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CHAIRMAN'S REPORT

It is with great pleasure that, on behalf of the Directors, I present the 4th Annual Report of Brisbane Racing Club Limited. The year was characterised by further very significant capital investment into the facilities of the Club. Outlined below are some of the highlights and initiatives of the Club in this year.

FINANCIAL PERFORMANCE

The Club recorded a loss of \$1.198 million in the year ended 30 June 2012 (previous year profit \$271,280). It is noted that before depreciation of almost \$2.5 million, the EBITDA (earnings before interest, tax, depreciation and amortisation) recorded by the Club was a profit of \$1.294 million.

The overall BRC balance sheet remains in a stable position with modest cash levels, no significant debt and adequate financial ratios.

The financial results of the Club continue to be challenged by reduced attendances, the standard of facilities, competition for discretionary entertainment spend and the existing economic climate. Also the inadequate funding model of Racing Queensland does not cover the cost to this Club of providing the very considerable racing product it does for the benefit of the entire racing industry in this State. Hopefully, the new Board of Racing Queensland will develop a funding model that enables every Club, big or small, to strive to be independently profitable.

Despite these challenges, the Club has continued to develop non-racing products and events to diversify its financial revenues. These include music festivals, polo tournaments, Sunday markets, car shows and the activities of the Gallopers Sports Club (formerly the Hamilton Bowls Club then Brisbane Racing Sports and Social Club).

BUSINESS DEVELOPMENTS

The Club has continued to improve and increase the utilisation of its venues and assets. As such, diversification of functions and expansion of new events and venues continued during the year as follows:

Eagle Farm Developments

- Mounting yard, tie up stalls and float car park
- Jockeys, Stewards & media rooms
- Owners', Trainers' & Members' Bar overlooking the new mounting yard
- New Raceday office
- Members' Derby Bar – Ladies' Facilities

Eagle Farm Markets

- First full year of operation
- Over 150,000 patrons for the year
- Modest financial contribution to BRC

BRSSC Refurbishment

- \$1.3 million refurbishment and name change to Gallopers Sports Club
- Acquisition of additional gaming entitlements
- Partnership with Queensland Bookmakers Club

Polo

- Growth in patronage
- Australian Open Polo Championship
- Polo in the City Tournament



BRISBANE RACING AND THE WINTER CARNIVAL

General Racing

The BRC conducted 91 meetings over the 2011/12 year (previous year 91). Given the quantity of racing, it is a credit to the BRC track and grounds staff that the racing surfaces are consistently presented in excellent order and are regarded as two of the best tracks in Australia.

2012 Channel 7 Brisbane Racing Carnival

The Carnival was once again tremendously enjoyable with some wonderful racing. Highlights included Australia's leading trainer and prominent Queenslander Peter Moody winning three races on AAMI Stradbroke Day with Mid Summer Music (AAMI Stradbroke), Brambles (Channel 7 Queensland Derby), and Lights of Heaven (Timeform Brisbane Cup). Peter described 2012 AAMI Stradbroke Day as his "best day ever at the races". The local Kelso Wood trained Sizzling won the 2YO Queensland Triple Crown; G1 Patinack Farm T J Smith, G2 BRC Sires' Produce and G2 Bollinger Champagne Classic.

The ongoing sponsorship of AAMI is most valuable and their support of the Carnival in so many ways is deeply appreciated.

For the first time, through the effort of Channel Seven Brisbane, audiences across Australia witnessed Stradbroke Day and the three Group One races broadcast nationally free to air on the Seven Network. Also, the involvement of David Jones and the professionalism and personalities they bring to our racing carnival add so much to its standing on the national stage.

Group One winners over the 2012 carnival were:

AAMI Stradbroke Handicap	Mid Summer Music
Channel 7 Queensland Derby	Brambles
Conrad Treasury Queensland Oaks	Quintessential
Patinack Farm T J Smith	Sizzling
Carlton Mid Doomben 10000	Sea Siren
Kirks Doomben Cup	Mawingo
Bundaberg Red Rum BTC Cup	Sea Siren

MASTER PLAN AND FUTURE DEVELOPMENTS

BRC and its partner Watpac continued to progress the Master Plan for the Brisbane Racing Precinct. The master plan process is being considered in two parts by Brisbane City Council; (1) the Neighbourhood Plan, and (2) the application for Preliminary Approval. Council is soon to consider approval of the current draft strategy Neighbourhood Plan. The Club completed the Public Notification of a Material Change of Use as set out in its application for Preliminary Approval. Pleasingly, Brisbane City Council received 109 submissions in favour and only 5 submissions against for the Material Change of Use. The process is detailed and lengthy, but the Board is confident of satisfactory approvals being handed down by Council in this financial year. When final approvals are known, the Board will then determine the staging of works and improvements to both racecourses.



MEMBERS

Member Numbers and Categories

There were 6,928 members as at 30 June 2012 across a range of categories. A new category — Perpetual Membership — was added in the year with 128 members now in this segment. Coinciding with the refurbishment of the Gallopers Sports Club, a significant number of new social club members have joined.

Category	FY12	FY11	FY10
Life	26	26	26
Full Member (35yrs+ as a member)	330	318	320
Full Member (Age 30+ years)	1,625	1,806	1,900
Full Member (Age 18-29 years)	106	139	189
Senior Member (Age 65+ years) *	481	552	581
New Full Member (Age 30+ years) *	496	498	330
New Full Member (Age 18-29 years) *	154	122	64
Corporate Members	40	41	32
Partner Member *	88	110	119
Absentee	26	22	19
Widow *	20	26	34
Honorary	23	24	26
Perpetual	128	0	0
Gallopers Sports Club - Social Members	3,385	1,733	1,226
Total	6,928	5,417	4,866

*These categories of membership no longer exist

Subscription Review

As a result of the merger in July 2009, the BRC inherited a number of member categories combined with a requirement of no change to the fee structure and badge entitlements for a period of three (3) years. For the 2012 / 2013 racing year, the Board took the difficult decision to rationalize member categories, fees and badge allocations to bring the club more closely in line with other metropolitan racing clubs while also being conscious of our facilities in comparison to theirs and, on the other hand, recognize the very large number of race meetings the BRC conducts. The Board will continue to monitor this situation based on the financial needs of the Club as well as acknowledging member feedback on these issues.

Constitution Review

In March 2012, members voted overwhelmingly in favour of the upgraded constitution with the new document taking effect at that time.



RACING QUEENSLAND LIMITED (RQL)

Following the state election in March 2012, thankfully, the interaction between BRC and RQL has improved significantly. The new RQL Board is far more consultative and represents a regulatory body that BRC can work and partner with on a range of racing initiatives. Already RQL has reinstated much needed funding previously provided to QTC and BTC before the merger but removed by the former Bentley regime. RQL has also provided assistance with fire safety compliance at Eagle Farm. The Board remains concerned at the previous regime's allocation of infrastructure priorities and its haste to enter the industry into binding agreements prior to the state election.

The key priority for racing in Queensland and BRC is the negotiation of a new TAB wagering agreement. The current agreement expires on 30 June 2014 after its 15-year term from 1999. Although the expiry of the current agreement is 20 months away, work must commence now negotiating new terms. The wagering environment is far more complex than it was in 1999, when the then Labor government sold off the TAB to the disadvantage of the industry. The issuing of new wagering licenses is the responsibility of the State Government. The Board looks forward to working with Minister Steve Dickson MP, RQL and the wider group of racing clubs in Queensland to secure the best outcome for racing.

We look forward to assisting the industry to again prosper with the new RQL

OUR PARTNERS

We would like to particularly thank the following principal and major partners of the BRC for their support and efforts to assist the Club over the past year. Without their support the Club would not be able to provide the current levels of racing entertainment it does. I urge all our members to support our partners when the opportunity exists.

Principal Partners

- AAMI
- Channel 7
- David Jones

Major Partners

- Ambassador Travel
- Bollinger
- Brisbane Marketing
- Carlton United Breweries
- Coca Cola
- Diageo
- Events Queensland

- Lion Nathan
- Patinack Farm
- Treasury Casino and Hotel
- Treasury Wine Estates

COMMUNITY SUPPORT

The Club continues to be a keen supporter of community based activities. We are pleased to have been able to provide support to a number of community activities in the last year including the following organisations:

- Bernborough Club
- Brothers Junior Rugby Football club
- Burns Survivors' Network
- Hendra Pony Club
- Holy Spirit Primary School
- Mater Foundation
- McGrath Foundation
- Montrose Access
- Mothers of Boys
- Our Lady Help of Christians' Primary School
- Padua College
- Queensland University of Technology
- Qld Racehorse Owners' Association
- Racecourse Road Festival
- Royal Children's Hospital Foundation
- St Joseph's College Gregory Terrace
- St Vincent's Hospital Brisbane
- University of Queensland

We also work closely in the racing community and have donated or loaned infrastructure to race clubs including Thangool, Nanango, Kilcoy and Ipswich. All are very grateful for this BRC support.



APPRECIATION

The Club continues to maintain very good relationships with the Brisbane City Council and Parliamentary and Racing officials elected or appointed to represent the community in which the BRC operates:

- Premier Campbell Newman
- Tim Nichols MP – Treasurer and Member for Clayfield
- Steve Dickson MP, Minister for Racing
- Lord Mayor Graham Quirk
- Councillor David McLachlan – Councillor for Hamilton Ward
- Theresa Gambaro MP – Federal Member for Brisbane
- Racing Queensland Limited – Chairman Kevin Dixon and the Board
- RQL Chairman of Stewards Wade Birch and his stewards panel

We thank them for their support of the Club and their interest in its activities.

I would also like to thank the many people who use the BRC as their workplace. These people include our many resident trainers, track riders and stable hands, plus our usual support base of jockeys and stewards as well as other race day visitors such as general media, racing broadcasters, audio-visual operators and media personalities. Their generous support of BRC is very much valued.

Finally, I would like to express my appreciation to my fellow Board members and to the management and staff of the Brisbane Racing Club. We continue to operate in a challenging environment. We set out at the time of formation of BRC to build a strong and robust team to take the Club forward. I believe that the cohesiveness of effort and expansive talents of individuals displayed each and every day at the BRC are well beyond what I would have expected from them to be in the short three year life of the BRC. I am confident that coming to the races in Brisbane is an extremely enjoyable and entertaining time, made so by the people who make it all happen.

BILL SEXTON
CHAIRMAN



Statistical Information

Statistic	2012	2011	2010	2009*	2008**	2007*	2006*
Racing							
Race Meetings	91	91	84	90	60	91	93
Saturdays and Public Holidays	45	45	49				
Mid Weeks	46	46	35				
Races	689	729	687				
Starters	7,579	7,665	7,609				
Average Starters per race	11.00	10.53	11.08				
Attendances							
Annual	195,212	219,057	226,563	244,421	191,483	299,585	294,737
Winter Carnival	47,041	66,129	56,871	48,115	50,979	57,238	61,452
Membership							
Members – all categories	6,928	5,417	4,866	4,160	4,239	4,329	4,285
Prizemoney (\$000)							
Prizemoney Paid	30,523	31,009	31,582	31,110	23,391	30,704	30,691
Wagering (\$000)							
Oncourse Totalisator	23,001	24,100	25,819	28,649	22,761	31,605	31,120
Bookmakers	43,427	58,834	88,353	102,561	78,418	85,396	90,220
Financial (\$000)							
Surplus/(Loss)	(1,198)	271	(3,170)	(2,460)	(1,161)	1,080	522
Capital Expenditure	6,576	3,663	5,960	2,537	5,507	2,764	2,241

* Totals represent the sum of QTC and BTC

+ Equine influenza closure

DIRECTORS' REPORT

Your Directors submit the financial report of the Group, being the Company and its controlled entity for the financial year ended 30 June 2012.

DIRECTORS

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

S G Adams
N D Bell
D J Dawson
K J Dixon (resigned 17 April 2012)
D B Hassall (appointed 23 March 2012)
E A Kann (resigned 14 February 2012)
R H Morrison (appointed 26 April 2012)
W J Sexton
P G Tighe
P R Williams

Directors have been in office since 1 July 2011 to the date of this report unless otherwise stated above. The qualifications and experience of the Directors are outlined later in this report.

COMPANY SECRETARY

The Company Secretary at the end of the year was Mr S A Ferguson whose qualifications include a Master of Business Administration and Bachelor of Social Science. Mr Ferguson is a Graduate Member of the Australian Institute of Company directors and he has over 25 years' experience in racing administration.

The Co-Company Secretary at the end of the year was Mr A J Moore who is a qualified CPA, has qualifications in both Commerce and Economics and an Executive MBA. He has over 21 years' experience in financial and commercial management, business development, capital raising, treasury and corporate governance in a variety of industries including racing, hospitality, mining and energy.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year to 30 June 2012 were the operation of thoroughbred horse racing activities for members, guests and other clients. As part of its operations, the Company also owns and operates a licensed club.

OPERATING RESULTS

The Company recorded a loss from ordinary activities of \$1,198,213 (2011 \$271,280 profit).

DIVIDENDS PAID OR RECOMMENDED

By virtue of the Constitution, the income and property of the Company whencesoever derived, shall be applied solely towards the promotion of the objectives of the Company and no portion thereof shall be paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise, to the members of the Company.

LIMITED BY GUARANTEE

The Company is limited by guarantee by the members of the Company. If the Company is wound up the articles of association state that each member of the Company is required to contribute a maximum amount of \$10 each towards meeting any outstanding obligations. As at balance date there are 3,543 racing members, so the total amount that members of the Company are liable to contribute if the company is wound up is \$35,430.

REVIEW OF OPERATIONS

Details of the activities of the Company for the year have been outlined in the previous pages of the Annual Report. Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

DIVERSITY

The Company is proud of its progress and achievements thus far in promoting gender diversity throughout all levels of its workforce and will continue to develop and implement initiatives in this area. Over the past year, there has been an increased focus on diversity in the workplace, and on the commercial benefits that may be available to companies who succeed in fostering a culture of diversity.

ENVIRONMENTAL ISSUES

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

AFTER BALANCE DATE EVENTS

No matter or circumstance has arisen since 30 June 2012 that has significantly affected, or may significantly affect:

- (a) the Company's operations and results in future financial years, or
- (b) The Company's state of affairs in future financial years.



SIGNIFICANT CHANGES IN STATE OF AFFAIRS

No significant changes in the Company's state of affairs occurred during the financial year.

INFORMATION ON DIRECTORS

Bill Sexton (age 68)

Chairman

Qualifications and Experience — Bill is a company director and qualified accountant with extensive thoroughbred racing and breeding interests. Bill was a former Director Queensland Turf Club Ltd 1978-2009 (holding positions of Treasurer 1993-2002, Vice Chairman 2002-2005 and Chairman 2005-2009).

Special Responsibilities — Member of Finance and Governance Sub-Committee

Neville Bell (age 64)

Vice-Chairman

Qualifications and Experience — Neville is the proprietor of Kילו Park Stud and Agistment Farm located at Caboolture and has over 30 years experience in banking, finance and property development. Neville has raced many horses over the last 20 years and continues to try to improve on his four Group 1 wins. Neville was a former Director Queensland Turf Club 1998-2009.

Special Responsibilities — Chair of Special Projects/Gallopers Sub-Committee

Samuel Adams (age 32)

Director

Qualifications and Experience — Samuel is a qualified solicitor who specialises in large scale real estate and banking and finance transactions. He is a senior associate with Clayton Utz and was previously employed in the London offices of Clifford Chance.

Special Responsibilities — Chair of Master Planning Sub-Committee

David Dawson (age 65)

Director

Qualifications and Experience — David is a medical scientist by profession. Semi-retired, he is a consultant to the World Health Organization. He has racing and breeding interests, and was a former Director Queensland Turf Club 2005-2009 (Treasurer 2007-2009).

Special Responsibilities — Member of Special Projects/Gallopers Sub-Committee

Dean Hassall (age 45)

Director

Qualifications and Experience — Dean is a management consultant with significant expertise across the venue and events industries and in facility development. His specialist advice is sought by public and private sector clients throughout Australia and New Zealand. Dean is a Councillor of the Venue Management Association (Asia and Pacific) and their 2011 Allied Venue Professional of the Year winner. His career includes executive management roles at iconic Queensland venues Suncorp Stadium, (former) ANZ Stadium and Sleeman Sports Complex.

Special Responsibilities — Member of Finance and Governance Sub-Committee

Richard Morrison (age 38)

Director

Qualifications and Experience — Richard is a director of Knight Frank Australia Pty Ltd (Brisbane) with significant expertise in sales and leases of commercial and industrial property in Brisbane. A racehorse owner since the mid 1990's, Richard is also a committee member of the Kingston Town Club, an association that hosts annual racing functions raising several thousand dollars for charity each year.

Special Responsibilities — Member of Master Planning Sub-Committee

Peter Tighe (age 53)

Director

Qualifications and Experience — Peter is a director of a number of private companies with interests in fruit and vegetable marketing and wholesaling with some 30 years' experience. For over 20 years, Peter has been the Managing Director of JH Leavy and Co. He is currently a director on the boards of Brisbane Markets Limited and Brismark. For over 17 years, Peter and his wife Patricia have raced horses in the eastern states of Australia and in Singapore. Peter was a former Director Brisbane Turf Club 2008-2009.

Special Responsibilities – Chair of Finance and Governance Sub-Committee

Paul Williams (age 48)

Director

Qualifications and Experience – Paul has 25 years experience as a commercial lawyer and was previously a partner with Brisbane legal firm Hopgood Ganim. He is currently General Counsel to Mitsui Coal Holdings, a large Japanese coal mining group. Paul is a Director of the Brisbane Lions Football Club. He and his wife Jill have thoroughbred racing and breeding interests in Queensland, Victoria and New Zealand. Paul was a former Director Brisbane Turf Club 2008-2009.

Special Responsibilities — Member of Master Planning Sub-Committee



MEETINGS OF DIRECTORS

During the financial year, 12 meetings of Directors' were held. Attendances at Board and Sub-Committee meetings by each Director were as follows:

Name	Directors' Meetings		Finance and Government Committee		Special Projects and Gallopers Committee		Master Planning Committee	
	A	B	A	B	A	B	A	B
S G Adams	12	10	-	-	-	-	6	6
N D Bell	12	11	-	-	8	8	-	-
D J Dawson	12	12	-	-	8	8	-	-
K J Dixon	9	9	-	-	-	-	5	5
D B Hassall	5	5	-	-	-	-	-	-
E A Kann	7	6	3	3	-	-	-	-
R H Morrison	3	3	-	-	-	-	1	1
W J Sexton	12	12	4	3	-	-	-	-
P G Tighe	12	11	4	4	-	-	-	-
P R Williams	12	10	-	-	-	-	6	4

A = Number Meetings Eligible to Attend

B = Number Attended



OFFICERS' AND AUDITORS' INDEMNIFICATION

The Company has not, during or since the financial year, in respect of any person who is, or has been, an officer or auditor of the Company or of a related body corporate:

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

with the exception of the following:

During or since the financial year, the Company has paid premiums to insure each of the Directors and Officers against liabilities for costs and expenses incurred by them in defending and legal proceedings arising out of their conduct while acting in the capacity of Director or Officer of the Company, other than involving a wilful breach of duty in relation to the Company.

Signed in accordance with a resolution of the Directors made pursuant to Section 298 (2) of the Corporations Act 2001 on behalf of the Directors.

W J SEXTON
Director
22 August 2012

N D BELL
Director

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AAMI
STRADBROKE
DAY

Sevens Racecourse
Sunday 11 June 2011
Official Programme \$8

AUDITOR'S INDEPENDENCE DECLARATION

BRISBANE RACING CLUB LIMITED AND ITS CONTROLLED ENTITY ABN 80 133 679 786

UNDER SECTION 307C OF
THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF BRISBANE RACING CLUB
LIMITED AND ITS CONTROLLED ENTITY

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012 there have been:

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

Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants



STEWART DOUGLAS
Director
Brisbane

23 August 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

BRISBANE RACING CLUB LIMITED AND ITS CONTROLLED ENTITY ABN 80 133 679 786

	Note	2012 \$	2011 \$
Revenue from ordinary activities	2	32,456,856	33,706,343
Expenses from ordinary activities	3	(33,655,069)	(33,435,063)
Profit/(Loss) from ordinary activities		(\$1,198,213)	\$ 271,280
Other comprehensive income		-	-
Total comprehensive income/(deficit) for the year		(\$1,198,213)	\$ 271,280

The accompanying notes to the financial statements form part of this financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

BRISBANE RACING CLUB LIMITED AND ITS CONTROLLED ENTITY ABN 80 133 679 786

	Note	2012	2011
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	6	1,947,623	7,676,012
Trade and other receivables	7	2,849,723	1,244,421
Inventories	8	519,270	809,245
Other current assets	9	122,692	112,102
TOTAL CURRENT ASSETS		5,439,308	9,841,780
NON-CURRENT ASSETS			
Property, plant and equipment	10	87,317,288	83,417,481
Investment properties	11	2,106,500	3,105,000
Intangible assets	12	552,279	291,312
TOTAL NON-CURRENT ASSETS		89,976,067	86,813,793
TOTAL ASSETS		95,415,375	96,655,573
CURRENT LIABILITIES			
Trade and other payables	13	3,382,743	4,551,255
Employee entitlements	14(a)	1,341,704	1,299,234
Provisions	15(a)	234,773	238,192
Other current liabilities	16	1,354,549	1,175,975
Borrowings	17(a)	1,054,137	82,463
TOTAL CURRENT LIABILITIES		7,367,906	7,347,119
NON-CURRENT LIABILITIES			
Employee entitlements	14(b)	68,298	62,179
Provisions	15(b)	250,000	425,000
Borrowings	17(b)	122,750	213,108
TOTAL NON-CURRENT LIABILITIES		441,048	700,287
TOTAL LIABILITIES		7,808,954	8,047,406
NET ASSETS		\$ 87,606,421	\$ 88,608,167
EQUITY			
Members' funds		87,409,954	88,608,167
Asset revaluation reserve		196,467	-
TOTAL EQUITY		\$ 87,606,421	\$ 88,608,167

The accompanying notes to the financial statements form part of this financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

BRISBANE RACING CLUB LIMITED AND ITS CONTROLLED ENTITY ABN 80 133 679 786

	Members' Funds \$	Asset Revaluation Reserve \$	Total
Balance as at 1 July 2010	88,336,887	-	88,336,887
Comprehensive Income			
Profit attributable to the entity	271,280	-	271,280
Other comprehensive income for the year	-	-	-
Total Comprehensive Income	271,280	-	271,280
Balance at 30 June 2011	\$ 88,608,167	-	\$ 88,608,167
Comprehensive Income			
Profit attributable to the entity	(1,198,213)	-	(1,198,213)
Other comprehensive income for the year	-	-	-
Transfers to /(from) Reserves	-	196,467	196,467
Total Comprehensive Income	(1,198,213)	196,467	(1,001,746)
Balance at 30 June 2012	\$ 87,409,954	\$ 196,467	\$ 87,606,421

MEMBERS' FUNDS

Members' Funds represents the accumulation of profit and members' equity since the incorporation of the Company.

ASSET REVALUATION RESERVE

The asset revaluation reserve records revaluations of non-current assets.

The accompanying notes to the financial statements form part of this financial report

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

BRISBANE RACING CLUB LIMITED AND ITS CONTROLLED ENTITY ABN 80 133 679 786

	Note	2010	2009
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		30,385,463	33,609,968
Payments to suppliers and employees		(31,969,013)	(30,095,592)
Interest received		239,557	436,738
Interest paid		(23,182)	(20,326)
Net Cash provided by/(used in) Operating Activities	19	(1,367,175)	3,930,788
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(6,640,230)	(4,027,056)
Proceeds from Disposal		1,397,700	12,000
Acquisition of QTC/BTC net of cash acquired		-	-
Acquisition of HBC net of cash acquired		-	-
Net Cash provided by/(used in) Investing Activities		(5,242,530)	(4,015,056)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		963,780	-
Repayments from borrowings		-	-
Proceeds from lease borrowings		-	353,000
Repayments of lease liabilities		(82,464)	(57,429)
Net Cash provided by/(used in) Financing Activities		881,316	295,571
NET INCREASE/(DECREASE) IN CASH HELD			
		(5,728,389)	211,303
CASH AT BEGINNING OF FINANCIAL YEAR			
		7,676,012	7,464,709
CASH AT END OF FINANCIAL YEAR			
	6	\$ 1,947,623	\$ 7,676,012
CASH AT END OF FINANCIAL YEAR			
Cash at bank and on hand		1,032,863	1,436,100
Deposits at call		914,760	6,239,912
CASH AT END OF FINANCIAL YEAR		\$ 1,947,623	\$ 7,676,012

The accompanying notes to the financial statements form part of this financial report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

BRISBANE RACING CLUB LIMITED AND ITS CONTROLLED ENTITY ABN 80 133 679 786

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Corporations Act 2001 and the Racing Act 2002. Brisbane Racing Club Limited is an unlisted public company limited by guarantee, incorporated and domiciled in Australia.

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

BASIS OF PREPARATION

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

ACCOUNTING POLICIES

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of the entities controlled by Brisbane Racing Club Limited at the end of the reporting year. A controlled entity is any entity over which Brisbane Racing Club Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A listed of controlled entities is contained in Note 24 to the financial statements.

In preparing the consolidated financial statements of the Group, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

(b) Income Tax

No provision has been made for income tax, as Brisbane Racing Club Limited is exempt from income tax.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned to inventories on the basis of last cost for beverages, food and maintenance materials.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

BRISBANE RACING CLUB LIMITED AND ITS CONTROLLED ENTITY ABN 80 133 679 786

(d) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- i. the amount at which the financial asset or financial liability is measured at initial recognition;
- ii. less principal repayments;
- iii. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- iv. less any reduction for impairment.

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

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

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

(ii) Loans and receivables

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

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

BRISBANE RACING CLUB LIMITED AND ITS CONTROLLED ENTITY ABN 80 133 679 786

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. If during the period the company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investment would be tainted and reclassified as available-for-sale.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period. Available-for-sale financial assets are subsequently measured at fair value with changes in carrying value being included in other comprehensive income.

(v) Financial liabilities

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

Fair Value

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

Impairment

At the end of each reporting period, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the consolidated statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

BRISBANE RACING CLUB LIMITED AND ITS CONTROLLED ENTITY ABN 80 133 679 786

(e) Property, Plant and Equipment

Each class of property, plant and equipment are brought to account at cost or fair value, less, where applicable, any accumulated depreciation and impairment losses.

The cost of fixed assets constructed by the Company includes the cost of materials, direct labour, borrowings cost and an appropriate portion of fixed and variable overheads.

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

Depreciation

The depreciable amount of all fixed assets, excluding land, is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable asset area:

Class of Fixed Asset	Depreciation Rate
Racetracks	1%
Buildings	2.5%-50%
Plant and Equipment	10%-33%
Furniture and Fittings	10%-20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the consolidated statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Impairment of Assets

At the end of each reporting period, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset is compared to the asset's carrying value.

The recoverable amount is assessed on the basis of expected cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining the recoverable amounts. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

BRISBANE RACING CLUB LIMITED AND ITS CONTROLLED ENTITY ABN 80 133 679 786

(f) Investment Property

Investment property, comprising a number of rental properties, is held to generate long term rental yields. All tenant leases are on an arms' length commercial basis. The investment properties are measured using the cost model, and are depreciated on a straight line basis at a depreciation rate of 2.5% per annum. The fair value of the investment properties is reviewed on a regular basis, based on comparable market pricing evidence, to ensure the carrying value does not materially differ from the fair value at reporting date. Changes to fair value are recorded in other comprehensive income.

(g) Intangible Assets

Intangible assets, which comprise the licenses for the operation of gaming machines are carried at their fair value. The valuations are determined by the Directors on the basis of open market value by reference to the going rate of sale of a gaming machine license in Queensland. The licenses have an infinite life and are assessed annually for impairment.

(h) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Defined Benefit Plan

In respect of the defined benefit plans, the cost of providing the benefits is determined using generally accepted actuarial practices and methods. Actuarial gains and losses are amortised over the expected average remaining working lives of the participating employees in the scheme. Gains or losses on the curtailment or settlement of a defined benefit plan are recognised in the consolidated statement of comprehensive income when the Company is demonstrably committed to the curtailment of settlement. Actuarial valuations are conducted every three years, with interim valuations performed on an annual basis. Consideration is given to any event that could impact the funds up to reporting date where the interim valuation is performed at an earlier date.

(n) Comparatives

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

(o) Critical Accounting Estimates and Judgements

There were no critical accounting estimates and judgements in respect of the 2012 Financial Report.

(p) Adoption of New and Revised Accounting Standards

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The company has decided against early adoption of these standards. The directors have considered the likely impact of these standards to be immaterial.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

BRISBANE RACING CLUB LIMITED AND ITS CONTROLLED ENTITY ABN 80 133 679 786

(i) Cash And Cash Equivalents

For the purpose of the consolidated statement of cashflows, cash and cash equivalents includes:

- (i) cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts;
and
- (ii) investments in money market instruments.

(j) Provisions

Provisions are recognised when the Company has a legal and constructive obligation, as a result of past events, for which it is probably that an outflow of economic benefits will result and that outflows can be reliably measured.

(k) Revenue

Revenue from the sale of goods is recognised upon delivery of goods to members, guests and other clients. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue from the rendering of a service is recognised upon delivery of the service to members, guests and other clients.

(l) Goods Services Tax ('GST')

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

(m) Prize money

From July 2005, Racing Queensland Limited (RQL) introduced a scheme regarding the funding of prizemoney and the payment of an administration subsidy. RQL has instructed the Company that funding and payment of prizemoney paid on races conducted by the Company be excluded from revenue and expenditure. Total prizemoney paid on races conducted by the Company is disclosed in Note 23 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

BRISBANE RACING CLUB LIMITED AND ITS CONTROLLED ENTITY ABN 80 133 679 786

	2012 \$	2011 \$
2. REVENUE		
Operating Activities		
- Racing Queensland Limited Subsidy	3,052,163	1,182,530
- Catering and admissions revenue	15,186,188	15,144,842
- Broadcast, television rights and sponsorship	6,975,946	10,230,578
- Wagering and gaming revenue	2,252,553	2,482,441
- Stable, track and barrier trial fees	2,225,671	2,278,587
- Other operating revenue	792,800	155,307
Total Operating Revenue	30,485,321	31,474,285
Non-Operating activities		
- Member subscriptions and entrance fees	834,257	954,509
- Profit on Sale of Assets	405,098	-
- Rental, interest and other income	732,180	1,277,549
Total non-operating revenue	1,971,535	2,232,058
Total revenue	\$32,456,856	\$33,706,343
3. EXPENSES		
Racing and Non Racing Expenses		
- Catering and raceday salaries and associated costs	10,585,830	9,755,151
- Equipment Hire	1,268,155	1,876,475
- Trophies	96,178	78,309
- Totalisator expenses (note 4)	1,392,502	1,422,026
- Racing service providers	3,009,560	2,557,507
- Gaming and sports club expenses	315,168	343,558
- Other expenses	677,440	644,855
Total Racing and Non-Racing Expenses	17,344,833	16,677,881
Maintenance Expenses		
- Salaries, contractors and associated costs	3,849,003	3,563,227
- Materials and services	3,680,785	3,837,327
- Other maintenance expenses	246,973	248,193
Total Maintenance Expenses	7,776,761	7,648,747
Administration Expenses		
- Salaries, contractors and associated costs	2,248,216	2,040,859
- Legal and compliance costs	124,922	795,968
- Marketing, promotions and branding	1,361,596	1,201,368
- Information technology and communications costs	304,973	308,212
- Other administration costs	1,241,947	1,182,962
Total Administration Costs	5,281,654	5,529,369
Depreciation		
- Depreciation Expense	2,492,152	2,520,047
Total Depreciation Expense	2,492,152	2,520,047

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

BRISBANE RACING CLUB LIMITED AND ITS CONTROLLED ENTITY ABN 80 133 679 786

	2012 \$	2011 \$
Movement in Provisions		
- Employee entitlements	569,989	603,694
Total Movement in Provisions	569,989	603,694
Total expenses (excluding finance costs)		
- Asset write offs	189,680	455,325
Total Other Expenses	189,680	455,325
Total Expenses	\$ 33,655,069	\$ 33,435,063
4. TOTALISATOR COMMISSION		
Gross commission	1,075,798	1,180,887
Expenses	(1,392,502)	(1,422,026)
Totalisator Profit/(Loss)	(\$ 316,704)	(\$ 241,139)
5. AUDITORS' REMUNERATION		
Remuneration of the auditors for the Company for:		
- auditing and reviewing the financial report	65,000	62,500
	\$ 65,000	\$ 62,500
6. CASH AND CASH EQUIVALENTS		
Cash on hand (Secutor Securities)	500,433	485,258
Cash at bank	532,430	950,842
Deposits at call	914,760	6,239,912
Total Cash	\$ 1,947,623	\$ 7,676,012
7. TRADE AND OTHER RECEIVABLES		
Trade debtors	2,348,429	1,147,233
Provision for impairment	-	-
	2,348,429	1,147,233
Other receivables	501,294	97,188
	\$ 2,849,723	\$ 1,244,421
8. INVENTORIES		
Catering food and beverage – at cost	470,983	768,697
Maintenance materials – at cost	48,287	40,548
	\$ 519,270	\$ 809,245
9. OTHER CURRENT ASSETS		
Prepayments	122,692	112,102
	\$ 122,692	\$ 112,102

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

BRISBANE RACING CLUB LIMITED AND ITS CONTROLLED ENTITY ABN 80 133 679 786

	2012 \$	2011 \$
10. PROPERTY, PLANT AND EQUIPMENT		
Freehold Land		
At cost	29,500,000	29,500,000
Total Freehold Land	\$ 29,500,000	\$ 29,500,000
Racetracks		
At cost	10,070,500	10,070,500
Less Accumulated Depreciation	(301,163)	(200,458)
Total Racetracks	\$ 9,769,337	\$ 9,870,042
Buildings		
At cost	45,978,978	40,901,842
Less Accumulated Depreciation	(3,577,630)	(2,274,570)
Total Buildings	\$ 42,401,348	\$ 38,627,272
Plant and Equipment		
At cost	4,062,765	3,925,166
Less Accumulated Depreciation	(2,465,843)	(1,623,341)
Total Plant and Equipment	\$ 1,596,922	\$ 2,301,825
Leased Plant and Equipment		
At cost	353,000	353,000
Less Accumulated Depreciation	(61,775)	(26,475)
Total Leased Plant and Equipment	\$ 291,225	\$ 326,525
Furniture and Fittings		
At cost	981,431	906,815
Less Accumulated Depreciation	(501,249)	(311,494)
Total Furniture and Fittings	\$ 480,182	\$ 595,321
Capital Works in Progress		
At cost	3,278,274	2,196,496
Total Capital Works in Progress	\$ 3,278,274	\$ 2,196,496
Total Property, Plant and Equipment	\$ 87,317,288	\$ 83,417,481

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

BRISBANE RACING CLUB LIMITED AND ITS CONTROLLED ENTITY ABN 80 133 679 786

Movements in Carrying Amounts

Movement in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Freehold Land	Racetracks	Buildings	Plant and Equipment	Leased Plant and Equipment	Furniture and Fittings	Capital Works in Progress	Total
Balance at beginning of year	29,500,000	9,870,042	38,627,272	2,301,825	326,525	595,321	2,196,496	83,417,481
Additions through acquisitions	-	-	-	-	-	-	-	-
Additions	-	-	5,010,854	137,599	-	74,616	1,352,661	6,575,730
Transfers	-	-	270,883	-	-	-	(270,883)	0
Disposals	-	-	(189,680)	-	-	-	-	(189,680)
Revaluation increments/ (decrements)	-	-	-	-	-	-	-	-
Depreciation expense	-	(100,705)	(1,317,981)	(842,502)	(35,300)	(189,755)	-	(2,486,243)
Carrying amount at the end of the year	29,500,000	9,769,337	42,401,348	1,596,922	291,225	480,182	3,278,274	87,317,288



NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

BRISBANE RACING CLUB LIMITED AND ITS CONTROLLED ENTITY ABN 80 133 679 786

	2012 \$	2011 \$
11. INVESTMENT PROPERTIES		
Balance at beginning of year	3,105,000	3,141,750
Acquisitions/(Disposals)	(955,000)	-
Revaluation increments/(decrements)		-
Depreciation	(43,500)	(36,750)
Balance at Year End	\$2,106,500	\$ 3,105,000
12. INTANGIBLE ASSETS		
Gaming Machine Licences		
At cost	552,279	315,648
Total Gaming machine licenses	\$ 552,279	\$ 315,648
Balance at beginning of year	291,312	315,648
Additions through acquisitions	64,500	-
Amortisation/Impairment Charge	-	(24,336)
Revaluation	196,467	-
Balance at Year End	\$ 552,279	\$ 291,312
13. TRADE AND OTHER PAYABLES		
Trade creditors	2,019,134	3,559,366
Other creditors	1,363,609	991,889
	\$ 3,382,743	\$ 4,551,255
14. EMPLOYEE ENTITLEMENTS		
(a) Current		
-Annual Leave	717,314	699,535
-Long Service Leave	624,390	599,699
	\$ 1,341,704	\$ 1,299,234
(b) Non Current		
-Long Service Leave	68,298	62,179
	\$ 68,298	\$ 62,179

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

BRISBANE RACING CLUB LIMITED AND ITS CONTROLLED ENTITY ABN 80 133 679 786

	2012 \$	2011 \$
15. PROVISIONS		
(a) Current		
-Provision for Deferred Settlement	175,000	175,000
-Other Provisions	59,773	63,192
	\$ 234,773	\$ 238,192
(b) Non Current		
-Provision for Deferred Settlement	250,000	425,000
-Other Provisions	-	-
	\$ 250,000	\$ 425,000
Total Provisions	\$ 484,773	\$ 663,192

	Provision for Deferred Settlement \$	Other Provisions \$	Total \$
Opening balance 1 July 2011	600,000	63,192	663,192
Additional provisions	-	-	-
Amounts used	(175,000)	(3,419)	(178,419)
Balance at 30 June 2012	\$ 425,000	\$ 59,773	\$ 484,773

	2012 \$	2011 \$
16. OTHER CURRENT LIABILITIES		
Income received in advance	1,354,549	1,175,975
	\$ 1,354,549	\$ 1,175,975

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

BRISBANE RACING CLUB LIMITED AND ITS CONTROLLED ENTITY ABN 80 133 679 786

	2012 \$	2011 \$
17. BORROWINGS		
(a) Current		
-Lease liability secured	90,357	82,463
-Loan	963,780	-
	1,054,137	82,463
(b) Non-Current		
-Lease liability secured	122,750	213,108
	122,750	213,108
The carrying amount of non-current assets pledged as security are:		
Buildings	1,579,153	-
Leased plant and equipment	291,225	326,525
	\$ 1,870,378	\$ 326,525

Lease liabilities are secured by the underlying leased assets.

18. EQUITY

The Company is limited by guarantee by members of the Company. If the Company is wound up, the articles of association state that each member of the Company is required to contribute a maximum amount of \$10 each towards meeting the any outstanding obligations.

	2012 \$	2011 \$
19. CASH FLOW INFORMATION		
Reconciliation of cash flow from operations with profit		
from ordinary activities:		
Profit/(Loss) from Ordinary Activities	(1,198,213)	271,280
Non -cash flows in operating profit:		
- Depreciation and amortisation	2,492,152	2,520,047
- Net (gain)/loss on disposal of property, plant and equipment	(215,428)	455,325
- Impairment losses	-	24,336
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	(1,605,302)	153,956
- (Increase)/decrease in prepayments	(10,590)	(48,310)
- (Increase)/decrease in inventories	289,975	(283,131)
- Increase/(decrease) in trade payables and accruals	(993,358)	1,056,269
- Increase/(decrease) in provisions and other liabilities	(126,411)	(218,984)
Cash flows from Operations	(\$1,367,175)	\$ 3,930,788

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

BRISBANE RACING CLUB LIMITED AND ITS CONTROLLED ENTITY ABN 80 133 679 786

20. FINANCIAL RISK MANAGEMENT

The financial instruments of the Company consist mainly of cash and cash equivalents and trade receivables and payables. There are no complex financial instruments or derivatives. All assets and liabilities are denominated in Australian dollars and there is no foreign currency risk either in terms of the consolidated statement of comprehensive income and consolidated statement of financial position.

Financial Risk Management Policies

The Finance and Governance Committee has been delegated responsibility by the Board of Directors for, amongst other issues, to monitor the Company's financial performance and review the effectiveness of internal financial controls. The Committee meets at least four (4) times per annum and the minutes of the Committee are reviewed by the Board.

Specific Financial Risk Exposures and Management

(a) Credit Risk

Credit risk relates largely to trade and other receivables included in note 7 to the financial report and the risk is that a loss would be recognised if counter-parties failed to perform as contracted. The credit risk on financial assets of the Company, which have been recognised in the consolidated statement of financial position, is the carrying value net of any provision for impairment. The Company is not materially exposed to any individual third party except for cash and cash equivalents with bank and financial institutions. These institutions all have an investment grade credit rating from a recognised rating agency.

The following table details the Company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the Company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Company.

	Gross Amount \$	Past Due and Impaired \$	Past Due but Not Impaired				Within Initial Trade Terms \$
			< 30 \$	31-60 \$	61-90 \$	> 90 \$	
2012							
Trade receivables	2,348,429	-	368,974	143,236	14,932	31,499	1,789,788
Other receivables	501,294	-	-	-	-	-	501,294
Total	\$2,849,723	\$-	\$368,974	\$143,236	\$14,932	\$31,499	\$2,291,082
2011							
Trade receivables	1,147,233	-	594,878	64,868	36,523	22,471	428,493
Other receivables	97,188	-	-	-	-	-	97,188
Total	\$1,244,421	\$-	\$594,878	\$64,868	\$36,523	\$22,471	\$525,681

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

BRISBANE RACING CLUB LIMITED AND ITS CONTROLLED ENTITY ABN 80 133 679 786

(a) Market Risk

No assets or liabilities of the Company bear interest except for cash and cash equivalents. The interest rate (market) risk regarding these assets is monitored by the Directors to ensure the best possible financial returns. At 30 June 2012 the weighted average effective interest rate in relation to cash and cash equivalents was 4.35% (2011 – 5.90%) with the interest rate being entirely represented by fixed rates. In terms of interest rate sensitivity analysis, a 2% increase/decrease in interest rates would cause the net profit before tax and equity of the Company to increase/decrease by \$96,120 annually assuming all other variables remain constant.

(c) Liquidity Risk

The Company manages liquidity risk by monitoring cash flow and ensures that sufficient cash is available to meet all liabilities on a timely basis. This management includes the timing and quantum of capital expenditure.

The Directors consider that the carrying amount of financial assets and liabilities approximate their respective net fair values. Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates. The table below reflects an undiscounted contractual maturity analysis for financial assets and liabilities.

Financial Liability and Financial Asset Maturity Analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets								
Cash and cash equivalents	1,947,623	7,676,012	-	-	-	-	1,947,623	7,676,012
Trade and other receivables	2,849,723	1,244,421	-	-	-	-	2,849,723	1,244,421
Total expected inflows	\$4,797,346	\$8,920,433	\$-	\$-	\$-	\$-	\$4,797,346	\$8,920,433
Financial Liabilities								
Trade and other payables	3,382,743	4,551,255	-	-	-	-	3,382,743	4,551,255
Borrowings	1,054,137	82,463	122,750	213,108	-	-	1,176,887	295,571
Total expected outflows	\$4,436,880	\$4,633,718	\$122,750	\$213,108	\$-	\$-	\$4,559,630	\$4,846,826
Net inflows/ (outflows) on financial instruments	\$360,466	\$4,286,715	(\$122,750)	(\$213,108)	\$-	\$-	\$237,716	\$4,073,607

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

BRISBANE RACING CLUB LIMITED AND ITS CONTROLLED ENTITY ABN 80 133 679 786

21. DIRECTORS AND EXECUTIVE DISCLOSURES

The following disclosures are presented regarding the Directors and Executives of the Company during the year:

Non-Executive Directors

S G Adams
N D Bell
D J Dawson
K J Dixon (resigned 17 April 2012)
D B Hassall (appointed 23 March 2012)
E A Kann (resigned 14 February 2012)
R H Morrison (appointed 26 April 2012)
W J Sexton
P G Tighe
P R Williams

Executive Management

S A Ferguson
Chief Executive Officer

A J Moore
Chief Financial Officer

D R W Condon
Chief Operating Officer

Key Management Compensation

Compensation of key management personnel is included in the consolidated statement of comprehensive income and consolidated statement of financial position and is outlined below:

	2012 \$	2011 \$
Short Term Benefits	746,448	719,459
Post-Employment Benefits	69,413	68,144
Termination Benefits	-	-
Total	\$ 815,861	\$ 787,603

Related Party Disclosures

All Directors act in an honorary capacity and receive no remuneration for their services. Directors may be reimbursed for expenditure incurred in the conduct of their official duties. During the financial year, the Company has agreed to pay premiums for insurance for the personal legal liability of the Directors and Officers of the Company arising out of a breach of statutory and other obligations.

Directors either individually or through related entities may participate in the thoroughbred racing industry by means of sponsorship and/or ownership of racehorses. This involvement is on terms and conditions no more favourable than available to other participants in the thoroughbred racing industry.

Samuel Adams is an employee of the legal firm Clayton Utz. No fees (2011 \$9,463) were paid during the year to Clayton Utz for legal advice. All transactions were conducted on normal commercial terms and conditions no more favourable than those available to other persons or companies.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

BRISBANE RACING CLUB LIMITED AND ITS CONTROLLED ENTITY ABN 80 133 679 786

22. SEGMENT REPORTING

The Company operates in the thoroughbred racing sector providing racedays, facilities and other entertainment to its members, guests and the general public within Australia.

23. ECONOMIC DEPENDENCY

The Company is economically dependent of Racing Queensland Limited for the funding of prizemoney and other distributions. Total prizemoney paid on races conducted by the Company in 2011/12 was \$30,523,000 (2010/11: \$31,098,500) which included \$988,000 prizemoney from the Queensland Thoroughbred Investment Scheme (QTIS) and \$314,000 prizemoney from QTIS 600.

24. CONTROLLED ENTITIES

(a) Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned	
		2012	2011
BRC Venue Management Services Pty Ltd	Australia	100%	100%

The Company has established a commercial relationship with BRC Venue Management Services Pty Ltd to assist with the management of BRC's venues and the further development of the racing precinct master plan. This relationship is in the form of a mortgage and a charge over all the assets of BRC and an intellectual property license between the two companies.

(b) Parent Entity Results

The parent entity's values for assets, liabilities, revenues, expenses and equity are the same as the consolidated entity.

25. RETIREMENT BENEFIT OBLIGATIONS

For some former QTC employees, the Company participated in an employer sponsored defined benefit superannuation plan during the year.

The benefits provided by this plan are based on the length of service of the member at retirement. Employees contribute various percentages of their gross income to the plan. Under the current Benefit Certificate issued on 23 July 2012, effective as at 30 June 2012 by the current Actuary, Ms Saffron Sweeney, the employer is contributing at varying rates of the employee's gross income.

At 30 June 2012, the deficiency in the plan was \$195,854 (2011 \$58,669). The Company is making additional payments to extinguish this deficiency.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

BRISBANE RACING CLUB LIMITED AND ITS CONTROLLED ENTITY ABN 80 133 679 786

The most recent financial report of the superannuation plan available to the Company as at 30 June 2012 can be summarised as follows:

	2012 \$	2011 \$
Unrecognised consolidated statement of financial position:		
Superannuation benefits	294,382	222,205
	294,382	222,205
Statement of comprehensive income charge:		
Superannuation benefits	150,365	69,291
	150,365	69,291
The amounts recognised are as follows:		
Present value of funded obligations	1,353,857	1,216,990
Fair value of plan assets	(1,158,003)	(1,158,321)
(Surplus)/Deficit	195,854	58,669
Unrecognised actuarial gains/(losses)	(490,236)	(280,874)
Net (asset)/liability not recognised in consolidated statement of financial position	(294,382)	(222,205)
Reconciliation of movements in the funded obligations are as follows:		
Beginning of the year	1,216,990	1,292,266
Current service cost	87,615	93,887
Interest cost	61,808	58,841
Contributions by plan participants	37,607	34,595
Actuarial (gains)/losses	155,824	(10,059)
Benefits paid	(152,659)	(208,234)
Other	(53,328)	(44,306)
End of the year	1,353,857	1,216,990
Beginning of the year	1,158,321	1,199,757
Expected return on plan assets	7,815	81,301
Employer contributions	160,247	95,208
Contributions by plan participants	37,607	34,595
Benefits paid and other expenses	(205,987)	(252,540)
End of the year	1,158,003	1,158,321
Discount Rate	2.9%	5.2%
Anticipated return on plan assets	5.6%	6.5%
Expected future salary increases	4.2%	4.2%

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

BRISBANE RACING CLUB LIMITED AND ITS CONTROLLED ENTITY ABN 80 133 679 786

The anticipated return on plan assets is based on market expectations, at the beginning of the reporting period, for returns over the entire life of the related obligation. The anticipated return on plan assets is a weighted average of the major categories of plan assets shown below. There was a decrease in return of 0.9 % during the current financial year.

	2012 %	2011 %
The percentage contribution of each major category of total plan assets comprises:		
Australian shares	30	30
International shares	30	30
Property	6	6
Alternative Investments (Growth)	4	4
Alternative Investments (Defensive)	5	5
Fixed Interest	20	20
Cash	5	5
	100%	100%

Historical Analysis of Defined Benefit Obligation	2012	2011	2010	2009	2008
Present value of the defined benefit obligation	1,353,857	1,216,990	1,292,266	1,160,372	1,231,549
Fair value of plan assets	1,158,003	1,158,321	1,199,757	1,103,612	1,317,157
Surplus/(deficit) of the plan	(195,854)	(58,669)	(92,509)	(56,760)	85,608

The Company expects to contribute \$143,820 to the plan for the year ended 30 June 2013.

Defined Contribution Plan

For those employees who are not members of the Defined Benefit Plan, the Company participated in an employer-sponsored defined contribution plan during the year. The total contribution made was \$705,370 (2011 \$664,891). Employees contribute various percentages of their gross income and the Company contributes at the rate necessary to satisfy its superannuation guarantee contribution obligations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

BRISBANE RACING CLUB LIMITED AND ITS CONTROLLED ENTITY ABN 80 133 679 786

26. RACING ACT

- (a) No payments of principal, interest, rent or lease payments were made to members during the year; and
- (b) All amounts expended by the Company in providing entertainment, whether for its members or for other persons, are considered reasonable and were incurred solely for the purposes of encouraging racing in Queensland. All expenditure for attendances at conferences is subject to the prior approval of the Board, and for the purposes specified in Section 112(3).

Specific disclosures required by Racing Queensland Limited in relation to the Club's Board and Executive Staff are as follows:

	Board \$	Executive \$	Total \$
Entertainment	2,090	1,750	3,840
Travel and Accommodation	2,065	5,243	7,308
Telephone	0	496	496
Total	\$ 4,155	\$ 7,489	\$ 11,644

27. CAPITAL COMMITMENTS

- (a) Capital commitments as at 30 June 2012 amounted to \$608,007 (2010 \$662,743). All capital commitments are expected in the year to 30 June 2013.
- (b) Finance Lease Commitments

	Note	2012 \$	2011 \$
Payable – minimum lease payments:			
-Not later than 12 months		103,569	103,569
-Between 12 months and 5 years		128,803	232,372
-Greater than 5 years		-	-
Minimum lease payments		232,372	335,941
Less future financial charges		(19,265)	(40,370)
Value of minimum lease payments	17	\$213,107	\$ 295,571

The finance lease on plant and equipment commenced in October 2010 and is a 4-year lease with lease payments paid monthly in advance. The carrying amount of the asset secured under this finance lease is \$291,225. The Company has possession of the leased assets during the term of the lease and will attain full ownership upon conclusion of the finance lease arrangement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

BRISBANE RACING CLUB LIMITED AND ITS CONTROLLED ENTITY ABN 80 133 679 786

28. CAPITAL MANAGEMENT

Management controls the capital of the Company to ensure that adequate cash flows are generated to fund normal operations and modest capital improvements to the assets of the Company. The Finance and Governance Sub Committee ensures that the overall financial and risk management strategy is in line with this objective.

The Finance and Governance Sub-Committee operates under policies approved by the Board of Directors including monitoring current and future cash flow requirements.

The capital of the Company consists of financial liabilities, supported by financial assets.

Management effectively manages the Company's capital by assessing financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

There have been no changes to the strategy adopted by management to control the capital of the entity since the previous year. The capital summary for the years ended 30 June 2012 and 30 June 2011 are as follows:

	Note	2012	2011
		\$	\$
Total borrowings	17	1,870,378	326,525
Less cash and cash equivalents	6	(1,947,623)	(7,676,012)
Net Debt		(77,245)	(7,349,487)
		-	-
Total Equity (reserves & retained earnings)		87,606,421	88,608,167

29. AFTER BALANCE DATE EVENTS

There are no after balance date events to be included in this report.

The financial report was authorised for issue on 22 August 2012 by the Board of Directors.

30. CONTINGENT LIABILITY

If the master plan for the Brisbane racing precinct were not to proceed as planned, Brisbane Racing Club Limited would be obliged to repay 50% of the expenses incurred to date for both the concept planning and preliminary approval stages estimated to be \$965,352 (2011 \$823,161).

31. COMPANY DETAILS

The registered office of the company is:

Eagle Farm Racecourse
230 Lancaster Road
Ascot QLD 4007

The principal place of business of the company is:

Eagle Farm Racecourse
230 Lancaster Road
Ascot QLD 4007

DIRECTORS' DECLARATION

BRISBANE RACING CLUB LIMITED AND ITS CONTROLLED ENTITY ABN 80 133 679 786

The Directors of the Company declare that:

1. The financial statements and notes thereto are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards in Australia and the Corporations Regulations 2001;
 - (b) give a true and fair view of the Company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



W J SEXTON
Director
22 August 2012



N D BELL
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BRISBANE RACING CLUB LIMITED

BRISBANE RACING CLUB LIMITED AND ITS CONTROLLED ENTITY ABN 80 133 679 786

We have audited the accompanying financial statements of Brisbane Racing Club Limited and its controlled entity (the consolidated entity), which comprises the consolidated statement of financial position as at 30 June 2012, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

THE RESPONSIBILITY OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENCE

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Brisbane Racing Club Limited on 22 August 2012 would be in the same terms if provided to the directors as at the date of this auditor's report.

AUDITOR'S OPINION

In our opinion the financial statements of Brisbane Racing Club Limited and its controlled entity is in accordance with the *Corporations Act 2001*, including

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants



Stewart Douglas
Director
Brisbane
23 August 2012

