940	44,940
Less Accum Dep & Impairment		(21,891)	(12,903)
		9,528,882	8,886,181
		9,528,882	8,886,181

The directors re-valued all classes of assets except Racetrack Improvements and Irrigation Licence to fair value at the end of the 2016 reporting period. The directors have determined that no revaluation was required for the 2021 reporting period.

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Notes to the Financial Statements For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
11 Trade and Other Payables			
Current			
Child Support Payable		-	595
Trade Creditors		229,099	53,487
Superannuation Payable		29,837	18,031
Superannuation Guarantee Charge		142,452	139,780
Provision for GST & PAYG Withholding		148,434	127,565
		<u>549,822</u>	<u>339,458</u>
12 Borrowings			
Current			
Hire Purchase – JD Tractor		8,136	8,136
Less Unexpired Interest		(149)	(229)
		<u>7,987</u>	<u>7,907</u>
Non-Current			
Hire Purchase – JD Tractor		10,849	18,985
Less Unexpired Interest		(76)	(225)
		<u>10,773</u>	<u>18,760</u>
		<u>18,760</u>	<u>26,667</u>
13 Lease Liabilities			
Current			
Lease Liability – Printer		9,887	9,887
Less Unexpired Interest		(899)	(899)
		<u>8,988</u>	<u>8,988</u>
Non-Current			
Lease Liability – Printer		15,654	25,541
Less Unexpired Interest		(1,423)	(2,322)
		<u>14,231</u>	<u>23,219</u>
		<u>23,219</u>	<u>32,207</u>
14 Provisions			
Current			
Provision for Annual Leave		23,389	35,115
		<u>23,389</u>	<u>35,115</u>
Non-Current			
Provision for Long Service Leave		26,603	23,607
		<u>26,603</u>	<u>23,607</u>

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Notes to the Financial Statements For the Year Ended 30 June 2021

A provision has been recognised for employee entitlements relating to annual leave and long service leave. Based on past experience, the association does not expect the full amount of annual leave entitlements to be settled within the next 12 months. However, these amounts have been classified as current liabilities as the association does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their annual leave entitlements.

The long service leave provision has been classified as non-current as there are no employees that will reach the required 10 years of service or any other expectation that payment will be required in the next 12 months.

	Note	2021 \$	2020 \$
15 Other Current Liabilities			
Current			
Unearned Revenue		-	-
		<u>-</u>	<u>-</u>
16. Reserves			
Asset Revaluation Reserve			
Opening Reserve Balance		543,879	543,879
Current Year PP& E Revaluations		-	-
Transfers to Retained Earnings on Derecognition		-	-
		<u>543,879</u>	<u>543,879</u>
17 Retained Earnings			
Retained Earnings at the beginning of the Financial Year		9,099,210	9,011,941
Net Profit/(Loss) Attributable to the Members		496,362	87,269
Transfers from Reserves		-	-
		<u>9,595,572</u>	<u>9,099,210</u>

18. Contingent Assets and Liabilities

The association has received financial assistance from Racing NSW through the Racecourse Development Fund in the form of interminable loans. These loans are only repayable either on the sale of properties which have benefited by the expenditure of loans or in the event the association ceases its current operations. The directors are of the opinion that these circumstances are extremely unlikely in the course of ordinary business and no liability has been recognised. The maximum contingent liability in relation to these loans at 30 June 2021 is \$4,641,427.

19. Expenditure Commitments

Work is currently being completed on the construction of a new training track at Tamworth. This project is budgeted to cost \$1.56 million, with the Club contributing \$100,000.

There is no other capital commitments at this time

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Notes to the Financial Statements For the Year Ended 30 June 2021

20. Events after the Reporting Period

The directors have determined that there are no other known events subsequent to the reporting date that significantly affected or may significantly affect the operations of the association and require disclosure.

The directors received notice from the NSW Office of Fair Trading that the Jockey Club exceeds the Financial Threshold for Incorporated Associations as set within the Associations Incorporation Act 2009. The notice directs the Jockey Club to transfer its operations to a more suitable corporate structure.

The directors have obtained legal and financial advice and have made the decision to transfer the operation of the Jockey Club to a company limited by guarantee structure. The members of the association have agreed and the change in structure will transfer on the 1st July 2021.

All current members of the association will be automatically provided membership with the new entity. Directors for the new entity will be determined at the Annual General Meeting.

The directors have determined that the change in entity structure will not have a significant effect on the operation of the Jockey Club.

21. Related Party Transactions

Related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

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

The following transactions occurred with related parties:

	Note	2021 \$	2020 \$
Related Party Civil Construction Company		77,020	2,558
Administrators Remuneration		73,391	-
Remuneration to close family member of Board member		2,618	1,132

22. Key Management Personnel

The association has only one key management employee. The association has chosen to depart from compliance with AASB 124 Related Party Disclosures so as not to disclose confidential information pertaining to this employee.

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Notes to the Financial Statements For the Year Ended 30 June 2021

23. Financial Risk Management

The association's financial instruments mainly consist of deposits with banks, trade receivables and payables and leases. The totals for each category calculated in accordance with AASB 9 are presented below.

	Note	2021 \$	2020 \$
Financial Assets			
Cash & Cash Equivalents		420,296	520,311
Trade & Other Receivables		678,100	684,198
		1,098,396	1,204,509
Financial Liabilities			
Trade & other Payables		436,957	413,968
Borrowings		18,760	26,667
Lease Liabilities		23,219	32,207
		478,936	472,842

24 Credit Facilities

The association has no asset financing facility available as at 30 June 2021.

25 COVID-19

The impact of Covid-19 has had a varied affect on the Association for the year. The Club was able to secure the Job Keeper payments for much of its staff with these payments received totalling \$118,500. Together with these was the Cash Flow Boost stimulus payments we received from the ATO that also totalled \$50,000. These amounts are included in our Net Operating Profit for the year. Covid-19 restrictions has seen a decrease in Race Day Trading as to the function Centre also showed a decline in bookings.

26 Economic Dependence

The association's ability to continue operating as a going concern is dependent on the continued financial support of Racing NSW. The directors are of the opinion that no circumstances exist within the ordinary course of business that indicate financial support from Racing NSW will not continue.

27 Auditors Remuneration

The total amount paid for Auditing was \$4,000

28 Appointment of Administrator

Racing NSW appointed an Administrator on the 6th of January 2021. The TJC Board stood down on the 5th of January 2021 pending RNSW inquiry. The Board (all remaining directors) subsequently resigned in June 2021.

Elections for the new board will take place at the AGM.

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Notes to the Financial Statements For the Year Ended 30 June 2021

29 Statutory Information

The registered Office and principal place of business of the Association is:

Tamworth Jockey Club Incorporated
Britten Road
Tamworth NSW 2340

Tamworth Jockey Club Incorporated

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Committee's Declaration For the Year Ended 30 June 2021

The Committee of the Tamworth Jockey Club Incorporated declare that:

1. The financial statements and accompanying notes:
 - a. Have been prepared in accordance with the Associations Incorporations Act (NSW) 2009;
 - b. Comply with Australian Accounting Standards – Simplified Disclosure Standard;
 - c. Give a true and fair view of the financial position as at 30 June 2021 and the performance for the year then ended;
2. At the date of this statement, there are reasonable grounds to believe that the Tamworth Jockey Club Incorporated will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Committee and is signed for and on behalf of the committee by:



David Jewell GAICD
Administrator Tamworth Jockey Club

Dated: 19 August 2021

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Compilation Report

We have compiled the accompanying special purpose financial statements of Tamworth Jockey Club Incorporated which comprise the balance sheet as at 30 June 2021, and the income statement for the year then ended, a summary of significant accounting policies and other explanatory notes. The specific purpose for which the special purpose financial statements have been prepared is set out in the notes to the accounts.

The responsibility of the directors

The directors of Tamworth Jockey Club Incorporated are solely responsible for the information contained in the special purpose financial statements, the reliability, accuracy and completeness of the information and for the determination that the basis of accounting used is appropriate to meet their needs and for the purpose that the financial statements were prepared.

Our responsibility

On the basis of information provided by the directors, we have compiled the accompanying special purpose financial statements in accordance with the basis of accounting as described in the notes to the financial statements and APES 315: Compilation of Financial Information.

We have applied our expertise in accounting and financial reporting to compile these financial statements in accordance with the basis of accounting described in the notes to the financial statements. We have complied with the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants.

Assurance disclaimer

Since a compilation engagement is not an assurance engagement, we are not required to verify the reliability, accuracy or completeness of the information provided to us by management to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on these financial statements.

The special purpose financial statements were compiled exclusively for the benefit of the directors who are responsible for the reliability, accuracy and completeness of the information used to compile them. We do not accept responsibility for the contents of the special purpose financial statements.

Firm Cannon Cohen & Associates

Address 8 Darling Street
Tamworth NSW 2340



Date 19 August 2021

Signed

Jason Cannon



Independent auditor's report

To the members of Tamworth Jockey Club Incorporated.

Opinion

We have audited the accompanying financial report, of Tamworth Jockey Club Incorporated (the association), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes comprising a summary of significant accounting policies, and the declaration by those charged with governance.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the association as at 30 June 2021 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards – Simplified Disclosure Standard. Further, the financial report has been prepared in accordance with the Associations Incorporation Act NSW 2009 and the Associations Incorporations Regulations.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the association in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) and the auditor independence requirements of the Associations Incorporation Act NSW 2009 that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report is prepared to assist the association in fulfilling its financial reporting responsibilities under the Associations Incorporation Act NSW 2009. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the Company and should not be distributed to or used by parties other than the Company. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Simplified Disclosure Standard, in accordance with the Associations Incorporations Act NSW 2009 and the Associations Incorporation Regulations, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Tamworth Jockey Club Incorporated

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In preparing the financial report, management is responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

Our responsibilities

As part of an audit in accordance with the Australian Auditing Standards, the auditor exercises professional judgement and maintains professional scepticism throughout the audit. The auditor also:

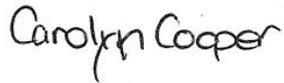
- Identifies and assesses the risks of material misstatement of the financial report, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.
- Concludes on the appropriateness of those charged with governance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the auditor's opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluates the overall presentation, structure and content of the financial report, including the disclosures made by those charged with governance.

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The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

Roberts & Morrow Audit Services Pty Ltd
Authorised Audit Company Number: 517597



Carolyn Cooper
Partner

137 Beardy Street
Armidale, NSW

Dated: 19 August 2021