



BRISBANE
RACING CLUB

2016-2017 **ANNUAL REPORT**

2016–2017 Annual Report Contents

4	Chairman's Report
8	Chief Executive Officer's Report
12	Master Plan Report
14	Racing Report
16	Tracks & Facilities Report
18	Sales & Marketing Report
20	Operations Report
21	Strategic Business Development Report
22	Human Resources Report
24	Directors' Report & Financial Statements
62	Independent Review of Board Performance

Cover: Eagle Farm Racecourse – 428 Infield Stabling Complex,
officially opened – 30 July 2017.

Image: BBI Media Ltd.

Right: 'Payroll' and Jockey Damien Oliver on Treasury Brisbane Ladies Oaks Day during
the 2017 Channel Seven Brisbane Racing Carnival.

Image: Grant Peters – Trackside Photography.





Chairman's Report

It is my privilege to present to Members this ninth annual report of the Brisbane Racing Club.

My report complements the summaries from the CEO and General Managers which give specific detail on the many diverse operational areas that now make up your Club.

On behalf of all Directors, thank you for your support during a challenging year but one which also continued the BRC's Master Plan which will transform the racing precinct. This report encapsulates all financial and operational matters of your Club for the last financial year.

Several unique and unexpected events during 2016–17 made for the third consecutive year of extreme challenge to the management of the BRC's operations and financial outcomes. It is not possible in a few paragraphs to detail the events that impacted the BRC. Members were updated with regular emails and newsletters during the year that detailed these events.

Racing people are used to unexpected and sad news. That's the nature of the industry. However, the tragic deaths of Humberto Leite and Ashley Morris during a workplace accident at Eagle Farm on October 6 were devastating and difficult to comprehend. Mr Leite and Mr Morris were working on the infield stable construction when the accident occurred. On behalf of the racing industry, the BRC expressed its condolences to the families of both men.

Construction on the worksite ceased for approximately four months while full and proper investigations were conducted into the cause of the accident. This delay, while necessary, created serious operational problems for our on-course trainers of some 400 horses as they were forced to remain in stable areas that were to be vacated before construction began on the first two residential towers in the Ascot Green joint venture development between BRC and Mirvac. The BRC acknowledges the spirit of cooperation by both the Eagle Farm trainers and Mirvac during these difficult times. It was a credit to all parties that no workplace safety incidents occurred during this very trying period.

Melbourne Cup Day 2016 proved to be the race that stopped a nation and the race that blacked out Eagle Farm. At approximately 1pm, Eagle Farm Racecourse suffered a major power outage to grandstands, kitchens and public address systems. A full electrical supply audit in conjunction with Energex revealed the ageing electrical infrastructure including switchboards and substation required an upgrade in excess of \$2 million. Energex have assisted with upgrading the external power supply infrastructure and BRC has sourced funding from the Racing Infrastructure Fund to complete stage 1 of this project in the 2017 calendar year. We thank Members, our corporate guests and racegoers for their understanding during a trying time. Fortunately, power was restored later in the raceday.

As we were to learn, challenges come in threes. The Eagle Farm track was troublesome throughout 2016–17. The new Eagle Farm course proper, which was opened on Stradbroke Day 2016, did not perform to a level that was acceptable to the Club and to racing stakeholders. The trials and tribulations of the track have tested everyone involved, particularly in late May when the track for the inaugural Kingsford Smith Cup meeting failed to meet the standards required for Group 1 racing. A few days later, the Treasury Oaks and UBET Stradbroke meetings were moved to Doomben.

Racing Queensland, which had funded and managed the initial track redevelopment, commissioned experienced Victorian official Dale Monteith to review all aspects of the track design, construction and maintenance. Mr Monteith's report was handed to Racing Minister Grace Grace on July 27. The 70–page report found that the reasons for the track's struggles

were due to complex and diverse factors – the chosen sand and grass, maintenance programs, weather events at critical maintenance times, a full racing program and changes to the project's budget.

The report recommended a major refurbishment which must occur as soon as possible to ensure the 2018 Brisbane Racing Carnival will be conducted at Eagle Farm. A Racing Queensland and BRC control group has been formed to oversee the work.

But 2016–17 wasn't just about challenges. We enjoyed major positive outcomes highlighted by the opening of the infield stable complex which is home to 10 trainers and 428 horses. This \$25 million investment by the BRC was completed without government or Industry funding. The Club borrowed against future revenue from the joint venture development of Ascot Green residential project with Mirvac.

Reports from all trainers have been positive on the functionality and presentation of these world-class facilities. Positive feedback was also received from visiting trainers and owners during the Brisbane Racing Carnival. The infield landscaping will remain a high priority. About \$1.5 million has been spent on planning, constructing and planting the 44,000 plants and 1600 sprinklers that beautify the infield precinct

This investment by your Club is a stark demonstration of our commitment to the sustainability of the racing industry in southeast Queensland .

The first residential tower – Ascot House – has reached the fifth of its nine levels. It's scheduled for occupancy in August 2018. The new internal road that will service the 1100 apartments will be completed by the end of 2017 while the widening of Nudgee Rd should be completed by mid-October.

The BRC-owned and constructed childcare centre in Lancaster Rd opened for business in March 2017. The centre has been leased by an experienced local operator who is also a BRC Member.

Works commenced on the shopping centre site – to be known as Racecourse Village – in late June. The centre will be anchored by Woolworths and will be supported by 12 specialty shops. This asset, which will be retained by the BRC, has been valued at \$39.5 million and will generate more than \$2 million in annual rental income once the \$24 million construction debt has been extinguished. The site is on Nudgee Rd adjacent to the main entrance to the infield car park and stables.

OUR FINANCIAL PERFORMANCE

The Club's positive trading outcome for the 2016/2017 year is a tribute to the management team and CEO for a sustained focus on growing revenue and controlling costs. While some cost blow out occurred due to matters outside the control of BRC,

we achieved a \$1.6 million turnaround in operating EBITDA from last year. The Club's operating revenue grew from \$37 million to \$42 million.

The continued development of the Club's diversified revenue model makes the Child Care Centre in Lancaster Road the first property held in the BRC portfolio of blue chip investments. While the construction has been debt funded the investment still returns a positive cashflow to the core business.

Gallopers Sports Club and the Eagle Farm Markets continue to provide valuable non-racing revenue streams to the Club, this year contributing \$1.3 million to our core business.

The development and growth of our diversified business model is absolutely crucial to our long-term sustainability. To this end I am pleased to confirm that BRC has taken over management of the Souths Leagues Club in Mortimer Road Acacia Ridge. The Club will be known as Souths Sports Club and will undergo major upgrading of the club facilities similar to the Gallopers Sports Club upgrade a few years ago. We believe this acquisition will grow into a business similar to Gallopers and also play a vital role in sustaining the community sporting facilities at the site.

THE YEAR AHEAD

While we hoped the new financial year would enable a fresh start, we began with a serious challenge – the refurbishment of Eagle Farm racetrack. Racing Queensland, which is funding the project and has the final decision on the track's profile and grass, expects the track will return to racing in April next year. This is an achievable target and the BRC will do everything possible to reach it. But we know that all the stars will have to align for us – the weather and the correct sourcing of materials – to return to this historic track in time for the 2018 Brisbane Racing Carnival. The successful refurbishment of the Eagle Farm course proper is our highest priority.

The challenge for the BRC's Board and Management is clear – to balance the books during a year in which we will race approximately 30 fewer times. Despite having these reduced opportunities as a business, the BRC doesn't have wide scope to cut overheads. New non-raceday events are constantly being investigated to use our facilities and to develop our food and beverage and event business.

While Eagle Farm is closed, we're again hoping Doomben will continue its outstanding performance as a metropolitan race venue. The Board congratulates Doomben track manager Jim Roberts and the BRC track staff for the excellent work they perform week in week out. Doomben is the busiest metropolitan racetrack on the eastern seaboard yet it copes with the workload in remarkable fashion. As jockey Corey Brown said after he guided Impending to victory in the Stradbroke: "I

know there's been a lot of pressure on (Doomben) having the meetings moved from Eagle Farm. The track was so fair ... horses were coming from in front and well behind. It raced perfectly. It was a really good track and it's a credit to them."

Off the track, we have a busy year continuing the delivery of the BRC's Master Plan. During the next year, we anticipate the completion of:

- the Racecourse Village shopping centre and road widening
- the landscaped Members' drive entry off Nudgee Rd to the infield stables and car parks
- Ascot House – the first residential tower in the Ascot Green development.

These exciting projects will complement the recently finished infield precinct of 430 stables, a car park for 1000 vehicles, extensive landscaping and the outstanding super screen.

Our planning during the next year will focus on the St Leger lifestyle precinct at Eagle Farm. This area plays a vital role in supporting the residential development and offers some outstanding opportunities for a boutique restaurant, café and deli concept.

We will also turn our thoughts to the Doomben section of the BRC's Master Plan. We have already received expressions of interest to develop precinct nine at the end of Hampden Street. This site, which measures approximately two hectares, has planning approval for aged care. Applicants plan to deliver an integrated retirement living and aged care project.

A full planning investigation will be undertaken during the next 12 months to unlock the value of Doomben's approved Master Plan.

APPRECIATION

It has been a privilege to once again reflect on the strong commercial partnerships the BRC enjoys with some of the finest brands across the country and through Queensland.

We were again grateful for the support of Channel 7, which proudly had naming rights for our 2017 Brisbane Racing Carnival. Our special relationship with Channel Seven continues. This year we welcomed UBET as a major partner as sponsor of the \$1.5 million Group 1 Stradbroke Handicap. And we were delighted to continue our alliance with James Boag's Premium, BMW, Treasury Casino and Hardy Brothers. They make up an outstanding stable of commercial partners.

I sincerely congratulate the 100-plus loyal staff who make up Team BRC. When challenges arrive, it's often a time when the real character of people emerges. In 2016-17, we saw some outstanding performances by our staff. The challenges were managed in a very professional manner by the CEO Dave Whimpey and his senior leadership team. I doubt they

will ever encounter a year like it again. They should be proud of the way they transformed Doomben in four days to host our Oaks meeting. Team BRC is providing the energy and the professional ability to help the BRC continue its evolution into one of the most dynamic race clubs in Australia.

The BRC has worked alongside Racing Queensland during the last year to realise our shared vision to create a strong and sustainable thoroughbred racing industry in Queensland. There is no denying the challenges that lie ahead for the state as we strive to keep pace with the increased prizemoney levels and stakeholder benefits offered by New South Wales and Victoria. I am sure Racing Queensland Chair Steve Wilson and his board and CEO Eliot Forbes will be working with the State Government to ensure the Queensland racing industry will return to a financial model that will future-proof our industry and provide confidence for the thousands of stakeholders who work tirelessly every day.

The BRC continues to maintain strong relationships with officials from state and local government. I would like to specifically acknowledge the support during the year from:

- The Premier of Queensland, the Honourable Anastacia Palaszczuk
- The Honourable Grace Grace – Minister for Racing, Employment and Industrial Relations and Multicultural Affairs
- Lord Mayor Graham Quirk
- LNP Leader and Member for Clayfield, the Honourable Tim Nicholls
- Hamilton ward Councillor David McLachlan
- Racing Queensland chairman Steve Wilson

They have all shown a willingness to work with the BRC and the wider Queensland racing industry. I thank them for their valued co-operation.

In closing, I sincerely thank my fellow Directors for their support and guidance during this last year. Each Director has provided outstanding individual skill-based advice freely and willingly, a commitment born from a real passion for the Club and the racing Industry

I truly thank all Members for your support and patience throughout the last 12 months. Your feedback has been particularly important. Collectively we are all guardians of this Club and your Board remains committed to the proud traditions that form the pillars of this Brisbane Racing Club.



Neville Bell
Chairman

STATISTICAL INFORMATION	2017	2016	2015	2014	2013
RACING					
Race Meetings	75	54	52	92	91
Saturdays and Public Holidays	44	39	36	47	46
Mid Weeks	31	15	16	45	45
Races	611	429	414	744	732
Starters	6162	4,605	4,298	7,666	7,662
Average Starters per race	10.09	10.73	10.38	10.30	10.41
ATTENDANCES					
Annual	168,974	164,225	153,952	177,255	195,006
Brisbane Racing Carnival	38,347	41,387	40,377	44,820	47,977
MEMBERSHIP					
Life	23	24	24	24	27
Full Member (35yrs+ as a Member)	379	317	320	319	315
Full Member (Age 30+ years)	2,107	2,183	1,963	2,030	2,277
Full Member (Age 18–29 years)	135	247	249	278	283
Perpetual	279	262	237	210	188
Social Membership	617	266	n/a	n/a	n/a
Absentee	n/a	n/a	n/a	24	23
Honorary	19	20	24	24	23
Chairman's Club	44	23	n/a	n/a	n/a
Corporate Members	n/a	24	45	47	45
TOTAL RACING	3,603	3,366	2,862	2,956	3,181
Gallopers Social Members	6,315	5,792	5,654	5,128	7,057
TOTAL MEMBERS	9,918	9,158	8,516	8,084	10,238
PRIZE MONEY (\$000)					
Prize Money Paid	36,267	31,106	27,279	33,342	33,716
WAGERING (\$000)					
Oncourse Totalisator	19,432	19,589	15,330	17,608	20,548
Bookmakers	11,615	19,991	19,674	27,166	27,008
FINANCIAL (\$000)					
Surplus/(Loss)	(806)	1,701	261	151	(1,007)
Capital Expenditure	24,757	38,848	3,433	2,223	2,417



UBET Stradbroke Day presentation – 2017 Channel Seven Brisbane Racing Carnival.



Eagle Farm Infield Stabling Complex



- An increase in race meetings from 54 to 75
- An improvement in operating revenue of \$4.4 million
- An improvement in EBITDA (operating free cash flow from operations) of \$1.6 million
- Corporate sponsorship, excluding any contra, from \$2.6 million to \$2.9 million. We welcomed Darley, UBET to the Stradbroke and the Queens Plaza as new premium partners that joined with James Boag's, BMW Australia, Treasury Casino and Hotel and Hardy Brothers
- An increase in average spend of 9 per cent for beverage and 16 per cent for food against the national trend.

With the launch of our new membership categories being the Moët & Chandon Chairman's Club, the Giddy Up Club and Social Membership (non-voting), membership grew for the year by 7.3 per cent to 3,603. We also launched Members' Rewards during the year and offered all full Members a discount of 10 per cent off food and beverage during their visits to complement the three Member Rewards days. We also gave our Members an exclusive experience over carnival by not selling the Bird Cage on Kingsford Smith Cup day. We appreciated the wonderful feedback we received for this decision.

Our Members are our shareholders. The Senior Leadership Team and all team members are aware of this statement and

Chief Executive Officer's Report

This annual report documents a year unlike any that Brisbane racing has known in a history of more than 150 years.

We started 2016-17 knowing that we had to readjust to a full schedule of racing with Eagle Farm's return helping to take some of the workload off the outstanding Doomben surface. We added an intensified gallops and trials schedule, meaning the BRC team was pressure-tested for the entire year. However, this resulted in the economics of our business surpassing our fixed-cost base. We also conducted a record 187 non-racing events during the year including 47 weddings that generated significant returns. Before abnormal items, the following were stand outs for the year:



Eagle Farm Racecourse – 2017 Channel Seven Brisbane Racing Carnival – Darley Kingsford Smith Cup Day



Eagle Farm Racecourse – Members' Infield Open Day – Sunday 30 July 2017

“the year began well with Eagle Farm racing again following a successful 2016 Channel Seven Brisbane Racing Carnival”

what it actually means. Our Members are our most important asset. We believe in this completely and aim to continuously improve the membership experience. As we unlock the value of the Master Plan we will focus on facilities and value adding to the experience we offer.

The year began well with Eagle Farm racing again following a successful 2016 Channel Seven Brisbane Racing Carnival. Members and patrons enjoyed the improved facilities including the beautiful Stradbroke Plaza and the UBET betting auditorium among the highlights.

But tragedy struck in October. The unimaginable happened with the deaths of two men on the infield project, which was managed by a third party. Humberto Leite and Ashley Morris will be remembered in perpetuity by the Brisbane Racing Club. Our thoughts and prayers remain with their families. I have come to know these amazing families and continue to stay connected with them so that we may honour the men in a way most suitable.

On Melbourne Cup Day, the BRC was at the mercy of a catastrophic failure offsite due to our power provider's equipment meltdown. An onsite generator would have enabled the racing to continue through a critical supply feed but our engineers noted that corporate and hospitality venues still would have been negatively impacted. I sincerely apologise for the inconvenience and breakdown in trust to our Members, corporate partners and the general public.

The BRC has since worked with our engineers and Racing Queensland to upgrade our onsite grid in time for 2018 while our power provider has upgraded the feed from the street. This project over two stages is estimated at \$2.5 million while the Board has given preliminary approval for stage 1 at a cost of \$1.3 million.

I congratulate Jim Roberts, our Doomben Racecourse Manager and Racecourse Manager of the Year, for his outstanding work

“In late April, we welcomed Rob Heathcote as the first trainer in our brand new infield stable complex”

once again. His dedication and knowledge on sandy loam tracks saw the BRC withstand a challenging time as Eagle Farm began to struggle in early 2017. Eagle Farm Racecourse Manager Sean Bridges also deserves mention. Sean worked tirelessly to mend the track, following the advice of track specialists to get Eagle Farm ready for the Brisbane Racing Carnival.

Ultimately however, as Dale Monteith’s report revealed, the track was fundamentally flawed in both sand and grass and was never going to be ‘fit for purpose’. I wish to thank Sean for his efforts during this time. I know Sean felt the frustration of the track more than anyone.

The late move to Doomben after the Kingsford Smith Cup Day gave our team four full days to make a multi-million dollar event come to life. I am especially proud of the team that made this happen. Feedback from our Members and corporate partners was most appreciated during this difficult time. I thank our Members, partners and sponsors for this motivational feedback and I know that it meant a great deal to

the teams performing this monumental and unprecedented task.

In late April, we welcomed Rob Heathcote as the first trainer in our brand new infield stable complex, which is one of the first of its kind in the world and the first in Australia. During my first three years at the helm of the BRC, I have thoroughly enjoyed spending time with our on-course trainers during my rounds and have the utmost respect for their dedication, hard work for sometimes little returns. Their commitment to the industry is remarkable. There was an old saying I was told upon commencing that I have never forgotten: our industry would be nothing without owners and punters. I would add that without trainers we wouldn’t have an industry. They are the true grassroots connection of our industry and I wish to thank them for their patience while we worked hard to commission the new stables.

Another segment of the industry I have come to know and respect immensely are jockeys. When I reflect on the year, its challenges and successes, my weekly track walks with some



Opening of the Eagle Farm Infield Stabling complex.
Mr Phil Sullivan (Chairman, Queensland Turf Club, 2001–2005)
conducting the official ribbon cutting ceremony.



Jim Roberts – Racecourse Manager, 30 years' service recognition



2017 Channel Seven Brisbane Racing Carnival

of southeast Queensland's leading jockeys stand out. I don't envy the challenge in rating tracks. Yes, there is science but, unless you walk the walk with them, it's difficult to get an appreciation for what jockeys do. During the countless hours on these walks, I have come to learn more about jockeys and how they go about their business. For this I am truly grateful. I was delighted to receive my first walking stick from one jockey early in the year.

Across the year, I also hold fond memories of chatting with many Members during the Saturday raceday experience. I find this compelling. It's where I find the most honest and genuine feedback from Members experiencing the day. This resulted in exclusive benefits for Members, new furniture, the complimentary bus to metro race days held outside of the BRC, improved food offering and changes to deliver enhanced raceday experiences. There are more initiatives for Members coming in the new year and I look forward to seeing you all at the races.

In closing, I would like to thank my Board for their commitment during another challenging year. This is a Board elected by our Members and as they are Directors of this great Club they give up significant time and strategic input. It's also noteworthy

that they do this with zero remuneration. I thank each one of our Board members for their solidarity and resolve to make this Club great. To my Senior Leadership Team and to our 93 permanents and more than 200 casuals, your dedication is remarkable and I am privileged to be working with you on this journey.

We are in a transformational era. That is, to attract people to the races every Saturday when the industry has been digitally disrupted is a challenge we meet and face head on and the numbers are showing we are winning the battle. We could not do this without the leadership of my Board and the commitment from my Team. Of course, next year without Eagle Farm for the most part, we face this challenge with some headwinds but I know we have truly committed Members, the right Board and Team to come out winners.

Warmest regards,

Dave G. Whimpey
Chief Executive Officer



Pool view between Tulloch House and Ascot House towers.

Master Plan Report

The Master Plan for the Brisbane Racing Club reached speed in 2016 – 17, with the progress evident in the changes to Eagle Farm’s appearance.

These included:

- The opening of the state-of-the-art infield training and stabling complex
- The completion of a vehicle tunnel from Nudgee Road to the infield
- The completion of a pedestrian tunnel from the infield to the grandstand
- The start of construction on the first residential tower in Ascot Green
- The start of construction on the Racecourse Village shopping centre on Nudgee Rd
- The opening of a childcare centre on Lancaster Rd

The completion of these facilities was a major milestone for the BRC. These facilities will make Eagle Farm the best training centre in Australia. The new infield facilities include 428 stables, 1000 car parking spaces and an impressive entry pavilion inviting Members and patrons into the new pedestrian tunnel and the grandstands beyond.

The new stables are fully occupied by some of Queensland's most successful trainers, with a waiting list for those hoping to join them. Here are the stables by the numbers:

- 17-hectare site
- 428 large stables, 4m x 4m with doors made of high strength compressed bamboo
- 74 tie-up stalls
- 20 washdown bays
- 11 horse walkers
- 10 sand rolls
- 20 tack rooms, 20 feed rooms, 20 bin storage rooms
- 14 air-conditioned offices for trainers with toilet and shower facilities
- 44,000 plants
- 1600 sprinkler heads
- 8 viewing platforms for trackwork



Rooftop Terrace for residents to enjoy views of Eagle Farm Racecourse.

The facilities include a rainwater harvesting system for irrigating the landscaping and an integrated waste management system. We were delighted to see so many Members enjoying the facilities at an open day during the winter. Members provided great feedback on the project, which was described as “ground-breaking” by a visiting trainer.

The completion of the new stabling facility allowed part of the old stables on Nudgee Rd to be demolished to make way for the first Mirvac residential tower. The Ascot Green residential precinct was launched by Mirvac last year and the first building, known as Ascot House, is well under construction. This elegant nine-storey building is due for completion in mid-2018. The majority of apartments have been sold. This will be the first of eight residential buildings in the precinct that will flank the racetrack, providing a unique and exciting address.

During 2016-17, the BRC successfully appealed against a planning approval via the court. This success significantly improved the value and development potential of Precinct 5A within the Master Plan. As a result, we have begun construction of the shopping centre on Nudgee Road. This area, which is being developed by the Club, will be known as Racecourse Village. The centre will be anchored by a full-line Woolworths supermarket and will include approximately 15 specialty shops and 1000 m² of level one office space. The Woolworths lease has been agreed by the parties and strong interest is already being shown by specialty retailers. ADCO Constructions, a very reputable mid-sized building contractor highly experienced in this type of building, were appointed by the BRC. The centre is scheduled for completion in July 2018 to coincide with the opening of the first Mirvac residential building. The BRC intends to retain the centre as a long-term revenue source. The construction of the shopping centre and the Mirvac



Ascot Childcare and Kindy opened 1 March 2017.

development have necessitated the widening of Nudgee Rd to four lanes with two new sets of traffic lights to help Members access Eagle Farm and Doomben.

During 2016-17, the BRC completed a 110-place childcare centre on Lancaster Road. The Club sought expressions of interest from qualified operators before awarding a 15-year lease to Ascot Childcare. The centre will also be retained by the Club as a long-term income source.

The Master Plan has begun to factor in Doomben, where the BRC sought expressions of interest from qualified aged care and retirement groups to develop Precinct 9 on Hampden Street. At the end of 2016-17, the Club was in a confidential exclusive dealing period with one of Australia's largest and most successful retirement living groups. The proposal involves constructing approximately 300 independent living units and an aged care facility. Master Plan opportunities at Doomben include a new sports club, a new 150-room hotel, development potential for the infield and revamping the Members' and patrons' facilities.

The Master Plan will continue to unfold in 2017-18 with much to look forward to as the BRC transforms into the most dynamic racing centre in the country.



Jeff Kahler
General Manager –
Property and Asset
Management

Racing Report

In more than 150 years of racing at Eagle Farm and Doomben, there has never been a racing year like 2016 – 17.

In a head-spinning 12 months, we opened our \$37 million state-of-the-art infield complex at Eagle Farm. More than 400 horses took up residence in a complex that received stellar reviews, especially from the visiting southern trainers at the Brisbane Racing Carnival.

While the horses were settling into their new surrounds, we were forced to close Eagle Farm for racing and rush back to Doomben for Queensland's most important race days.

Course manager Jim Roberts and his team performed splendidly with the increased work load. Doomben raced superbly on Oaks and Stradbroke Days.

Amid those major moments, the Brisbane Racing Carnival enhanced its reputation for compelling racing with a revamped program that featured the inaugural Kingsford Smith Cup.

The efforts of the Queensland Oaks winner Egg Tart should be noted. The classic victory was her fifth in succession from 1300 to 2200 metres across four states and included two Group 1s.

Hong Kong has become the destination of recent Queensland Derby standouts. This year's Derby winner Ruthven was subsequently sold to Hong Kong owners, following Werther (second, 2015) and Eagle Way and Rodrico (first and second, 2016).

Six months earlier, we watched Winning Rupert deliver stunning performances in the revamped 2016 summer format.

Credit must be given to Racing Queensland for the injection of funds to boost prizemoney for some of the black type races and to introduce two \$500,000 bonuses.

Winning Rupert secured the three-year-old bonus and Most Important took out the open sprint bonus. The success of these two horses almost certainly will result in a RQ revamp of the summer bonus offering.

We again saw the nation's best jockeys and trainers – testament to the popularity of the BRC winter meetings both interstate and in New Zealand.

On Stradbroke Day, 37 visiting trainers (21 NSW, 11 Victoria, 5

New Zealand) and 23 jockeys from outside Queensland took on our local stars in a fascinating day of racing.

Corey Brown (Doomben Cup and UBET Stradbroke), Jim Byrne (Doomben 10,000 and J J Atkins) and Hugh Bowman (Queensland Derby and Kingsford Smith Cup) were the most successful Group 1 riders.

Kris Lees was the only trainer to secure multiple Group 1 wins in the Kingsford Smith Cup and Doomben Cup.

No review of the past racing season would be complete without due recognition to Jeff Lloyd's stunning riding performance to obliterate the previous record number of metropolitan winners in a season.

Lloyd rode at a consistently high level throughout 2016–17 to compile a remarkable 137 winners – 34 more than the previous best established by Chris Munce six years earlier.

Congratulations also to Tony Gollan (77 winners) on winning the trainers' premiership and Tiffani Brooker on her victory in the apprentices' title with 50 metro wins.

With Eagle Farm under repair, the summer carnival format will change again but the BRC will retain feature days in November and December.

These meetings have significant importance in their own right and as lead-up races to the Magic Millions program.

The State of Origin Jockeys' Challenge will take on a different approach this summer with seven teams of two riders to compete at all three meetings on Friday and Saturday (December 8–9) at Doomben and then Sunday (December 10) at the Sunshine Coast.

While Eagle Farm is returned as a racing venue, it will continue to develop as a world-class training venue. We look forward

to watching the progress of Eagle Farm-trained horses at home and interstate.



Bart Sinclair
Racing Manager

2017 CHANNEL SEVEN BRISBANE RACING CARNIVAL – GROUP RACE						
Prizemoney	Racename	Winner	Rider	Distance (m)	Weight (kg)	Trainer
GROUP 1						
\$1,500,000	UBet Stradbroke Handicap	Impending	Corey Brown	1350	52.5	Darren Beadman
\$700,000	Doomben 10,000	Redzel	Jim Byrne	1200	58.5	Peter & Paul Snowden
\$600,000	Queensland Derby	Ruthven	Hugh Bowman	2200	57.0	Ciaron Maher
\$650,000	Doomben Cup	Sense of Occasion	Corey Brown	2000	59.0	Kris Lees
\$600,000	J.J. Atkins	Capital Gain	Jim Byrne	1600	57.0	Paul Butterworth
\$500,000	Queensland Oaks	Egg Tart	Kerrin McEvoy	2200	56.5	Chris Waller
\$700,000	Kingsford Smith Cup	Clearly Innocent	Hugh Bowman	1300	59.0	Kris Lees
GROUP 2						
\$300,000	Brisbane Cup	Chocante (NZ)	Jim Byrne	2200	53.0	Stephen Marsh
\$350,000	Queensland Guineas	Salsonic	Hugh Bowman	1600	57.0	Jason Coyle
\$250,000	BRC Sires' Produce Stakes	Melody Belle (NZ)	Opie Bosson	1400	55.0	Stephen Autridge & Jamie Richards
\$200,000	Dane Ripper Handicap	Prompt Response	Tommy Berry	1350	54.5	Gai Waterhouse & Adrian Bott
\$200,000	P.J. O'Shea Stakes	Single Gaze	Kathy O'Hara	2200	57.0	Nick Olive
\$175,000	Champagne Classic	Tangled	Kerrin McEvoy	1200	57.0	Chris Waller
\$200,000	Victory Stakes	Music Magnate (NZ)	Jeff Lloyd	1200	58.5	Bjorn Baker
\$175,000	Moreton Cup	Deploy	Tim Clark	1200	53.0	Gerald Ryan
\$175,000	The Roses	Kenedna	John Allen	2000	56.5	Darren Weir
GROUP 3						
\$150,000	Glenlogan Park Stakes (Moreton Stakes)	Eckstein	Corey Brown	1300	54.5	Kurt Goldman
\$150,000	Fred Best Classic	Niccanova	James Orman	1400	57.0	Steve Tregear
\$150,000	Grand Prix Stakes	Order Again (NZ)	Larry Cassidy	2200	57.0	Brian Smith
\$125,000	Rough Habit Plate	Shocking Luck (NZ)	Opie Bosson	2000	57.0	Stephen Autridge & Jamie Richards
\$125,000	Gunsynd Classic	Dreams Aplenty	Tiffani Brooker	1600	57.0	John Zielke
\$125,000	BRC Sprint	Jungle Edge	Kevin Forrester	1350	58.0	Mick Bell
\$125,000	Premier's Cup	Kaiser Franz (NZ)	Robbie Fradd	2200	54.0	Rob Heathcote
\$125,000	Chairman's Handicap	Stampede	Kerrin McEvoy	2000	56.0	Gai Waterhouse & Adrian Bott
\$125,000	Lord Mayor's Cup	Col 'N' Lil	Jeff Lloyd	1600	57.0	Ben Currie



Eagle Farm Racecourse

Tracks & Facilities Report

The Brisbane Racing Club's Tracks and Facilities team will never know another year like 2016 – 17.

While that can sound like a cliché, the events of this past financial year were unlike anything that an Australian racing club had previously encountered.

The challenges of the Eagle Farm racing surface have been well discussed and were analysed in depth in Dale Monteith's report for Racing Queensland. The Tracks and Facilities team had lived the challenges, watching as Eagle Farm raced well throughout November and December before the long, dry but humid summer took its toll on the kikuyu turf. Evergreen was commissioned to bring its expertise to the track in March, overseeing the lead-in to the Brisbane Racing Carnival.

Unfortunately, Eagle Farm could not regain the promise it had shown earlier in the summer and the track was closed for racing after Kingsford Smith Cup day.

The decision to move the Oaks and Stradbroke meetings to Doomben with only four full days' notice switched the focus of the team from track repair to venue transformation. This dedicated and professional effort resulted in a very successful and seamless transition for Queensland's two most important days of racing. The track raced superbly and the facilities were spot on for our most important time of the year.

Special credit must go to Doomben Racecourse Manager Jim Roberts and his team. After shouldering a massive load while Eagle Farm was being rebuilt for almost two years, Doomben had to swing back into action at late notice. But the challenge is not over – we must now ensure that Doomben can continue to race in outstanding fashion while Eagle Farm is being revitalised for racing in 2018 and beyond.

Away from racing, Eagle Farm and Doomben are presenting as pretty as a picture with significant improvements being made in the gardens and lawn areas. Numerous areas have also received a fresh coat of paint. Ongoing improvements will continue to ensure the aesthetic appeal is enhanced at both tracks.



Eagle Farm Infield Stabling Complex – 428 horses now call this world-class training facility home

The Tracks and Facilities team was also involved in the new infield stabling complex at Eagle Farm. The need to start construction of Ascot Green required a progressive move of trainers from the old stabling area to the new infield stables. Much of this transition occurred during the lead up to and during the Brisbane Racing Carnival. While this was an extremely busy time, the Tracks and Facilities team worked well to ensure this transition ran as smoothly as possible. More than 400 horses now call this world-class training facility home. The horses are well settled and reportedly much happier in their new environment while the trainers are also enjoying the new surrounds. To complete the infield training complex in the coming months, work will continue on the bullring, an upgrade to the track training lights upgrade and some minor landscaping.

The equine pool has also been fully refurbished after being offline for nearly three years. The pool underwent a substantial refurbishment and now provides a great low impact-training alternative for horses. More than 100 horses are using this facility each day.

The newly constructed B-Grass training track is now operational and is used regularly on gallop mornings. This track



Doomben Racecourse – Mounting Yard

was completely reconstructed by the BRC. It has proven to be most popular with trainers due to an improved track camber and a new wintergreen couch surface. The sand training track has also been reopened after being out of action for two years.

Away from the track, the Laboratory at Eagle Farm was renamed The Society Rooftop after a stylish refurbishment. The sophisticated fit-out and elegant outdoor deck area will ensure this area is well used.

With the rectification works to the Eagle Farm track about to commence and the BRC Master Plan continuing to be unlocked, the coming years are looking very bright for the BRC.



Darren Diffey
General Manager,
Tracks and Facilities

Sales and Marketing Report

Despite a year of challenges, the BRC is proud to report a successful year in Sales and Marketing, underlined by highlights including:

- A 7 per cent increase in the BRC's membership base
- A 7.5 per cent increase in sponsorship revenue
- A 61 per cent increase in non-racing revenue
- Assistance to 81 community and charitable organisations

The success was achieved despite the transfer of the Oaks and Stradbroke meetings to Eagle Farm and the power outage on Melbourne Cup Day. Much of this is due to the loyalty and enthusiasm of our Members and corporate clientele, who continue to provide great support to the BRC.

The BRC's corporate partner retention program was strong with Treasury Brisbane, Hardy Brothers Jewellers, Lion, UBET, Diageo and BMW firmly in our suite of core sponsors. We were proud to engage Darley for the first time as a naming-rights partner for Kingsford Smith Cup Day. We also signed Queens Plaza as our new Fashions on the Field partner. Overall sponsorship revenue grew to \$2.91 million, over \$340k up on last year.

Outside of commercial partnerships, the BRC engaged many charity partners throughout the year including the Starlight Children's Foundation, Breast Cancer Network Australia and the National Jockeys' Trust. The Prostate Cancer Foundation Australia raised \$20,343 as a Carnival Charity partner. In total, the BRC supported 81 community and charitable organisations in various ways including prizes, providing a portion of gate sales, complimentary hospitality and ticketing.



Ladies enjoying all the glamour of The Channel Seven Brisbane Racing Carnival.

For the second consecutive year, the BRC's membership base grew by 7 per cent. This increase was largely attributed to our newer membership categories. General Admission Membership, Giddy Up Club Membership and Society Membership have all proved popular in attracting the next generation of racegoers. Our Moët and Chandon Chairman's Club Members have enjoyed the finest hospitality in Brisbane from the Ascot Bar four times throughout the year. This membership category has brought a level of exclusivity and luxury to our membership offering that was missing previously.

The BRC constantly strives to improve its Members' experience. Member focus groups were conducted over the course of the year and management and the board responded quickly to the feedback. A key takeout was that new furniture was urgently required for the Members' areas at Eagle Farm and Doomben. This was purchased in time for the Brisbane Racing Carnival. Members also expressed their appreciation of our Members' Rewards Days and lunches which have remained as key events on the calendar.

Learnings from last year's Carnival were front of mind in the planning for the 2017 event. Service standards were raised, staff were diligently recruited and trained, and capacity restrictions firmly enforced in Members' areas. Members were extremely supportive with their patronage over the five days. On our Kingsford Smith Cup Members' Rewards Day, 1304 Members and Guest pass holders attended. Feedback from the day was overwhelmingly positive with Members taking advantage of the \$20 worth of points on their card and paper guest tickets.

Outside of Carnival, days such as Girls Day Out and Country Music Raceday grew to attract crowds of more than 6000.



The Society Rooftop Bar opened 4 May 2017 and provides a relaxed environment with prime views of the Eagle Farm Racetrack.

The Spring Racing Carnival which kicked off in early October also boasted strong attendances that were up on prior year. New event initiatives such as Out at the Races and Blokes Day Out attracted new demographics of racegoers to the track, providing a point of difference to off-season Saturday racing.

From a non-racing perspective, revenue grew by an impressive 61 per cent. The BRC hosted 47 weddings in the last year. Members had the opportunity to experience the refurbishment of the Society Rooftop at the Members' Cocktail party. This space is designed to be an upmarket destination for both racing and non-racing events. While Eagle Farm is closed for racing, it has already been hired for numerous Christmas events, engagement parties and birthday celebrations. Major events like the BBQ and Beer Festival, which was hosted at Doomben, remain a key area for business development. There is also a strong focus on building the sustainable partnerships with key stakeholders in the Meetings, Incentives, Conferences and Events market.

The Sales and Marketing team remain positive and focused on delivering the best possible experiences and benefits for

Members and corporate clientele. We appreciate the support of our Members during this time and welcome any constructive feedback.



Katie Churchill
General Manager
– Sales & Marketing



Kendall Gilding – 2017 Channel Seven Brisbane Racing Carnival Ambassador



Members' Cocktail Party – Thursday 8 June 2017, The Society Rooftop.

Operations Report

The BRC's journey continued in 2016 – 17 with the Master Plan resulting in new and upgraded facilities for Members and the delivery of operations.

The Operations team entered 2016–17 hoping to build on the Master Plan while also aiming for an increase in the raceday experience for Members, their guests, our corporate partners and racegoers. However, we were thrust into our busiest time of the year in late May when the final two days of the Brisbane Racing Carnival were transferred from Eagle Farm to Doomben.

Despite the short notice, the BRC team completed the transfer within four days, ensuring that the Oaks meeting could go ahead in great weather. We thank Members, guests and our corporate client for their positive feedback. The move was a credit to the staff involved including Operations, Sales and our contractors and suppliers.

I was grateful to join the BRC in November 2016, with the responsibility to oversee service deliveries and project development. Much of this centred on the Eagle Farm infield complex, which was partially opened in May. Members who arrived by car for Kingsford Smith Cup day were able to drive through the new Eagle Farm entrance, turning off Nudgee Rd for the short trip through the vehicular tunnel. The new parking area has room for 1000 cars within a short walk of the new entrance pavilion. Members were able to walk through the pedestrian tunnel and into the track or take advantage of the buggy trips.

The Operations team also focused this year on the upgrade of Members' facilities at Eagle Farm and Doomben. The Champagne Bar and Lawn and The Falvelon Bar and Lawn were upgraded. We also upgraded point-of-sale infrastructure to allow Members to more easily redeem points and rewards. Stage 2 will be completed before Christmas.

In June, we opened the newly renovated Society Rooftop at Eagle Farm. This exciting new venue will be available for Members and their guests for raceday and non-raceday events. We were delighted with the positive feedback on location, ambience, service and food delivery. This will be a popular venue.



During 2016–17, the Eagle Farm Markets relocated to Doomben due to construction. Fortunately, we had more time to move the Markets than we did the two major racedays of the Brisbane Racing Carnival. The move has been well accepted.

The BRC continues to focus on service experiences for Members. We are developing new service standards and policies with new training on service delivery and product knowledge. In recruitment, we have concentrated the best calibre staff in each of our outlets and corporate areas. We will continue to work on this in 2017–18.

Our improvement in some areas was reflected in our financial performance in 2016–17. The food and beverage operations showed strong growth on last year including:

- Beverage revenue of \$7.6 million (7.1 per cent increase)
- Food revenue of \$4.6 million (18.3 per cent increase)
- 61 per cent revenue growth on non-raceday events



My sincere thanks for the support of so many people in the last financial year in particular the outstanding efforts of all staff. I thank our Members and their guests for their patronage.

Paul Williams
Director of Operations

Strategic Business Development

The Brisbane Racing Club can boast plenty of success stories in 2016–17 including the performance of Gallopers Sports Club.

Our licensed venue, just a short walk from Eagle Farm and Doomben racecourses, continues to grow. In 2016–17, Gallopers returned a record profit of \$1.04 million after depreciation. Thanks to BRC Members and to the many people from the wider community who supported Gallopers so strongly in the last year. Any visit to the club will showcase the great cross-section of community members who use the facility for a range of reasons including birthdays, work parties, retirements and a regular social catch-up. Of course, Gallopers shines on race nights as many winning connections, trainers and strappers gather to discuss the day's events.

In recognition of the great support from the community in 2016–17, Gallopers contributed more than \$120,000 to local charities, schools, sporting organisations and groups. As an example, this year's annual sportsmen's lunch raised \$15,000 with proceeds donated to Hendra State School, Hunt4homeless community canteen and local Australian masters' hockey player Melisa Mitchell. Gallopers thanks the many groups for their co-operation and we look forward to

contributing again in 2017–18.

During the year, Gallopers invested \$330,000 into facilities including the addition of a very popular kids' room. This has helped Gallopers to become the ideal family venue. The bistro continues to draw positive reviews for its high-quality and affordable meals that result in full seating on most nights. The club's best asset is its superb staff. I thank the team, led by General Manager Wayne Percy, for their efforts and commitment to making Gallopers a real community club.

On the club front, we celebrated exciting news in 2016–17 with the acquisition of Souths Sports Club at Acacia Ridge. This complements the work that has been done at Gallopers. Souths Sports Club boasts two football fields, which are home to 25 junior rugby league teams, and two bowls greens that are home to strong numbers of bowlers. We look forward to Souths Sports Club sponsoring the junior league teams next year, ensuring each child has shorts, socks and a jersey for the season. Souths Sports Club employs up to 50 staff, many of whom live in the local area.

This acquisition continues the BRC Board's ambition to unlock alternative revenue streams away from racing. I look forward to the continued growth of Gallopers and the work at Souths Sports Club, which presents an exciting opportunity

for the BRC. As always, I thank our licensed club members for their support, goodwill and excellent behaviour in 2016–17.



Scott Steele
Manager – Strategic Business Development





Human Resources

The Human Resources function plays an ongoing supporting role in the Brisbane Racing Club's transition from a traditional racing club to a leading southeast Queensland entertainment, events and hospitality location.

The year's activities included a focus on developing our people management systems and capability and supporting the evolution of organisational structures and realignment of functions and processes. This was done to ensure the Club was best-placed to achieve its long-term vision.

There were some refinements to organisational structures within the Tracks and Facilities and Operations Teams as the Club's workforce requirements were adapted to meet operational requirements. These activities involved revising our workforce profile and actively developing capability within our casual workforce which is a core part of the Club's events and hospitality operations.

The BRC continues to work towards sound people-management strategies through the progression of effective performance-management systems and processes. We are also working through processes to identify and retain our core talent. The BRC again achieved compliance through to the

Workplace Gender Equality Agency.

In 2017-18, we will continue to work towards the development of our core capability through strategies aimed at developing our leaders, promoting the effective reward and recognition of our people and continually reviewing our workforce requirements. These will be done to ensure our teams are well placed to meet the challenges as we move into the future.

Safety and wellbeing, one of the core values at the BRC, continues to be a top priority. During the past year, our safety programs continued to develop and improve. Our overarching WHS goal is to achieve a Zero Lost Time Injury Frequency Rate. We finished the year with a Lost Time Injury Frequency Rate (LTIFR) of 9.66. The LTIFR refers to the number of lost-time injuries that occur in a workplace for every 1 million man-hours worked. Our LTIFR is trending downwards and we are moving towards our initial goal of achieving a rate below the industry average. We have implemented a WHS Action Plan which is comprised of several initiatives aimed at improving our safety performance and systems.

The Club also continued to participate in the Injury Prevention and Management Program (IPaM) in partnership with the Division of Workplace Health & Safety Queensland. The Club has moved into the supported self-management phase of the



program after making improvements in a number of key areas. The continued development and improvement of our Safety Management System and processes will again be a priority for the year ahead.

Anthony Ridge

Director – Human Resources



Directors' Report and Financial Statements

24	Directors' Report
30	Auditor's Independence Declaration
31	Consolidated Statement of Comprehensive Income
32	Consolidated Statement of Financial Position
33	Consolidated Statement of Changes In Equity
34	Consolidated Statement of Cash Flows
35	Notes to the Financial Statements
59	Directors' Declaration
60	Independent Auditor's Report

I 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 2017.

DIRECTORS

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

N D Bell

D J Dawson

S M Gagel

S P Gleeson

R H Morrison

C M Schatz

J D Shepherd

T J Svenson

Directors have been in office since 1 July 2016 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 B Jong, the Chief Financial Officer. Mr B Jong has previously held similar positions in Public Listed and Public non-listed companies, both in Australia and internationally. His last role was with the highly successful Wests Ashfield Leagues Club which is the majority owner of the Wests Tigers NRL football team. He is a Fellow of CPA Australia with extensive experience in the hospitality and the gaming industry.

CHIEF EXECUTIVE OFFICER

The Chief Executive Officer at the end of the year was Mr D G Whimpey who has 23 years' experience in finance and operations across blue chip companies including Jupiters Casino, KPMG, TABCORP and Westfarmers both domestically and internationally. Mr Whimpey holds a Masters in Business Administration from Surrey (UK).

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year to 30 June 2017 were the operation of thoroughbred horse racing activities for the enjoyment of our members and the racing community. As part of its operations, the Company also owns and operates a licensed club.

OPERATING RESULTS

The Company recorded a total comprehensive loss for the year of \$805,526 (2016: Profit \$1,700,747).

DIVIDENDS PAID OR RECOMMENDED

By virtue of the Constitution, the income and property of the Company whensoever 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.

I DIRECTORS' REPORT

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 3,132 (2016: 2,970) racing members, so the total amount that members of the Company are liable to contribute if the company is wound up is \$31,320 (2016: \$29,700).

REVIEW OF OPERATIONS

Details of the activities of the Company for the year have been outlined in the previous pages of the Annual Report.

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.

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. However, the Eagle Farm and Doomben racecourses are listed on the Environmental Management Register which is regulated by the Environmental Protection Act 1994.

AFTER BALANCE DATE EVENTS

Disclosed in the notes are matters or circumstances since 30 June 2017 that have 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.



Brisbane Racing Club Directors (L to R) – Simon Gleeson, David Dawson, John Shepherd, Richard Morrison (Vice-Chairman), Neville Bell (Chairman), Terry Svenson, Dave Whimpey (CEO), Curt Schatz and Steve Gagel.

I DIRECTORS' REPORT

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 29 May, 2017, Racing Queensland ordered that the Ladies Oaks meeting (June 3) and the Stradbroke Handicap meeting (June 10) be moved from Eagle Farm to Doomben. The BRC incurred \$0.42 million in additional costs as a result of the move. Racing Queensland commissioned an independent report into the Eagle Farm track with recommendations for its immediate future. This marked the closure of Eagle Farm for significant repairs less than 12 months after the redeveloped track had been opened. Racing Queensland released a new racing calendar to factor in the absence of Eagle Farm. According to this schedule, the BRC lost two race meetings in June 2017 and 30 race meetings in FY18 to the end of February.

As part of the work undertaken at Eagle Farm including the tunnels project, infield works and the Eagle Farm track redevelopment, the BRC made a compensation claim to Racing Queensland in FY17 for \$5 million. This followed work on a project that was funded and overseen by Racing Queensland through its Racing Industry Capital Development Scheme. Racing Queensland has offered the BRC \$5.5 million to assist with its capital expenditure program of which \$3.5 million will be in the form of a grant and \$2 million will be loaned from the Racing Infrastructure Fund.

The 110-place childcare facility on the Lancaster Road site near Gallopers Sports Club is now completed and in operation. This whole facility is leased to Ascot Childcare and Kindy.

Precinct 5A is a new shopping centre on Nudgee Road being developed by the Club and has been named Racecourse Village. This centre will be anchored by a full-line Woolworths supermarket and will include approximately 15 specialty shops and 1,000 m2 of level one office space.

The BRC's Master Plan continued to evolve with the first work earmarked for Doomben racecourse. The BRC sought expressions of interest from qualified aged care / retirement groups to develop Precinct 9 of the Master Plan on Hampden St. After an independent, successful campaign, the BRC is in a confidential exclusive dealing period with one of Australia's largest and most successful retirement living groups. The proposal involves constructing approximately 300 independent living units and an aged care facility.

INFORMATION ON DIRECTORS

NEVILLE BELL (AGE 69)

Chairman

Qualifications and Experience – Neville is the proprietor of Kilto 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 and improve on his four Group 1 wins. Neville was a former Director Queensland Turf Club 1998–2009.

Special Responsibilities – Chair of Master Planning and Member of New Business Development Sub-Committees.

| DIRECTORS' REPORT

RICHARD MORRISON (AGE 43)

Vice-Chairman

Qualifications and Experience – Richard is a property professional with more than two decades' experience in commercial agency transaction. He is the director of Morrison Project Consulting, a broad service real estate advisory firm operating across investment, development and agency sectors. A racehorse owner since the mid 1990's, Richard is also a committee member of the Kingston Town Club (KTC). This association hosts racing events that have raised more than \$100,000 for various charities.

Special Responsibilities – Member of Master Planning, Membership and New Business Development Sub-Committees.

DAVID DAWSON (AGE 70)

Director

Qualifications and Experience – David is a medical scientist by profession. Now retired, he was formerly Chief Scientist with Queensland Health and a consultant to the World Health Organization. He has racing interests, and was a former Director Queensland Turf Club 2005–2009 (Treasurer 2007–2009).

Special Responsibilities – Chairman of Membership Sub-Committee.

STEVE GAGEL (AGE 45)

Director

Qualifications and Experience – Steve is a Director at Prosperity Advisers Group and has extensive accounting and business experience across a broad range of industries and management operations including tourism and hospitality, hotel operations and the wider sporting industry. Steve has a genuine passion for the horse racing industry and been a part-owner of racehorses over recent years.

Special Responsibilities – Chairman of Finance, Governance and Risk Management and Member of New Business Development Sub-Committees.

SIMON GLEESON (AGE 39)

Director

Qualifications and Experience – Simon is an Economist by qualification and has been the Commercial Manager at Arrow Energy for more than seven years. He has a strong financial and commercial background through his experience working in both Australia and the United Kingdom. Simon has been around horses from an early age and is a Director of Gleeson Thoroughbred Connections.

Special Responsibilities – Member of Finance, Governance and Risk Management, Master Planning and New Business Development Sub-Committees.

CURT SCHATZ (AGE 58)

Director

Qualifications and Experience – Curt is Managing Partner of Mullins Lawyers' and leads their property and hospitality practice. He has more than 30 years' experience in property, liquor and gaming law. He has owned and bred racehorses in Australia and New Zealand for more than two decades.

Special Responsibilities – Chairman of New Business Development and Member of Master Planning Sub-Committees.

I DIRECTORS' REPORT

JOHN SHEPHERD (AGE 48)

Director

Qualifications and Experience – John has a B.A. (Economics) and Post-Grad Diploma in Accounting and Applied Finance. With over 25 years' experience in finance and property, John is Managing Partner at Gallus Partners, a boutique investment bank involved in Advisory, Investment and Real Estate. He is a current Board Member of Brisbane Marketing and past Board Member of the Urban Development Institute of Australia (UDIA) Queensland. He is also a member of the Ascot Green Project Control Group Joint Venture with Mirvac.

Special Responsibilities – Member of Finance, Governance and Risk Management and Master Planning Sub-Committees.

TERRY SVENSON (AGE 46)

Director

Qualifications and Experience – Terry is Chief Executive Officer at Cerebos Australia and New Zealand where he leads more than 700 employees and oversees four manufacturing sites. He was previously the president of Toombul Junior Cricket Club and a Board Member at St Agatha's School, Clayfield.

Special Responsibilities – Member of Finance, Governance and Risk Management and Membership Sub-Committees.

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 ¹		Finance, Governance & Risk Management		Master Planning		Membership		New Business Development	
	A	B	A	B	A	B	A	B	A	B
N D Bell	12	12	–	–	8	5	–	–	2	2
D J Dawson	12	12	–	–	–	–	4	4	–	–
S M Gagel	12	12	6	5	–	–	–	–	2	1
S P Gleeson	12	11	6	5	8	8	–	–	2	1
R H Morrison	12	12	–	–	8	5	4	3	2	1
C M Schatz	12	11	–	–	8	2	–	–	2	2
J D Shepherd	12	12	6	4	8	7	–	–	–	–
T J Svenson	12	10	6	4	–	–	4	3	–	–

A = Number Meetings Eligible to Attend

B = Number Attended

1 – Directors meetings were also attended by executive officers of the Company.

| DIRECTORS' REPORT

PURPOSE AND AMBITION

The Brisbane Racing Club is a Club for every occasion whose purpose is to:-

- Encourage, promote and develop thoroughbred horse racing and carry on other activity that furthers industry participation.
- Enhance membership of the Club by delivering "best in class" experiences, benefits and value.

The ambition is to be a leading South-East Queensland entertainment, events and hospitality location.

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.



N D BELL
Director

19 September 2017



S M GAGEL
Director

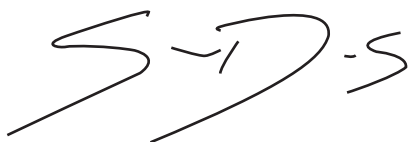
AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF BRISBANE RACING CLUB LIMITED AND ITS CONTROLLED ENTITY

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 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
19 September 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

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

	Note	2017 \$	2016 \$
Revenue from ordinary activities	2	45,210,042	49,138,209
Expenses from ordinary activities	3	(46,032,134)	(47,342,532)
(Loss)/Profit from ordinary activities		(822,092)	1,795,677
Other comprehensive income/(loss)	25	16,566	(94,930)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(805,526)	1,700,747

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2017

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

CURRENT ASSETS	Note	2017 \$	2016 \$
Cash and cash equivalents	6	3,460,744	8,353,212
Trade and other receivables	7	5,558,140	2,527,063
Inventories	8	496,152	587,489
Assets held for sale	9	-	470,000
Prepayments		480,519	301,110
TOTAL CURRENT ASSETS		9,995,555	12,238,874
NON-CURRENT ASSETS			
Property, plant and equipment	10	139,020,451	118,462,390
Investment properties	11	794,000	796,000
Intangible assets	12	552,279	552,279
Defined benefit plan	25	248,120	256,341
TOTAL NON-CURRENT ASSETS		140,614,850	120,067,010
TOTAL ASSETS		150,610,405	132,305,884
CURRENT LIABILITIES			
Trade and other payables	13	7,878,680	9,291,113
Employee entitlements	14(a)	1,239,250	1,335,250
Provisions	15	104,343	82,899
Income received in advance		1,587,300	1,722,396
Borrowings	16(a)	1,514,761	219,780
TOTAL CURRENT LIABILITIES		12,324,334	12,651,438
NON-CURRENT LIABILITIES			
Employee entitlements	14(b)	172,055	115,108
Borrowings	16(b)	49,913,424	31,022,643
Financial Liabilities	17	489,423	-
TOTAL NON-CURRENT LIABILITIES		50,574,902	31,137,751
TOTAL LIABILITIES		62,899,236	43,789,189
NET ASSETS		87,711,169	88,516,695
EQUITY			
Members' funds		87,514,702	88,320,228
Asset revaluation reserve		196,467	196,467
TOTAL EQUITY		87,711,169	88,516,695

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

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

	MEMBERS' FUNDS	ASSET REVALUATION RESERVE	TOTAL
	\$	\$	\$
BALANCE AS AT 1 JULY 2015	86,619,481	196,467	86,815,948
COMPREHENSIVE INCOME			
Profit attributable to the entity	1,795,677	-	1,795,677
Other comprehensive income for the year	(94,930)	-	(94,930)
Total Comprehensive Income	1,700,747	-	1,700,747
BALANCE AT 30 JUNE 2016	88,320,228	196,467	88,516,695
COMPREHENSIVE INCOME			
Profit attributable to the entity	(822,092)	-	(822,092)
Other comprehensive income for the year	16,566	-	16,566
Total Comprehensive Income	(805,526)	-	(805,526)
Balance at 30 June 2017	87,514,702	196,467	87,711,169

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 the revaluations of non-current assets.

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

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

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2017 \$	2016 \$
Cash receipts from customers		40,984,093	37,729,348
Payments to suppliers and employees		(42,314,267)	(34,274,084)
Interest received		23,867	15,416
Interest paid		(78,321)	(71,273)
Net Cash (used in) / provided by Operating Activities	19	(1,384,628)	3,399,407
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(24,756,603)	(29,579,860)
Proceeds from Disposal		1,063,002	2,909,244
Net Cash used in Investing Activities		(23,693,601)	(26,670,616)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		20,140,041	30,502,674
Repayments from borrowings		–	(894,160)
Proceeds from lease borrowings		429,075	318,896
Repayments of lease liabilities		(383,355)	(214,916)
Net Cash provided by/(used in) Financing Activities		20,185,761	29,712,494
NET (DECREASE) / INCREASE IN CASH HELD		(4,892,468)	6,441,285
Cash at beginning of financial year		8,353,212	1,911,927
CASH AT END OF FINANCIAL YEAR		3,460,744	8,353,212
CASH AT END OF FINANCIAL YEAR			
Cash at bank and on hand		3,460,744	4,353,212
Short term deposits		–	4,000,000
CASH AT END OF FINANCIAL YEAR		3,460,744	8,353,212

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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 Group 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 list 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.

(d) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Group 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (cont'd)

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) 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.

(ii) 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 company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets will be deemed to be impaired if, and only if, there is objective evidence of impairment as a result of the occurrence of one or more events (a "loss event"), which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors, or a group of debtors, are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter into bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (cont'd)

Impairment (cont'd)

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having undertaken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

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 the consolidated statement of comprehensive income.

(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 Group 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 Group 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.

Capital Works in Progress

Capital works under construction are capitalised and included as Works in Progress when the costs are considered directly attributable to an asset. Work in Progress is transferred to property, plant and equipment when the work on the asset is complete and ready for use.

Depreciation

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

CLASS OF FIXED ASSET	DEPRECIATION RATE
Racetracks	1%
Buildings	2.5%–50%
Plant and Equipment	5%–33%
Furniture and Fittings	10%–20%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Depreciation (cont'd)

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 and 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.

(f) Investment Property

Investment property, comprising a number of rental properties, is held to generate long term rental yields. All tenant leases are negotiated 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 cost. Intangible assets relating to gaming machine licenses are assessed as having an indefinite life and accordingly have not been amortised. As they are not amortised, they are assessed annually for impairment.

(h) Impairment

At the end of each reporting period, the entity reviews the carrying amounts 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, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

Where it is not possible to estimate the recoverable amount of an asset's class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

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

(i) Employee Benefits

Provision is made for the Group'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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) 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.

(k) Goods and Service 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.

(l) Comparatives

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

(m) Critical Accounting Estimates and Judgements

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Impairment

The Group assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the Group that may be indicative of impairment triggers. If such indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposals and value in use, is compared to the asset's carrying amount. Refer to Note 1(h) for further details.

(n) New Accounting Standards for Application in Future Periods

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018, and have not been applied in preparing these consolidated financial statements are listed below:

- AASB 9: Financial Instruments (December 2014) and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).
- AASB 15: Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1 January 2019).
- AASB 16: Leases (applicable for annual reporting periods from commencing on or after 1 January 2019).
- AASB 1058: Income of Not-for-Profit Entities (applicable for annual reporting periods commencing on or after 1 January 2019).

The Group does not plan to adopt these standards early.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

2. REVENUE	2017 \$	2016 \$
Operating Activities		
– Racing Queensland Subsidy	2,339,520	2,305,364
– Catering and admissions revenue	19,231,980	17,402,402
– Broadcast, television rights and sponsorship	10,177,282	8,076,563
– Wagering and gaming revenue	4,731,829	4,552,649
– Stable, track and barrier trial fees	3,558,401	3,573,425
– Member subscriptions and entrance fees	1,082,561	932,357
– Rentals	708,735	612,685
Total Operating Revenue	41,830,308	37,455,445
Non-Operating Activities		
– Grants – Queensland Government	1,500,000	9,268,187
– Grants – Racing Queensland	700,000	9,306
– Profit on Sale of Assets	592,620	2,381,348
– Interest and other income	587,114	23,923
Total Non-Operating Revenue	3,379,734	11,682,764
TOTAL REVENUE	45,210,042	49,138,209
3. EXPENSES		
Racing and Non-Racing Expenses		
– Catering and raceday salaries and associated costs	14,774,261	12,577,686
– Equipment Hire	2,752,508	2,385,486
– Trophies	120,998	136,603
– Totalisator expenses (note 4)	1,485,536	1,299,234
– Racing service providers	3,176,237	3,007,431
– Gaming and sports club expenses	1,206,184	1,127,861
– Other expenses	705,605	698,669
Total Racing and Non-Racing Expenses	24,221,329	21,232,970
Maintenance Expenses		
– Salaries, contractors and associated costs	4,070,507	3,911,722
– Materials and services	5,267,344	4,453,975
– Other maintenance expenses	330,298	291,707
Total Maintenance Expenses	9,668,149	8,657,404
Administration Expenses		
– Salaries, contractors and associated costs	2,405,351	2,838,526
– Legal and compliance costs	122,080	80,477
– Marketing, promotions and branding	1,972,914	2,317,916
– Information technology and communications costs	480,522	507,591
– Other administration costs	1,738,361	1,865,438
Total Administration Costs	6,719,228	7,609,948

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

3. EXPENSES (CONT'D)	2017 \$	2016 \$
Depreciation Expense		
– Depreciation Expense	2,700,160	2,257,975
Total Depreciation Expense	2,700,160	2,257,975
Movement in Provisions		
– Employee entitlements	708,316	675,485
Total Movement in Provisions	708,316	675,485
Other Expenses		
– Asset write off	–	6,841,096
– Impairment of property, plant and equipment	1,500,000	–
– Loss on recognising interest rate swaps at fair value	489,423	–
– Defined Benefit Plan	25,529	67,654
Total Other Expenses	2,014,952	6,908,750
TOTAL EXPENSES	46,032,134	47,342,532
4. TOTALISATOR PROFIT/(LOSS)		
Revenue	1,454,285	1,372,883
Expenses	(1,485,536)	(1,299,234)
Totalisator Profit/(Loss)	(31,251)	73,649
5. AUDITORS' REMUNERATION		
Remuneration of the auditors of the Company for:		
– auditing and reviewing the financial report	56,500	55,000
– other services*	25,555	6,500
	82,055	61,500
6. CASH AND CASH EQUIVALENTS		
Cash on hand	502,391	664,107
Cash at bank	2,958,353	3,689,105
Short term deposits	–	4,000,000
Total Cash	3,460,744	8,353,212

* Other services provided during the year included Gallopers Sports Club Gaming Audit, Review of FBT and Financial Analysis of Aged Care Tenders

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

7. TRADE AND OTHER RECEIVABLES	2017 \$	2016 \$
Trade debtors	2,206,940	2,123,928
Other receivables	3,351,200	403,125
	5,558,140	2,527,063

8. INVENTORIES		
Catering food and beverage – at cost	475,616	540,359
Maintenance materials – at cost	20,536	47,130
	496,152	587,489

9. ASSETS HELD FOR SALE		
Transferred from Investment Properties	–	470,000
Total Assets Held for Sale	–	470,000

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	13,704,635	12,610,472
Less Provision for Impairment	(1,500,000)	–
Less Accumulated Depreciation	(356,940)	(219,636)
Total Racetracks	11,847,695	12,390,836
Buildings & Improvements		
At cost	57,682,223	53,220,918
Less Accumulated Depreciation	(10,692,226)	(9,154,476)
Total Buildings	46,989,997	44,066,442
Plant and Equipment		
At cost	9,943,803	6,009,497
Less Accumulated Depreciation	(5,779,142)	(4,706,164)
Total Plant and Equipment	4,164,661	1,303,333
Leased Plant and Equipment		
At cost	1,291,415	1,072,077
Less Accumulated Depreciation	(492,669)	(236,393)
Total Leased Plant and Equipment	798,746	835,684

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)	2017 \$	2016 \$
FURNITURE AND FITTINGS		
At cost	1,883,775	1,438,582
Less Accumulated Depreciation	(1,259,965)	(1,124,558)
Total Furniture and Fittings	623,810	314,024
CAPITAL WORKS IN PROGRESS		
At cost	45,095,542	30,052,071
Total Capital Works in Progress	45,095,542	30,052,071
TOTAL PROPERTY, PLANT AND EQUIPMENT	139,020,451	118,426,390

Movements in Carrying Amounts

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

	FREEHOLD LAND	RACE- TRACKS	BUILDINGS AND IM- PROVEMENTS	PLANT AND EQUIPMENT	LEASED PLANT AND EQUIPMENT	FURNI- TURE AND FITTINGS	CAPITAL WORKS IN PROGRESS	TOTAL
Balance at beginning of year	29,500,000	12,390,836	44,066,442	1,303,333	835,684	314,024	30,052,071	118,462,390
Additions	-	11,150	2,306,919	306,368	219,359	445,193	21,467,614	24,756,603
Transfers	-	1,083,012	2,154,386	3,186,745	-	-	(6,424,143)	-
Disposals	-	-	-	(382)	-	-	-	(382)
Impairment	-	(1,500,000)	-	-	-	-	-	(1,500,000)
Depreciation expense	-	(137,303)	(1,537,750)	(631,403)	(256,297)	(135,407)	-	(2,698,160)
CARRYING AMOUNT AT THE END OF THE YEAR	29,500,000	11,847,695	46,989,997	4,164,661	798,746	623,810	45,095,542	139,020,451

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The total impairment loss recognised in profit or loss during the period amounted to \$1,500,000. The impairment loss is separately presented in note 3 as impairment of property, plant and equipment.

The impairment loss is a result of the Eagle Farm track not performing to expectations and remediation being required as identified in the independent report on the track commissioned by the State Government.

The recoverable amount of the track has been determined to be its fair value less cost of disposal. The fair value was determined using the cost approach reflecting the amount that would be required to replace the service capacity of the track. The costs of disposal were determined to be nil.

11. INVESTMENT PROPERTIES	2017 \$	2016 \$
Balance at beginning of year	796,000	1,797,500
Acquisitions/(Disposals)	-	(527,891)
Transfer to assets held for sale	-	(470,000)
Depreciation	(2,000)	(3,609)
Balance at Year End	794,000	796,000

The remaining investment properties have a valuation of \$1,170,000 (2016: \$1,170,000) based on independent valuation obtained by the Directors as at 30 June 2013.

12. INTANGIBLE ASSETS

Gaming Machine Licenses		
At cost	552,279	552,279
Total Gaming Machine licenses	552,279	552,279
Balance at Beginning of Year	552,279	552,279
Balance at Year End	552,279	552,279

13. TRADE AND OTHER PAYABLES

Trade creditors	5,869,125	7,033,926
Other creditors	2,009,555	2,257,187
	7,878,680	9,291,113

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

14. EMPLOYEE ENTITLEMENTS	2017 \$	2016 \$
(a) Current		
– Annual Leave	783,807	781,860
– Long Service Leave	455,443	553,390
	1,239,250	1,335,250
(b) Non-Current		
– Long Service Leave	172,055	115,108
	172,055	115,108

15. PROVISIONS		
Other Provisions	104,343	82,899
Total Provisions	104,343	82,899

Provision Movements

	OTHER PROVISIONS \$	TOTAL \$
Opening balance 1 July 2016	82,899	82,899
Additional provisions	105,469	105,469
Amounts used	(84,025)	(84,025)
Balance at 30 June 2017	104,343	104,343

16. BORROWINGS		
(a) Current		
– Lease liability secured	269,127	219,780
– Lease liability unsecured	117,540	–
– Loan	1,128,094	–
	1,514,761	219,780
(b) Non-Current		
– Lease liability secured	441,224	562,391
– Loan	49,472,200	30,460,252
	49,913,424	31,022,643

Lease liabilities secured are secured by the underlying leased assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

16. BORROWINGS (CONT'D)

Details of the loan borrowings are as follows:

- \$12,647,319 in principal and interest. This \$12m loan is funded by The State Government through Racing Queensland under the Racing Infrastructure Fund for the redevelopment of the Eagle Farm Racecourse. This loan commenced 1 July 2015 with a repayment term of 11 years with interest at 3.603% p.a.
- \$12,918,140 in principal and interest. This \$12m loan is provided by Mirvac Treasury Ltd for working capital requirement. This loan commenced 2 September 2015 and will be repaid from the Brisbane Racing Club's share of the proceeds from the Ascot Green Development. The interest rate is the lower of Mirvac's average borrowing cost and 7%. For the financial year ending 2017 the applicable rate was 5.20%.
- \$22,675,329 in principal and interest. This \$25m loan is provided by the ANZ Bank for the Eagle Farm Infield Development. This loan commenced 15 April 2016 and will be repaid from the Brisbane Racing Club's share of the proceeds from the Ascot Green Development, after Mirvac's loan is fully repaid. The average cost of loan is 4.66%.
- \$2,359,504 in principal and interest. This \$2.35m loan is provided by the ANZ Bank for working capital requirement and is secured against the Child Care centre facility. This five years loan commenced 1 April 2017, with no principal repayment until termination date. The cost of loan is 5.09%.

17. FINANCIAL LIABILITIES	2017 \$	2016 \$
Non-Current		
At fair value through Profit and Loss		
– Interest Rate Swaps	489,423	–
	489,423	–

To mitigate the variable interest rate risk, the BRC has entered into Interest Rate Swaps with the ANZ bank. The Fair Valuation of \$489,423 is based on Mark-to-Market valuation provided by the bank of which \$225,893 relates to the Infield facilities and the Childcare Centre loans, and \$263,530 relates to the Shopping Centre loan which was contracted on May 11, 2017 with an effective date of September 3, 2018.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

19. CASH FLOW	2017 \$	2016 \$
(a) Reconciliation of cash flows from operations with profit from ordinary activities:		
(Loss)/Profit from Ordinary Activities	(805,526)	1,700,747
Non –cash flows in operating profit:		
– Depreciation and amortisation	2,700,160	2,257,975
– Grant – Queensland Government*	(1,500,000)	(9,268,187)
– Grant – Racing Queensland	(700,000)	–
– Net (gain)/loss on disposal of investment property	(533,499)	(2,368,848)
– (Profit)/Loss on the disposal of assets	(59,121)	(12,500)
– Asset write offs	–	6,841,096
– Impairment	1,500,000	–
– Loss on recognising interest rate swap at fair value	489,423	–
– Defined Benefit Plan	8,221	156,183
Changes in assets and liabilities:		
– (Increase)/decrease in trade and other receivables	(3,031,077)	877
– (Increase)/decrease in prepayments	(179,409)	(160,532)
– (Increase)/decrease in inventories	91,337	(292,580)
– Increase/(decrease) in trade payables and accruals	(1,526,084)	4,523,251
– Increase/(decrease) in provisions and other liabilities	(39,053)	21,925
Cash flows from Operations	(3,584,628)	3,399,407
– Non Cash Grants in trade and other receivables	2,200,000	–
NET CASH FLOWS FROM OPERATING ACTIVITIES	(1,384,628)	3,399,407

*2016 adjusted for non-cash item, with an equal and opposite corresponding adjustment in investing activities.

(b) Non-cash financing and investing activities:

Property, Plant and Equipment:

During the financial year, the consolidated group acquired plant and equipment with an aggregate fair value of \$219,359 (2016: \$309,724) which is leased under finance.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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, trade receivables and payables and borrowings. 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 (DAYS OVERDUE)				WITHIN INITIAL TRADE TERMS
	\$	\$	< 30	31-60	61-90	> 90	\$
2017							
Trade receivables	2,206,940	-	499,910	162,990	127,719	256,612	1,159,709
Other receivables	3,351,200	-	-	-	-	-	3,351,200
Total	5,558,140	-	499,910	162,990	127,719	256,612	4,510,909
2016							
Trade receivables	2,123,938	-	185,719	213,338	249,930	172,519	1,302,432
Other receivables	403,125	-	-	-	-	-	403,125
Total	2,527,063	-	185,719	213,338	249,930	172,519	1,705,557

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

20. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Market Risk

The Group's exposure to interest rate risk relates largely to cash and cash equivalents and borrowings held where a change in the market rates may occur to those recognised at the end of the reporting period.

Interest rate risk is managed using a mix of fixed and floating rate debt and the Group enters into interest rate swaps to convert the majority of debt to fixed rate.

At the end of the reporting period, the details of outstanding contracts, all of which are to receive floating/pay-fixed interest rate swaps, are as follows:

Consolidated Group Maturity of notional amounts	Effective Average Fixed Interest Rate Payable		Notional Principal	
	2017 %	2016 %	2017 \$	2016 \$
Less than 1 year	0.00	0.00	-	-
1 to 2 years	2.22	0.00	10,000,000	-
2 to 5 years	2.60	0.00	39,350,000	-
			49,350,000	-

Sensitivity analysis

The following table illustrates sensitivities to the Group's exposures to interest rate risk at balance date. The table indicates the impact on the current year results and equity which could result from a change in this risk.

	Profit	Equity
Year ended 30 June 2017		
+/-1% in interest rate	644	644
Year ended 30 June 2016		
+/-1% in interest rates	179,930	179,930

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

20. FINANCIAL RISK MANAGEMENT (CONT'D)

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	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets								
Cash and cash equivalents	3,460,744	8,353,212	-	-	-	-	3,460,744	8,353,212
Trade and other receivables	5,558,140	2,527,063	-	-	-	-	5,558,140	2,527,063
Total expected inflows	9,018,884	10,880,275	-	-	-	-	9,018,884	10,880,275
Financial Liabilities								
Trade and other payables	7,878,680	9,291,113	-	-	-	-	7,878,680	9,291,113
Borrowings	1,514,761	219,780	49,913,424	31,022,643	-	-	51,428,185	31,242,423
Interest Rate Swaps	-	-	489,423	-	-	-	489,423	-
Total expected outflows	9,393,441	9,510,893	50,402,847	31,022,643	-	-	59,796,288	40,533,536
Net inflows/ (outflows) on financial instruments	(374,557)	1,369,382	(50,402,847)	(31,022,643)	-	-	(50,777,404)	(29,653,261)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

21. DIRECTORS' AND EXECUTIVES DISCLOSURES

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

Non-Executive Directors

N D Bell
D J Dawson
S M Gagel
S P Gleeson
R H Morrison
C M Schatz
J D Shepherd
T J Svenson

Executive Officers

D Whimpey
Chief Executive Officer

B Jong
Chief Financial Officer

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 and staff 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 other participants in the thoroughbred racing industry.

Directors and staff may participate in the purchase of residential property in respect of Ascot Green apartments developed by Mirvac in a joint venture with the BRC according to the BRC's Director and Employee Residential Property Purchase Policy – Ascot Green. Any purchases are at the list price available to the general public and no variations are made to the design or specification of a property unless it is also available to the general public.

The CEO has made any required related party disclosures to the Board as noted in BRC's Register of Interests.

Director Curt Schatz is a Partner at Mullins Lawyers. In the period to 30 June 2017, total fees of \$203,501 (2016: \$121,660) were paid to Mullins for legal advice and disbursements.

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 YEAR ENDED 30 JUNE 2017

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

21. DIRECTORS' AND EXECUTIVES DISCLOSURES (CONT'D)

Key Management Compensation

The key management personnel compensation recognised in consolidated statement of comprehensive income and consolidated statement of financial position is outlined below:

	2017 \$	2016 \$
Short term benefits	1,005,579	856,082
Post – employment benefits	101,045	83,007
Termination benefits	–	–
Total	1,106,624	939,089

22. SEGMENT REPORTING

The Company operates in the thoroughbred racing sector providing racedays, facilities and other entertainment to its members and the racing community.

23. ECONOMIC DEPENDENCY

The Company is economically dependent on Racing Queensland for the funding of prizemoney and other distributions. Total prizemoney paid on races conducted by the Company in 2017 was \$36,267,276 (2016: \$31,106,100) which included \$1,438,500 prizemoney from the Queensland Thoroughbred Investment Scheme (QTIS).

24. CONTROLLED ENTITIES

(a) Controlled Entities Consolidated

	COUNTRY OF INCORPORATION	PERCENTAGE OWNED	
		2017	2016
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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

25. RETIREMENT BENEFITS OBLIGATIONS

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

This Plan is a salary related defined benefit superannuation plan. Benefits are payable on retirement, resignation, death, or total and permanent disablement as a lump sum. Income Protection benefits are also payable and are fully insured.

Description of the regulatory framework in which the Plan operates

The Employer sponsors the defined benefit plan for its qualifying employees. The Plan is administered by a separate Trust that is legally separate from the Employer. The Employer's main responsibility under the regulatory framework is to pay funding contributions as recommended by the Plan actuary. The Trustee is responsible for the day to day operation of the Plan which includes administration, investment policy, governance, compliance and maintaining a minimum adequate level of financial solvency.

Description of any other entity's responsibilities for the governance of the Plan

The Trustee is required by law to act in the best interest of the beneficiaries of the Plan.

Description of the Entity-specific risks to which the Plan exposes the Employer

Salary Inflation Risk: The members' benefits are generally based on salary upon leaving the Plan and as a result should members' salaries increase at a higher rate than assumed, the liabilities will be higher than expected which may then require the Employer to make larger contributions to the Plan.

Investment Risk: Adverse market conditions may result in poor funding position for the Plan which may then increase the Employer's funding obligations.

Description of any Plan amendments and settlements

None

Reconciliation of Net Defined Benefit (Liability)/Asset	Year Ended 30 June 2017 \$	Year Ended 30 June 2016 \$
Net Defined Benefit (Liability)/Asset at Beginning of Year	256,341	412,524
Defined Benefit (Cost)/Credit Recognised in the P&L	(25,529)	(67,654)
Total Remeasurements Recognised in OCI gain/(loss)	16,566	(94,930)
Employer Contributions	742	6,401
Benefit Payments Directly from Employer	0	0
Other Significant Events		
(i) Net Transfer (in)/out (including the effect of any business combinations/divestitures)	0	0
(ii) Effect of changes in foreign exchange rates	0	0
NET DEFINED BENEFIT (LIABILITY)/ASSET AT END OF YEAR	248,120	256,341

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

25. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

Reconciliation of Fair Value of Plan Assets	Year Ended 30 June 2017 \$	Year Ended 30 June 2016 \$
Fair Value of Plan Assets at Beginning of Year	1,258,391	1,335,871
Interest Income on Plan Assets	28,391	59,641
Remeasurements:		
– Return on Plan Assets (excluding amount in interest income) gain/(loss)	71,812	(58,025)
Employer Contributions*	742	6,401
Employee Contributions**	140,808	43,908
Benefit Payments from Plan	(426,936)	(98,000)
Payments for Settlements	0	0
Administrative expenses paid	(34,810)	(23,627)
Taxes paid***	583	(2,915)
Insurance premiums for risk benefits	(3,480)	(4,863)
Increase/(decrease) due to effect of any business combinations / divestitures	0	0
Effect of changes in foreign exchange rates	0	0
FAIR VALUE OF PLAN ASSET AT END OF YEAR	1,035,501	1,258,391

*Contribution made to the plan in July 2016 in relation to the accumulation members' expenses for June 2016.

**Includes member compulsory contributions of \$6,228 and voluntary contributions of \$134,580.

***This figure is positive as the tax rebates were higher than the actual taxes paid during the financial year.

Reconciliation of Present Value of Defined Benefit Obligation	Year Ended 30 June 2017 \$	Year Ended 30 June 2016 \$
Defined Benefit Obligation at Beginning of Year	1,002,050	923,347
Current Service Cost	18,832	47,475
Past Service Cost/(Credit)	0	0
(Gain)/Loss on Settlements	0	0
Interest Expense on DBO	20,061	41,515
Tax allowance in P&L	3,923	9,540
Administrative expenses allowance in P&L	11,104	28,765
Employee Contributions and Rollover	140,808	43,908
Benefit Payments from Plan	(426,936)	(98,000)
Benefit Payments Directly from Employer	0	0
Payments for Settlements	0	0
Administrative expenses paid	(34,810)	(23,627)
Taxes paid	583	(2,915)
Insurance premiums for risk benefits	(3,480)	(4,863)
Remeasurements:		
– Effect of changes in demographic assumptions (gain)/loss	(588)	0
– Effect of changes in financial assumptions (gain)/loss	(1,727)	12,625
– Effect of experience adjustments (gain)/loss	57,561	24,280
Increase/(decrease) due to effect of any business combinations / divestitures	0	0
Effect of changes in foreign exchange rates	0	0
DEFINED BENEFIT OBLIGATION AT END OF YEAR	787,381	1,002,050

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

25. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

Reconciliation of the effect of the asset ceiling

There is no asset ceiling in place for the Plan because the Present Value of Economic Benefit is greater than the Net Defined Benefit Asset.

Reconciliation of reimbursement rights

There are no reimbursement rights for this Plan.

Fair value of Plan Assets disaggregated by nature and risk

The Plan Assets are invested in a pooled managed investment distributing unit trust. The unit trust investment manager invests funds in the asset classes outlined in the table below.

	Asset Value* as at 30 June 2017
Cash and cash equivalents	(\$'000)
– Cash	43
Equity	
– Domestic	332
– International (currency hedged)	107
– International (currency unhedged)	225
Fixed Income	
– Domestic Government Bonds	87
– International Government Bonds	92
Real Estate / Property	
– Domestic Indirect Property	28
– International Property	31
Other types of Investment	
– Alternative Growth	40
– Alternative Defensive	51
TOTAL	1,036

* Based on the investment allocation of the Defined Benefit assets.

Financial Instruments of the Employer held as Plan Assets

The Plan Assets do not consist of any of the Employer's own financial instruments or any property or other assets used by the Employer.

Significant Actuarial Assumptions used to determine present value of Defined Benefit Obligation

The significant actuarial assumptions are the discount rate and salary increase rate assumptions. However due to the accumulation underpin currently providing a greater benefit than the salary related defined benefit portion, the Defined Benefit Obligation is less sensitive to the change in the discount rate and salary increase rate assumptions.

Sensitivity analysis for each Significant Actuarial Assumption

The table below shows the sensitivity of the Defined Benefit Obligation (DBO) to the significant actuarial assumptions noted above:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

25. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

Assumptions	DBO at 30 June 2017 (\$)
Discount Rate plus 0.50%	785,403
Discount Rate minus 0.50%	789,785
Salary increase rate plus 0.50%	788,885
Salary increase rate minus 0.50%	786,181

These are deterministic scenarios and therefore they assume a constant change in the relevant assumption which will not occur in practice and the results may not fall within the ranges provided. These examples provide an indication of the effect on the DBO of changing these assumptions in isolation. All other assumptions and methods used to determine the DBO are the same as for the current year. No changes have been made to the methodology used in preparing the sensitivity analysis since the last reporting period.

Description of any asset-liability matching strategies

The Plan Assets are managed according to the Trustee's investment policy. In setting and reviewing the investment policy, consideration is given to the risk-return characteristics of the available asset classes, concentration risk, liquidity management and the suitability of the assets to the Plan's liability duration. At the request of the Employer, the investment policy can be reviewed to match the degree of risk-appetite preference of the Employer. The actuarial funding policy and contribution arrangements incorporate the asset-liability risk and return profile.

Description of Funding Arrangement and Funding Policy that affect Future contributions

In Australia, legislation requires that defined benefit plans are funded to meet the Minimum Requisite Benefits (MRBs) and regulations require defined benefit plans to have a vested benefit index (VBI) of at least 100%. The Plan actuary performs a regular triennial funding valuation which considers the Plan's funding position and policies and the Plan actuary recommends an Employer contribution rate in order to target that at least 100% of the MRBs are covered by the Plan Assets and to target 100% of VBI. In the interim the Plan is monitored regularly and the Employer contribution rate is adjusted if required.

Expected contributions to the Plan in the next reporting period	Year Ending 30 June 2018 (\$)
Expected Employer contributions*	0
Expected Employee contributions	6,241

*The employer is currently on a contribution holiday

Maturity Profile of the DBO as measured by weighted average duration

The weighted average term of the DBO is calculated as 6.2 years.

Projected Benefit Payments	(\$)
Next Year	5,525
Next Year + 1 year	6,672
Next Year + 2 years	147,363
Next Year + 3 years	76,745
Next Year + 4 years	5,095
Sum of Next Year + 5 ~ 9 years	186,069

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

25. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

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 \$998,185 (2016: \$860,410). Employees contribute various percentages of their gross income and the Company contributes at the rate necessary to satisfy its superannuation guarantee contribution obligations.

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 in relation to the Company's Board and Executive staff are as follows:

	Board \$	Executive \$	Total \$
Entertainment	4,534	3,791	8,325
Travel and Accommodation	81,246	9,260	90,506
Total	85,780	13,051	98,831

27. CAPITAL AND LEASING COMMITMENTS

- (a) Capital commitments as at 30 June 2017 amounted to \$24,787,067 (2016: \$12,157,701). All capital commitments are expected in the year to 30 June 2018.
- (b) Finance Lease Commitments

	2017 \$	2016 \$
Payable – minimum lease payments:		
– Not later than 12 months	415,658	255,404
– Between 12 months and 5 years	460,525	605,161
– Greater than 5 years	–	–
Minimum lease payments	876,183	860,565
Less future financial charges	(48,292)	(78,394)
Value of minimum lease payments	16	827,891
		782,171

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

27. CAPITAL AND LEASING COMMITMENTS (CONT'D)

The finance leases on plant and equipment commenced are 5-year leases with lease payments paid monthly in advance. The carrying amount of the assets secured under these finance leases is \$798,747 (2016: \$835,684). 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.

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, Governance and Risk Management Sub-Committee ensures that the overall financial and risk management strategy is in line with this objective.

The Finance, Governance and Risk 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 the market. These responses may include the consideration of debt levels.

In the previous year the Company introduced a cash quarantine procedure whereby if either one of the three criteria are not met, the Finance, Governance and Risk Management sub-committee is to be notified of the breach with an explanation as well as the action(s) taken to remedy the breach. The three criteria are that the interest cover ratio must be no less than required by the bank, the working capital ratio to be no less than 1x and total cash at any point in time should not be below \$3 million.

There have been no changes to the strategy adopted to control the capital of the entity since the previous year.

29. AFTER BALANCE DATE EVENTS

A loan was obtained from ANZ for the Racecourse Village project in Precinct 5 of the Master Plan. The ANZ approved a total of \$24 million with the first drawdown occurring on August 17.

On August 14, the Office of Liquor and Gaming Regulation within the State Government granted an interim license for the BRC to acquire Souths Sports Club at Acacia Ridge. The BRC also received a four-year lease on the Souths site from the Brisbane City Council. The BRC is working with BCC to obtain a longer-term lease.

The financial report was authorised for issue on 19 September 2017 by the Board of Directors.

30. COMPANY DETAILS

The registered office of the Company is:

Eagle Farm Racecourse
230 Lancaster Road
Ascot QLD 4007

The principal places of business of the Company are:

1) Eagle Farm Racecourse
230 Lancaster Road
Ascot QLD 4007

2) Doomben Racecourse
75 Hampden Street
Ascot QLD 4007

3) Gallopers Sports Club
Corner of Nudgee & 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 consolidated financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - (a) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
2. In the Directors' opinions there are reasonable grounds to believe 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.



N D BELL

Director



S M GAGEL

Director

19 September 2017

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Brisbane Racing Club Limited (the Company and its controlled entity (the "Group")), which comprises the consolidated statement of financial position as at 30 June 2017, 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.

In our opinion the consolidated financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2017 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.

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 Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Australian Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) 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.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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 the 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 this financial report.



A member of Bentleys, a network of independent accounting firms located throughout Australia, New Zealand and China that trade as Bentleys. All members of the Bentleys Network are affiliated only and are separate legal entities and not in Partnership. Liability limited by a scheme approved under Professional Standards Legislation.



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE BRISBANE RACING CLUB LIMITED



As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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.
- Obtain 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants

Stewart Douglas
Director

Brisbane
19 September 2017



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INDEPENDENT REVIEW OF BOARD PERFORMANCE

FOR MEMBERS OF BRISBANE RACING CLUB

During the year the club engaged Directors Australia, board and governance consultants, to facilitate an independent review of the performance of the board in light of accepted good governance practice for comparative organisations to the club. This review followed the board evaluation that Directors Australia conducted in 2015, and was scoped so as to enable the board to reflect on its progress in implementation of earlier recommendations as well as reflect on the board's operation and performance since that time.

The board expressed to us its commitment to continual improvement and the 2017 board evaluation has provided the board with guidance as to areas it can focus on in this regard.



Kerry Newton
Managing Director

11 September 2017



Directors Australia Pty Ltd

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AICLA	Grinders Coffee	Qld Brain Institute
Alex Perry Hotel & Apartments	Hamilton Hotel	Queens Plaza
Ambassador Travel	Hardy Brothers	RadioTAB
Anderson Racing	Iona College	Robert Oatley Wines
Ascot Childcare and Kindy	IPG Connect	Racezone
AQWA Constructions	Lilivale Stud	Sirromet Wines
BMW Australia	Lion	Sofitel Brisbane
Bouquet Boutique	Magic Millions	Southern Sheet & Coil
Breast Cancer Network Australia	Mirvac	SUEZ
Brisbane Broncos	Mitavite	Sky Racing
Brisbane Marketing	Mitty's	Stanton Mienert
Buy A Bale	Mullins Lawyers	Starlight Foundation
Cargo Transport	National Fire Industry Association	St Margaret's Anglican Girls School
Channel Seven	Nova 106.9	St Vincent's Private Hospital Brisbane
Clayfield College	Novotel Brisbane Airport	Style Magazine
Coca Cola Amatil	Nuturf	Treasury Brisbane
Conductive Education Qld	PA Research Foundation (Mandate)	Triequithon
Darley	Padua College	Thoroughbred Breeders Qld Association
Designline	Pages Event & Equipment Hire	UBET
Diageo	Programmed Property Services	Variety The Children's Charity of Qld
Evergreen Turf	Qantac	Wilpak Meats
Garrards Pty Ltd	Queensland Accounting	
Glenlogan Park Stud		

CORPORATE CHAIRMAN'S CLUB MEMBERS

Acquired Awareness Traffic Management	Green Options Racing Pty Ltd	Nuturf
Alex Perry Hotel And Apartments	Hampton Event Hire	Nova 106.9 FM
Aon Risk Solutions	HR Lawyers Pty Ltd	Secutor Securities Pty Ltd
Ascend Sales and Sponsorship Consultancy	Ingal Civil Products	SQS Haulage
AQWA Constructions	Innovative Hiring	Stanley River Thoroughbreds
Bank of Qld	Ladbrokes Digital Australia	SUEZ
Bouquet Boutique	Lilivale Stud	Startec Pty Ltd
City Property Services	Luxbet	The Courier Mail
Coca Cola Amatil	Mailezy	UBET Qld Ltd
Gallopers Sports Club	Maxgaming	Valiant Hire Pty Ltd
Garrards Pty Ltd	Mirvac Qld Pty Ltd	Worldwide Printing Solutions
Get Hummered	Motorline BMW	



BRISBANE
RACING CLUB

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