



BRISBANE  
RACING CLUB

# 2019-2020 ANNUAL REPORT

## 2019-2020 Annual Report

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Cover: Tyzone and Robbie Frad winning the TAB Stradbroke Handicap on TAB Stradbroke Day during the 2020 TAB Stradbroke Season.

Image: Michael McNally Photography

Right: Eagle Farm Racecourse on TAB Stradbroke Day during the 2020 TAB Stradbroke Season.

Image: Michael McNally Photography



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## Chairman's Report

I present to Members this 12th Annual Report of the Brisbane Racing Club, with the final words from my report last year holding some significance on reflection.

I wrote that I looked forward to seeing Members trackside as we continued the exciting journey of the BRC. Midway through this most recent year, the chance to be trackside

– an experience we had taken for granted – was removed as COVID-19 struck worldwide.

For many, this was a year like no other, however the BRC and our predecessors knew about such disruption through the 1919 Spanish 'Flu pandemic that followed on from the challenges of the First World War. Unlike that time, the BRC's diversified business model in 2019/20 helped to produce a profit of \$918,135 in this most unusual of years. This result was only possible due to many measures including the Federal Government's JobKeeper subsidy (\$1.8 million), State Government payroll tax relief (\$156,000), Racing Queensland's winter carnival compensation package (\$1.2 million) and the profit from the Club's non-racing revenue streams of \$4.1 million. Our racing business model continues to face challenges under the weight of high fixed overheads, and a restricted race schedule at Eagle Farm as the track continues to mature. Fortunately, we can revisit the race schedule in the coming year with the prospect of ramping up the Saturday race meetings at headquarters.

This report cautiously takes in the year that was and our plans for the next twelve months. We must reset the BRC business model to thrive in a post-COVID environment. I will leave much of the detail to our CEO Tony Partridge and his Senior Leadership team to highlight the strategy going forward.

### OUR FINANCIAL PERFORMANCE

The COVID pandemic created a perfect storm for the BRC at a time where our Club was on target to burst through \$60 million in annual revenue for the first time. The cancellation of the Brisbane Racing Carnival wiped off approximately \$8 million in annual turnover along with serious impacts on our food and beverage operations. We achieved \$52.8 million revenue in the reporting year,

which is testament to the CEO and his leadership group. It is worth noting the non-racing revenue from our property portfolio and licensed club business contributed circa \$17 million (or 29 per cent) of the consolidated annual revenue, and \$4.1 million of bottom-line profit.

As predicted, our borrowings have reduced slightly to \$71.98 million, with the Mirvac loan reduced as the sales in Ascot House settle. As previously reported, the sales of the first four residential towers in the Ascot Green development are dedicated to reducing the \$12 million Mirvac loan and the \$25 million ANZ loan that funded the infield stable complex at Eagle Farm. The infield stable project has no commercial benefits to the BRC however is a significant legacy project by the club to sustain the metropolitan racing fraternity and to provide world-class training facilities to the state's leading trainers and a work place for approximately 300 stable employees.

The \$12 million loan from Racing Queensland that funded the vehicular and pedestrian tunnels to the infield and the racetrack continues to be an unfair financial burden on the BRC. This was thrust upon the Club when Racing Queensland was in a dysfunctional state following the removal of its board. Racing Queensland's functions continued under the administration of KPMG for almost 12 months. This occurred at a time when the Eagle Farm renovation was underway, however the confusion sparked by the change in administration led to work coming to a standstill and contractors departing the site due to lack of funding from Racing Queensland. Our only option at the time was for the Club to accept a State Government-approved loan to complete the works that had initially been promised as a fully-funded upgrade to the track that brings more wagering revenue than any other venue in the state.

The BRC has submitted a proposal to Racing Queensland

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“The year ahead looks bright and positive for your Club.”

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to defer all principal and interest repayments for the next four years while our business recovers from the impacts of the pandemic. If this submission is not viewed favourably, we have little option other than revisiting fees and charges the Club levies stakeholders who use our venues.

## THE YEAR AHEAD

The unfolding Master Plan will be detailed in the report of GM – Property and Asset management Jeff Kahler. It is fair to say the Board’s decision some years ago to diversify the business with our Master Plan has been validated in the current circumstances.

Over the past five years, circa \$250 million of projects have been completed, and in the next 12 months new stages are on track for completion. Our attention focuses on upgrades to Member and patron facilities at Eagle Farm including:

- The Guineas room refurbishment.
- Master planning the racing precinct bordered by The Stradbroke Plaza and the back gate at Mein Street.
- A major remodelling of Member areas to transform raceday experience at Eagle Farm to a new level (this project, once designed and approved by the Board, will be displayed for Member input). As you know Eagle Farm operates under a stringent Heritage order and while this brings certain unique outcomes it is a time-consuming and costly exercise. The Club has engaged experienced and specialised consultants to guide our planning. The funding of this project will have to be



*QRIC office opening on the Eagle Farm infield*

staged and the Club will be engaging with Racing Queensland for assistance in funding packages.

Our racing program is going from strength to strength under the leadership of GM – Racing Matt Rudolph and his team. The BRC had secured new high-quality races for the 2020 Brisbane Racing Carnival including five \$1 million races – an increase of three; a new two-year-old series that received unprecedented nominations from Australia’s leading trainers; and a new 2200m Group 2 race called the Q22. We were in for an amazing Carnival and we now hope that those innovations will produce a stellar period of racing in 2021.

The pandemic will undoubtedly have an impact on our Summer Carnival which has also been trending very positively over recent years. We remain committed in 2020 to focusing on great outcomes for the racing part of our business.

The CEO will detail his plans for reshaping the BRC business for post-COVID operations. Tony Partridge only commenced in his role on 5th August 2019 and he was immediately thrust into the well-reported media rights

negotiations. These made for a complex and exhausting 10 month process, including during COVID times, with many weekend and late-night discussions. However Tony delivered an excellent outcome for our Club with a new 10-year deal with Sky Racing.

Tony and his Senior Leadership team also dealt with the need to reduce our workforce because of the impacts of COVID. Some 50 staff members were stood down or suffered reduced working hours while the leadership team agreed to substantial salary reductions to protect the Club’s sustainability. I am very pleased to say that we have now reengaged all staff. The JobKeeper program has been extremely important to our Club – we had approximately 200 people on some form of COVID subsidy at the time of writing.

The year ahead looks bright and positive for your Club. We have outstanding people in key positions and some new talented personnel due to commence shortly.



Ascot Aquatic centre

## GOVERNANCE

The board has once again been proactive in taking independent advice on our governance and compliance policies. This occurred in February and March and was considered timely for our scheduled bi-annual review by Directors Australia. The board was keen to ensure existing policies met the standards for the modern diversified business that the BRC has evolved into since the merger of Queensland Turf Club and Brisbane Turf Club in 2009.

The process included one-on-one interviews with each director and senior executives along with a detailed review of the policy register. This was the third review by Directors Australia and by far the most detailed. A confirmation of the review is included in this report. The outcome included some 20 recommendations on updating policies and adjusting agendas to meet standards of a modern business. The board has committed to actioning all the recommendations. It is pleasing that the BRC board and executives are meeting the governance and compliance benchmarks demanded of modern businesses that have annual turnovers exceeding \$50 million.

## APPRECIATION

I especially want to acknowledge the BRC's commercial partners – they are detailed on page 17. This last year has been a wonderful example of the loyalty of our commercial partners. Overnight, the Club stood to lose some \$1.2 million in sponsorships when the Brisbane Racing Carnival was cancelled without warning. Proudly almost all partners honoured their commitment to the BRC. I must mention our principal partners TAB, Channel 7 and Lion – these national corporations with iconic Australian brands have been supporting your Club for well over a decade, their loyalty will be long remembered. We also value our relationships with Lexus, EVA Air, Treasury Brisbane and Magic Millions. They have remained committed to your Club.

On behalf of the board, I congratulate the 150-plus employees who support our modern diversified business. As a group, we are transforming this 155-year-old business, rich in racing traditions and proud heritage values, into a modern sustainable racing and sporting industry business. I recently spoke to our longest-serving staff member Kevin Ryan. This will be Kevin's 45th year working at Doomben and Eagle Farm – his dedication typifies the commitment of our staff to your Club and facilities. Kevin is part of a tracks and facilities team that comprises approximately 40 per cent of the BRC's overall workforce, which boasts an average 16 years' service with the Club. The longevity of staff is a real reflection of a good corporate culture which has been entrenched at these racecourses over generations.

I acknowledge CEO Tony Partridge and his senior leadership group. Their united management of the BRC business through one of the most challenging periods has been exemplary. I congratulate the entire group and look forward to the new-look BRC business model that will reshape how we operate in a post-COVID world.

The Club has strengthened our good working relationships with all levels of government. We enjoy an open and positive relationship with Racing Minister Stirling Hinchliffe and his portfolio staff. Premier Annastacia Palaszczuk continues to be a strong supporter of the BRC.

We continue to work with Racing Queensland on many fronts, mostly with positive and amicable outcomes. As is the norm in this commercial environment, the BRC and RQ do not agree on all matters. We had healthy, robust debate on various issues during the last year seeking the best outcomes for the industry. RQ operates under the very difficult three-code model that adds layers of complexity to administration. The BRC looks forward to constructively working with Racing Queensland during the coming year and delivering positive outcomes for the thoroughbred industry.

In closing, I thank my fellow directors for their passionate and skilful advice during this challenging year. The BRC business required strong leadership and strategic-thinking skills in this last year, allowing an optimistic approach to dealing with crises. All directors give their time willingly and freely and agree that it is a privilege to be part of Team BRC at this important phase of the Club's history.

My sincere thanks to all Members. Your support and patience during a year in which your membership privileges were affected was very much appreciated. It is testament to the camaraderie and loyalty that is a cornerstone of the success of this club.

Thank you once again for your patience. I do look forward to seeing you all trackside during this next year.

**Neville Bell** OAM  
Chairman



Jump of 7 Racing Rough Habit Plate



Jockey's pay their respects prior to the Darryl Gollan tribute race on 11<sup>th</sup> April 2020.

STATISTICAL INFORMATION	2020	2019	2018	2017	2016
<b>RACING</b>					
Race Meetings	67	53	45	75	54
Saturdays	41	32	33	44	39
Mid Weeks	26	21	12	31	15
Races	583	461	406	611	429
Starters	5,901	4,659	4,202	6,162	4,605
Average Starters per race	10.12	10.11	10.35	10.09	10.73
<b>ATTENDANCES</b>					
Annual Racing Attendance	111,553	153,741	149,796	168,974	164,225
Brisbane Racing Carnival	-	38,449	32,733	38,347	41,387
Total Attendance	279,198	399,321	435,722	436,581	429,228
<b>MEMBERSHIP</b>					
Life	21	22	22	23	24
Full Member (35yrs+ as a Member)	347	389	366	379	317
Full Member (Age 30+ years)	2,198	2,092	1,992	2,107	2,183
Full Member (Age 18-29 years)	142	138	147	135	247
Perpetual	329	314	295	279	262
Social Membership	779	1,258	935	617	266
Absentee	-	-	n/a	n/a	n/a
Honorary	20	21	20	19	20
Chairman's Club	50	44	46	44	23
Corporate Members	n/a	n/a	n/a	n/a	24
<b>TOTAL RACING</b>	<b>3,886</b>	<b>4,278</b>	<b>3,823</b>	<b>3,603</b>	<b>3,366</b>
Sports Club Social Members	7,658	9,554	11,208	6,315	5,792
<b>TOTAL MEMBERS</b>	<b>11,544</b>	<b>13,832</b>	<b>15,031</b>	<b>9,918</b>	<b>9,158</b>
<b>PRIZE MONEY (\$000)</b>					
Prize Money Paid	35,014	38,340	31,198	36,267	31,106
<b>WAGERING (\$000)</b>					
Oncourse Totalisator	9,026	12,743	12,331	19,432	19,589
Bookmakers	7,242	9,505	8,911	11,615	19,991
<b>FINANCIAL (\$000)</b>					
Surplus/(Loss)	918	779	1,297	(806)	1,701
Capital Expenditure	6,020	13,219	23,515	24,757	38,848



## Chief Executive Officer's Report

The BRC story of 2019/20 – my first year as the CEO at this historic club – was eventful and can't be told alone by the Club's profit of \$918,135.

From the challenges of FY20 emerged one major success for the BRC – the signing of a new 10-year broadcast rights agreement that provides a significant boost for the Club as we navigate out of the COVID-19 period.

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"The BRC staff are to be commended for their efforts despite the uncertainties over their positions and incomes brought on by COVID."

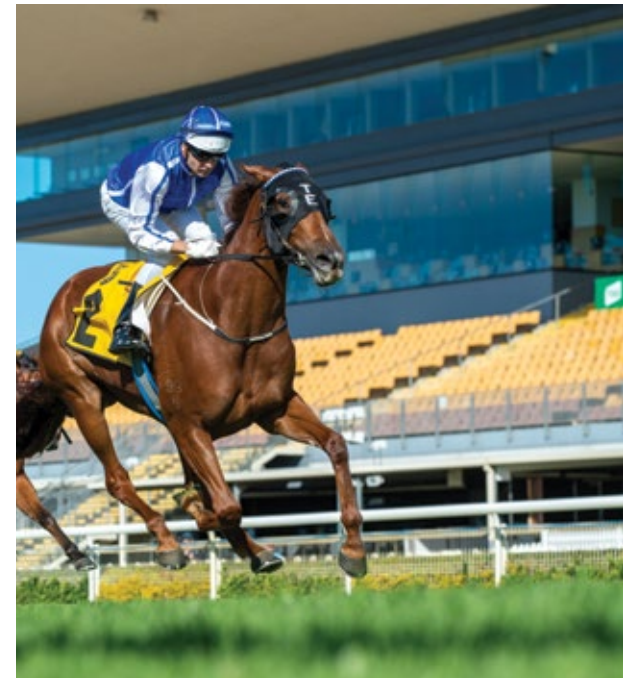
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Like every business, our year was upended when COVID-19 led to such drastic changes in our lives. Fortunately, every member of the BRC team put the Queensland racing industry and the Club first in March when spectators were banned from attending meetings and racing was at risk of shutting down. The BRC staff are to be commended for their efforts despite the uncertainties over their positions and incomes brought on by COVID.

Our efforts from March to June focused on racing safely, shoring up the Club's non-hospitality revenue streams and controlling expenses. Proudly, we reached our short-term goals: racing never stopped; all licensed personnel were kept safe; significant revenue was earned from our diversified non-racing business; a new improved media rights deal was signed; and the Club did not have to liquidate any assets. In that four-month period, BRC meetings generated wagering turnover of \$460 million for the industry, the revenue from which flowed to Racing Queensland while valuable taxation went to the Government.

The BRC board and management team fought and won the right to conduct a reduced format Brisbane Racing Carnival but we were asked not to name it a carnival, such was the mood in the industry. As a result, the name "Stradbroke Season" was created. The 2020 Stradbroke Season featured only two Group 1 races – the XXXX Dry JJ Atkins and TAB Stradbroke Handicap – instead of the usual seven Group 1s, while prizemoney was greatly reduced. However, wagering turnover from Stradbroke Season exceeded turnover from the 2019 Brisbane Winter Carnival.

"Stradbroke Season" heralds our most famous race much like other top Australian racing carnivals. The Stradbroke falls at a wonderful time of the year, featuring a number of sporting events as well as time-honoured races at Eagle Farm and Doomben adored by BRC Members. We plan to continue with the name "Stradbroke Season" but look forward to it being complemented by our full listing of winter black-type races again in 2021.



*Racing continued under strict protocols and no crowds.*

## HIGHLIGHTS

There were a number of highlights for the BRC in FY20 including:

- No staff were made redundant as a result of COVID-19;
- The signing of the new 10-year broadcast rights agreement with Sky and Tabcorp explained in further detail in this report;
- The growth in summer racing, particularly the introduction of Roku Gin The Gateway raceday in December which along, with our Members' Rewards Day between Christmas and New Year, are the two most popular days in summer;
- The success of horses trained at our state-of-the-art infield training centre at Eagle Farm including XXXX Dry JJ Atkins winner Rothfire;
- The construction of Bernborough Ascot by LendLease at Doomben (see Property Report);
- Construction commencing on Tulloch House at Eagle Farm (see Property Report);
- A strong financial performance from our licensed clubs Gallopers and Souths Sports Club even after a closure period; and
- The conduct of popular events including MEKKA Wednesday, Country Music Weekend, RACQ Motorfest, Spring Carnival (five days at Eagle Farm) and Summer Carnival.

## CHALLENGES

The challenges of note in FY20 included:

- Loss of the Brisbane Racing Carnival income that was partially offset by a distribution of \$1.2 million from Racing Queensland;
- Having to reduce the hours for 50 fulltime staff and all casuals during the COVID shut down. Fortunately, we did so only after the Federal Government's JobKeeper allowance was announced;
- While the Club kept the vast majority of its major sponsorships, a number of second and third-tier sponsors that purchase sponsorship with hospitality had to relinquish their sponsorship;
- Having to secure a waiver from ANZ Bank for narrowly missing our Interest Coverage Ratio due to the fall in income; and
- The Eagle Farm track suffering disease issues at a critical time towards the end of summer that impacted the surface's preparation for winter.



*Rothfire with stable hand, after winning the XXXX Dry JJ Atkins on TAB Stradbroke Day*



*Construction underway of Bernborough Ascot by LendLease at Doomben*



## THE NEW 10-YEAR SKY BROADCAST RIGHTS AGREEMENT

Since 2010, the BRC's media rights have been managed by Racing Queensland as part of a decade-long deal. It became apparent towards the end of this tenure that the BRC's media rights were undervalued in the present environment. The media landscape had changed significantly in those 10 years and the shift had not worked in the BRC's favour. Issues were compounded because the BRC had no direct contractual relationship with our media partner.

As part of the renegotiation for a new deal, Racing Queensland was afforded an exclusive six-month bargaining period to work on behalf of all of the State's race clubs. This period expired without an offer for BRC's rights from a broadcast provider on 29 February 2020, after which the BRC could begin negotiating on its own behalf.

The BRC sought to amend the deficiencies in the previous contract during which the Club received no additional media rights income from the proliferation of digital streaming, unlike in other states, and Brisbane racing

was not being showcased as well as other Australian metropolitan meetings.

This new deal had two critical outcomes for the BRC:

- Media rights income now exceeds beverage sales as the single largest revenue line for the Club (noting wagering revenue flows to Racing Queensland); and
- Excellent qualitative improvements which are the most exciting aspect for Brisbane racing fans.

In the previous contract, the number of free-to-air television days featuring Brisbane racing were limited. Sky can now work with the BRC to appoint a free-to-air partner that may broadcast every BRC meeting. Sky has made

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"Our horses, jockeys and trainers will be better known throughout the country and wagering revenue will increase for the benefit of the industry."

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further commitments around showcasing, Brisbane Racing Carnival promotions and the creation of new TV and radio segments specifically to promote our racing. The changes will begin in the coming months after which Brisbane racing will compete on better terms with Sydney and Melbourne. Our horses, jockeys and trainers will be better known throughout the country and wagering revenue will increase for the benefit of the industry.

## THE CONTRIBUTION OF BRISBANE METROPOLITAN RACING

The media rights process highlighted that not all stakeholders in Queensland racing appreciated the size and contribution of the BRC to the industry. The BRC makes a disproportionately large contribution to the industry with BRC meetings clearly the most profitable.

According to Racing Queensland's 2019 IER Report which analysed the impact across all three codes, Brisbane thoroughbred racing generated 40 per cent of the direct and indirect jobs, 44 per cent of the economic contribution and 30 per cent of the customer expenditure. These are significant outcomes given that they factor in greyhound and harness racing. Racing at Eagle Farm and Doomben attracts a wagering premium that translates into much higher turnover and revenue. A significant proportion of turnover on Queensland thoroughbred racing comes from interstate punters who are more familiar with Eagle Farm and Doomben than regional Queensland racetracks.

Those figures increase the need for Racing Queensland to schedule more Saturday meetings in Brisbane from March 2021 when Eagle Farm emerges from the settling-in period identified by the Monteith Report. This necessitates a return of the Saturday meetings lost to BRC during the renovation period. The advantages are many for the state's racing industry.

BRC often advocates for a more meritocratic system for the distribution of infrastructure funding and support for racing capital expenses from wagering revenue collected by Racing Queensland. The corporate hospitality and events market will not be strong for some time so the BRC cannot expect significant profits from those areas to reinvest into racing infrastructure. For Brisbane racing to continue its momentum, it is important that our tracks, racing infrastructure and spectator precincts keep up with the standard set by Sydney and Melbourne. Accordingly, BRC is working with Racing Queensland to adjust the financial model for the industry and to reallocate some wagering revenue to metropolitan racing infrastructure.

## STRATEGY

The BRC's strategic plan from 2016-2020 served the Club well underlined by the success of the diversification strategy. Due to the uncertainties created by COVID-19, it was decided to prepare a two-year plan from 2021-2022 rather than a new five-year plan.

In these two years, we must be prepared for the continued easing and tightening of restrictions on social gatherings. We cannot budget for quick recoveries in corporate hospitality, non-race day events or sponsorship. Our strategy is to focus on the quality of our racing operation, improve the experience for Members and to promote our core product which is live racing. Race crowds and other bookings will return in time if our wagering partners continue the trend of attracting new customers, our racing is nationally competitive and conducted with integrity. To support this strategy, we will reinvest some of our media revenue into the enhanced promotion of Brisbane racing via our own channels and those of our partner Sky.



Fortunately, as a result of the new media rights agreement, our business now earns variable revenue from digital wagering turnover in addition to fixed fees. Media revenue along with our diversified incomes will be sufficient to allow us to continue to invest some capital into the spectator experience. We have committed to a strategy of reinvesting the savings from spending less on corporate marquees and public promotions into upgrading Member facilities. One example is the \$1 million refurbishment of the Guineas Room at Eagle Farm, including a new large deck overlooking the mounting yard due to be completed in November 2020. The spectator precinct was always going to be the focus of the next strategic plan. COVID-19 has sharpened the focus on facilities for Members and owners.

## ACKNOWLEDGEMENTS

I would like to thank all BRC Members for welcoming me to the Club and for their valuable insights and understanding during the year. I would like to thank all BRC staff who made sacrifices this year and changed our operation overnight, selflessly placing the Club and the industry ahead of their needs. Thank you also to Racing Queensland and our colleagues at the other Queensland race clubs who helped demonstrate to Government that we could continue to operate. Thank you to our corporate partners including Tabcorp, ANZ, Lion, Coca Cola Amatil and Lexus who continued to support the BRC even when their own businesses were adversely affected by the events of 2020.

On behalf of the Club I would like to acknowledge and congratulate Chairman Neville Bell's receipt of a Medal of the Order of Australia in the Australia Day honours list this year. Neville was honoured for his contribution to racing and the community of Caboolture.

Finally, thank you to all BRC Directors for their unity, counsel and support. I am looking forward to the BRC bouncing back an even stronger business in 2021.

**Tony Partridge**  
Chief Executive Officer

# Master Plan Report

The BRC's Master Plan aims to provide long-term revenue for the Brisbane Racing Club away from racing.

This plan came to the forefront during the difficult times of COVID-19 by providing revenue from the completed property assets and those under development with our partners. Racecourse Village Shopping Centre, Ascot Childcare and Kindy, Ascot Green and Bernborough Ascot all contributed strongly to the Club's bottom line. These assets will provide increasing value to the Club in coming years.

Racecourse Village Shopping Centre has been trading for more than two years and continues to perform strongly. Anchored by a very successful Woolworths supermarket, the Centre is fully tenanted and has quickly become the favoured shopping centre for locals. Some of our tenants were forced to close due to COVID-19 however we worked closely with them and are very pleased that all tenants are trading again.

In February this year, Mirvac began construction of Tulloch House – the second of eight residential towers to be built at Eagle Farm. Tulloch House will comprise 84 apartments over eight storeys, located adjacent to Ascot House. More than 50 per cent of Tulloch House apartments are pre-sold. With fewer new apartments coming into the Brisbane market in the next two years,

Mirvac are very confident of selling the remaining apartments prior to completion of construction in December 2021.

Bernborough Ascot Retirement Living will complete the first of four buildings in October this year. Comprising 69 retirement living apartments over seven storeys, and located trackside at the 2200m start at Doomben, the first building was planned for completion in July 2020 however COVID-19 created delays. This is the first of four stages with 300 apartments in total. Developed by Lendlease, in partnership with the BRC, this building cuts a striking appearance on the main straight at Doomben. Once completed, Lendlease are very confident the product will be well accepted. Interest in the product has been strong.

The Ascot Aquatics Centre was also recently completed. This complex is located on Lancaster Road next to the Club's Ascot Childcare and Kindy. We are very pleased to welcome Bob and Vicki Miller as the long-term lessees. Completion of this complex was also delayed by several months due to COVID-19 before opening to the public on 3 August 2020. The complex has been trading strongly during difficult times. With a mix of learn-to-swim classes, hydrotherapy sessions, fitness training and lap swimming, this facility has been welcomed in the Ascot market.

During the year, the Club lodged a Development Application with Brisbane City Council for a five-storey office building between the heritage-listed St Leger Grandstand and Ascot House, looking out over the Eagle Farm course proper. The Club ran a design competition which was hotly contested and won by award-winning architects BVN. A high-quality 5-Star Green Star office building in this beautiful location with great access to public transport and significant car parking is bound to be a winner. Council approval is expected in early 2021 before a pre-leasing campaign. The Club will not commence construction until significant levels of tenant pre-commitment have been secured.



*Racecourse Village, Eagle Farm*



*Ascot House and Tulloch House artist impression*



*Completed Ascot House at dusk*

We are working on a mini-Master Plan for Member and patron facilities at Eagle Farm. This will include new and refurbished hospitality spaces for Members, improved equine facilities, better access and parking for horse floats and new and upgraded amenities for jockeys and stewards. The BRC is conscious of its workplace health and safety responsibilities and the Master Plan aims for the highest standards. The designs will embrace the impressive heritage of the buildings and landscape at Eagle Farm and will enhance the raceday experience.

A significant component of the Master Plan will be a new and permanent grandstand on the location of the current temporary Birdcage. This facility would offer unparalleled facilities and views of the main straight at Eagle Farm and would be available for Member use. This part of the Master Plan is in its early days but work is underway and we are confident that the completed product will elevate the hospitality and racing experience at Eagle Farm.

## GOVERNANCE

Sustainability has become a key objective for the Brisbane Racing Club. This year, we established a Sustainability Committee to co-ordinate existing projects and drive further initiatives. The Committee comprises one staff member from each department including catering, gardens, tracks, operations, facilities and property. Some of the projects are detailed below:

- The roof of Racecourse Village Shopping Centre comprises a 350kW solar panel system which provides the majority of the electricity consumed at the Centre on sunny days. This year the system saved approximately 250 tonnes of CO2 emissions, the equivalent of driving over 1,300,000km in a family car.
- The horses stabled in-field at Eagle Farm produce over 70 tonnes of manure/used sawdust/straw every week. When these stables were built, the Club developed a



*Ascot Aquatic Centre*

- system to ensure 100 per cent of this waste was sent to an organic recycling facility. Since inception, this process has diverted some 12,000 tonnes of organic material from landfill.
- All roof water from the Eagle Farm in-field stables (over 10,000m2) is directed into the dam to water the tracks and grounds. The Eagle Farm and Doomben tracks are kept in top condition using water from the in-field dams and local run-off.
- Our raceday waste has been minimised with 100 per cent compostable plates made from banana leaf. Our take-away cutlery is made from cornstarch and is also 100 per cent compostable. We are working towards an organic recycling system for racedays which we hope to implement early in 2021. The Club has introduced a Container for Change recycling bin system throughout each racecourse to collect and recycle bottles and cans.
- In the Doomben infield, our gardening team has established large compost bins and worm farms for kitchen scraps, grass clippings and some horse waste. This is used in our gardens around the site, significantly reducing the energy used in transporting materials off-site and reducing the need to import fertilisers. We



*St Leger House artist impression*

- also have a couple of native beehives on site to help pollinate the flowers in the nursery.
- As part of our procurement process, tenderers for goods and services provided to the BRC are now required to demonstrate the sustainability benefits of using their products/services which is then included in the selection process.
- We have engaged the Endeavour Foundation to collect our e-waste for recycling. The BRC IT Team wipes all data from the devices before collection.

These are just some of the sustainability initiatives being embraced by the BRC as we continue to make your Club more sustainable. Our Sustainability Policy is available on the website.

**Jeff Kahler**  
General Manager  
Property and Asset Management





*Tyzone, winner of the TAB Stradbroke Handicap*

## Racing Report

For a moment in June, Brisbane's racing scene returned to normality as a classic TAB Stradbroke was fought out with Tyzone storming home to land a victory for Queensland. But this was a brief respite in a challenging year as COVID-19 impacted our industry.

Fortunately, we avoided a shutdown to continue racing through the year, providing optimism for the future of racing in Brisbane.

All participants – including BRC staff, stewards, trainers,

jockeys and stablehands – embraced the strict protocols implemented for racing during COVID-19. A huge thank you to all for allowing this great industry to keep ticking for the many jobs that rely on racing.

However, the racing year wasn't the same. Racing Queensland's decision to severely curtail black type racing over the traditional winter carnival time meant many time-honoured races were not run. Only two Group 1 events survived – the TAB Stradbroke Handicap and XXXX Dry JJ Atkins – albeit with vastly reduced prizemoney.

The JJ Atkins was reduced from a mile to 1400m, bringing together a competitive field of juveniles stepping beyond 1200m for the first time. Rothfire beat home Gotta Kiss, having done the same on debut over 1000m at Eagle Farm the previous spring.

Rothfire briefly held the Eagle Farm 1400m track record at 1.21.06 before Tyzone lowered the Stradbroke race record just 40 minutes later in a blistering 1.20.43.

It would be folly to suggest the success of Queensland-based stables – eight of the 15 black type races were won by local horses – was merely the result of a lack of interstate and New Zealand participation.

There were many high-profile interstate trainers with runners. However it is widely acknowledged 2020 has identified several Queensland-trained horses with legitimate claims on even bigger successes.

Rothfire was the star of the two-year-old crop, stamping his potential with a stirring win in Sydney's Run To The Rose in September 2020, while Vanna Girl dominated in the three-year-old fillies division.

Unfortunately our premier track Eagle Farm again experienced difficulties as the turf health was impacted by disease sparked by high temperatures and humidity.

Eagle Farm was shut down on March 26 and resumed with the Victory Cup meeting on May 23 after some extensive renovation work and the introduction of rye grass oversewn to the course proper.

The BRC track staff deserve the highest praise, especially Chris Hurley who worked tirelessly and closely with Racing Queensland's Greg Puckeridge to rejuvenate Eagle Farm.

The Eagle Farm course proper is essentially still a young track. As has been noted extensively throughout Australia, turf can come under pressure early in its life. We are hopeful that time and redefining of the grass type will allow our best track to again deliver consistently.

The ever-reliable Doomben continued to deliver at the highest standard as it has done in each of the recent years when Eagle Farm was closed to racing.

Track manager Jim Roberts and his extremely able deputy Ross Smith have a wonderful record of managing Doomben despite the extreme usage.

The BRC conducted 70 meetings for the year including three for Tattersall's Racing Club. Two meetings were abandoned because of weather.



*Racing continued under strict protocols*



*Rothfire and Jim Byrne on Moët & Chandon Champagne Classic Day.*

Eagle Farm hosted 24 Saturday meetings featuring 218 races with 2336 runners at an average of 10.71 starters per race. The track also operated on Melbourne Cup Tuesday and a Wednesday (March 25). No races were lost because of rain at Eagle Farm over the 2019-20 season.

Doomben raced on 20 Saturdays, 18 Wednesdays (including a designated provincial meeting after a forced date swap), four Thursdays, one Friday and one public holiday Monday.

Two Thursday meetings in February were abandoned due to heavy rain and the final four races on Friday December 13 were abandoned following a deluge. The two feature races on that day – the Phelan Ready Stakes and the Calaway Gal Stakes – were re-scheduled to the Doomben midweek meeting the following week.

The Calaway Gal winner Away Game won the Magic Millions Classic at the Gold Coast at her next start. The average field size at Doomben Saturday meetings was 10.18.

Rainfall at the BRC's two tracks was heavily skewed to the second half of the racing season. A total of 274mm of rain were recorded in the July-December period and 723mm in the following six months with February the wettest month with 441mm.

The annual total of 997mm was just below average but staff were challenged in the July to September quarter when only 18mm of rain were recorded.

Congratulations to premiership-winning trainer Tony Gollan who recorded his seventh straight title and to emerging star Baylee Nothdurft who won the senior jockey and apprentice titles.

## TRACKS

The BRC training facilities across three racecourses offer the widest number of options of any racing precinct in Australia, with all close to Nudgee Beach.

At Eagle Farm, around 460 horses are exercised six mornings a week. At Doomben, 100 horses work daily while Deagon hosts 105 on average.

Eagle Farm affords trainers access to four tracks – A Grass, dirt, sand and B Grass circuits. There is also a horse swimming pool and a bull ring. At the discretion of senior track officials, permission can be granted for special workouts on the course proper.

Doomben also has a course proper at various times for special gallops leading up to major races along with regular access to the A Grass, sand and B Grass tracks.

The Doomben A Grass is the primary track for BRC barrier trials. In the past financial year there were 20 sets of trials with a total of 256 runners. Doomben track staff conducted a further 10 jumpout sessions over varying distances.

---

“Fortunately, we avoided a shutdown to continue racing through the year, providing optimism for the future of racing in Brisbane.”

---

To provide regular barrier practice for BRC-based horses, Eagle Farm hosted 50 jumpout sessions, most short-course distances on the dirt track.

Barrier trials are regularly conducted at Deagon, where sand and grass tracks are managed by the BRC staff.

The BRC takes pride in the rewards now being reaped from the huge investment the Club has made to establish this high-class training precinct. Close to \$40 million was spent to build 440 stables infield at Eagle Farm.

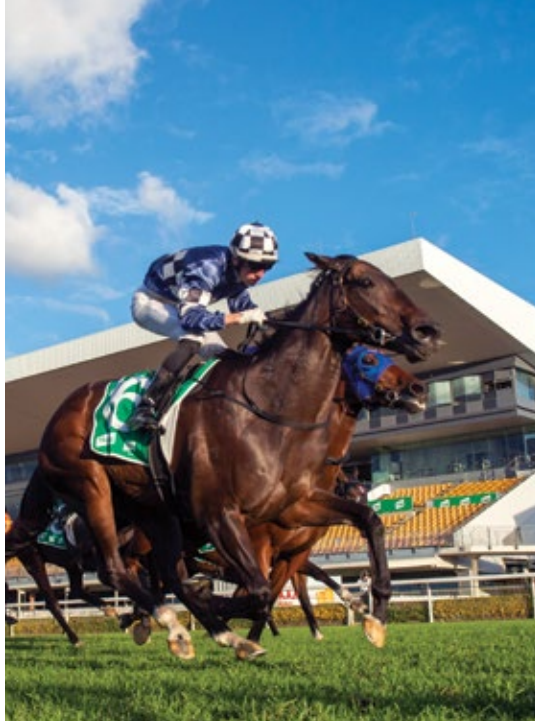
Horses thrive in the open-air environment with many finding their best form after joining the precinct from southern stables.

The ongoing maintenance costs, running at several million dollars, ensure the training tracks and the racing tracks at Eagle Farm and Doomben continue to be invaluable assets for the Queensland racing industry.

**Matt Rudolph**  
General Manager  
Racing



Prize Money	Race	Winner	Jockey	Distance (m)	Weight (kg)	Trainer
<b>GROUP 1</b>						
\$350,000	TAB Stradbroke Handicap	Tyzone	Robbie Fradd	1400m	52.5	Toby & Trent Edmonds
\$350,000	XXXX Dry J.J. Atkins	Rothfire	Jim Byrne	1400m	57.0	Robert Heathcote
<b>GROUP 2</b>						
\$175,000	TAB Victory Stakes	Victorem	Mark Du Plessis	1200m	56.5	Jenny Graham
\$175,000	Moet & Chandon Champagne Classic	Rothfire	Jim Byrne	1200m	57.0	Robert Heathcote
\$175,000	Magic Millions The Roses	Vanna Girl	Brad Stewart	1800m	56.5	Toby & Trent Edmonds
\$175,000	Dane Ripper Stakes	Love You Lucy	Glen Colless	1400m	57.0	Barry Squair
<b>GROUP 3</b>						
\$125,000	Qld Sapphire Stakes	Sure Knee	Luke Dittman	1630m	57.0	Chris Waller
\$125,000	TAB Fred Best Classic	Dawn Passage	Brad Stewart	1350m	57.0	Gai Waterhouse & Adrian Bott
\$115,000	Lexus Gunsynd Classic	Supergiant (NZ)	Allan Chau	1800m	57.0	Michael Costa
\$175,000	7 Racing Rough Habit Plate	Ballistic Boy	Brad Stewart	2200m	57.0	Chris Anderson
\$125,000	XXXX Dry Chairman's Handicap	Le Juge (IRE)	Michael Cahill	2000m	54.0	Chris Waller
\$125,000	TAB BRC Sprint	Tambo's Mate	Matthew McGillivray	1200m	54.0	Stuart Kendrick
\$125,000	Premier's Cup - 27/6/20	Another Dollar (NZ)	Luke Dittman	2200m	58.0	Chris Waller
\$125,000	Eagle Farm Mile	Gaulois	Brad Stewart	1600	56.5	James Cummings
\$175,000	Tattersall's Cup - 13/6	Brimham Rocks (GB)	Ryan Maloney	2400m	57.0	Chris Waller



# | Sponsorship

## MAJOR PARTNERS



## VEHICLE PARTNER

## PARTNERS & SUPPLIERS

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Racecourse Road Business Group  
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SUEZ  
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St Margaret's Anglican Girls School  
St Rita's College  
Triequithon  
Thoroughbred Breeders Qld Association  
Valiant Hire  
Westfield Chermside  
Westpac

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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 followed board evaluations that Directors Australia conducted in 2015 and 2017, and thus enabled 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 2020 board evaluation has provided the board with guidance as to areas it can focus on in the interests of its continual improvement.

A handwritten signature in blue ink, appearing to read "Kerry Newton".

**Kerry Newton**

Managing Director

2 April 2020

# Directors' Report and Financial Statements

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XXXX Dry Chairman's Handicap during the 2020 TAB Stradbroke Season.  
Image: Michael McNally Photography



# | 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 2020.

## **DIRECTORS**

The names of Directors in office at any time during, or since the end of the year are:

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

Directors have been in office since 1 July 2019 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 James Versace, the Chief Financial Officer. Mr Versace holds a Commerce degree majoring in Accounting, Finance and Law, and is a member of the Institute of Chartered Accountants Australia. He has over 21 years' experience in finance, gaming and hospitality. He has previously held similar positions in companies including Star Entertainment Group Ltd and Credit Suisse First Boston.

## **CHIEF EXECUTIVE OFFICER**

The Chief Executive Officer at the end of the year was Mr Tony Partridge who holds Degrees in Commerce and Law from the University of Sydney and was admitted to practice as a Solicitor in NSW.

For the past 19 years Mr Partridge has held senior executive roles in sports and entertainment venues including twelve years as General Counsel and Commercial Director of the Stadium Australia Group, operators of Sydney's Olympic Stadium. Mr Partridge has experience managing elite level racing venues from his time as Chief Operating Officer for the Australian Turf Club from 2013 to 2017. The Australian Turf Club manages Royal Randwick, Rosehill Gardens, Canterbury Park and Warwick Farm race courses.

More recently, Mr Partridge worked in professional services for Deloitte where he was a subject matter expert on social infrastructure.

## **PRINCIPAL ACTIVITIES**

The principal activities of the Company during the financial year to 30 June 2020 were: The operation of thoroughbred horse racing activities for the enjoyment of our members and the racing community; The owner/operator of a licensed club and the operator of a second club on a long term lease; The landlord of a shopping centre constructed on Company land.

## **OPERATING RESULTS**

The Company recorded a total comprehensive profit for the year of \$918,135 (2019: \$779,250).

## **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.

## **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 3,043 (2019: 2,946) racing members, so the total amount that members of the Company are liable to contribute if the company is wound up is \$30,430 (2019: \$29,460).

# | Directors' Report

## 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 2020 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.

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

*Image: Brisbane Racing Club Directors (L to R) - Curt Schatz, Simon Gleeson, Jennifer Creaton, Steve Gagel, Neville Bell (Chairman), Tony Partridge (CEO), Richard Morrison (Vice-Chairman), David Dawson, and Terry Svenson.*



# | Directors' Report

## INFORMATION ON DIRECTORS

### NEVILLE BELL (AGE 72) OAM

#### Chairman

Qualifications and Experience – Neville is the proprietor of Kilty 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 Media Rights Sub-committees and Member of New Business Development Sub-Committee.

### RICHARD MORRISON (AGE 46)

#### Vice-Chairman

Qualifications and Experience – Richard is a property professional with more than two decades' experience in commercial agency and development. He is 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 a passionate racing enthusiast who has raced many horses in Brisbane and interstate. He is also a committee member of the Kingston Town Club (KTC) which hosts annual racing events that raise funds for various charities.

Special Responsibilities – Chairman of Racing Product and Training Operations and BRC Foundation Sub-Committees and Member of Master Planning, and Media Rights Sub-Committees.

### DAVID DAWSON (AGE 73)

#### 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 and Member of New Business Development and Racing Product and Training Operations Sub-Committees.

### STEVE GAGEL (AGE 48)

#### 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 with his wife continue to invest in the industry with shares in a number of horses.

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

### SIMON GLEESON (AGE 42)

#### Director

Qualifications and Experience – Simon is an Economist by qualification and is the General Manager at Droughtmaster Australia. He has a strong commercial and financial background through his experience working in both Australia and the United Kingdom. Simon is also a Director of Gleeson Thoroughbred Connections which breeds and sells horses through Magic Millions and Inglis.

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

### CURT SCHATZ (AGE 61)

#### 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 Sub-Committee and Member of Master Planning Sub-Committee.

# | Directors' Report

## **TERRY SVENSON (AGE 49)**

### **Director**

Qualifications and Experience – Terry is Chief Executive Officer at Queensland Cricket. He is a former Chief Executive Officer of a global consumer goods business and has held numerous Non-Executive Director roles across business and sport. Terry has extensive business strategy, leadership, consumer marketing, and corporate governance experience. He is a Member of the Australian Institute of Company Directors (GAICD). Terry has owned and raced horses with trainers across Brisbane and Sydney.

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

## **JENNIFER CREATON (AGE 51)**

### **Director**

Qualifications and Experience – Jennifer has worked in the financial services industry for over 21 years. Jennifer currently works as an Executive Manager for an ASX-listed banking and insurance group in the implementation of risk frameworks and ensuring that decisions, processes and procedures are performed within legislative and regulatory requirements.

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

## **MEETINGS OF DIRECTORS**

During the financial year, 11 meetings of Directors were held.

Attendances at Board and Sub Committee meetings by each Director were as follows:

Name	Directors Meetings <sup>1</sup>		Finance Governance & Risk Management		Master Planning		Membership		New Business Development		Racing, Product & Training Operations	
	A	B	A	B	A	B	A	B	A	B	A	B
N D Bell	11	11	-	-	8	6	-	-	1	1	-	-
R H Morrison	11	10	-	-	8	8	-	-	-	-	4	4
D J Dawson	11	11	-	-	-	-	4	4	1	-	4	4
S M Gagel	11	10	8	7	-	-	-	-	1	-	-	-
S P Gleeson	11	9	8	6	8	6	-	-	-	-	4	3
C M Schatz	11	11	-	-	8	6	-	-	1	1	-	-
T J Svenson	11	9	8	7	-	-	4	1	-	-	-	-
J N Creaton	11	10	8	8	8	7	4	4	-	-	-	-

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.

## **AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 25 of the financial report.

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** OAM  
Director

01 October 2020



**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 2020 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.

A handwritten signature in blue ink that reads "Bentleys".

Bentleys Brisbane (Audit) Pty Ltd  
Chartered Accountants

A handwritten signature in blue ink that reads "Stewart Douglas".

Stewart Douglas  
Director  
Brisbane  
01 October 2020



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# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

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

	Note	2020 \$	2019 \$
Revenue	2	52,794,396	58,676,978
Expenses	3	(51,844,545)	(57,882,458)
Profit/(Loss) from ordinary activities		949,851	794,520
Other comprehensive income/(loss)	24	(31,716)	(15,270)
<b>Total comprehensive income/(loss) for the year</b>		<b>918,135</b>	<b>779,250</b>
<b>Summary</b>			
Racing Revenue		35,816,764	35,251,580
Non-Racing Revenue		9,443,240	11,450,251
Property Revenue		7,534,392	11,975,147
<b>Total Revenue</b>		<b>52,794,396</b>	<b>58,676,978</b>
Racing Expenses		(33,624,414)	(37,585,150)
Non-Racing Expenses		(8,584,570)	(10,634,909)
Property Expenses		(1,059,237)	(1,948,823)
<b>Total Expenses</b>		<b>(43,268,221)</b>	<b>(50,168,882)</b>
Profit/(Loss) before Depreciation and Interest		9,526,175	8,508,096
Depreciation and Interest		(8,576,324)	(7,713,576)
Other comprehensive income/(loss)		(31,716)	(15,270)
<b>Total comprehensive income/(loss) for the year</b>		<b>918,135</b>	<b>779,250</b>

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

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

	Note	2020 \$	2019 \$
<b>Current Assets</b>			
Cash and cash equivalents	5	2,016,019	3,927,482
Trade and other receivables	6	3,459,782	5,175,691
Inventories	7	373,698	650,475
Prepayments		232,855	475,996
Total Current Assets		6,082,354	10,229,644
<b>Non-Current Assets</b>			
Property, plant and equipment	8	169,429,039	166,866,979
Investment properties	9	788,000	790,000
Intangible assets	10	914,604	914,604
Right of use assets	11	914,466	-
Defined benefit plan		100,925	165,436
Total Non-Current Assets		172,147,034	168,737,019
<b>Total Assets</b>		<b>178,229,388</b>	<b>178,966,663</b>
<b>Current Liabilities</b>			
Trade and other payables	12	8,715,031	10,541,223
Employee entitlements	13(a)	1,552,434	1,545,084
Provisions	14	108,782	132,340
Income received in advance		3,752,616	3,343,520
Borrowings	15(a)	6,881,689	7,617,767
Total Current Liabilities		21,010,552	23,179,933

	Note	2020 \$	2019 \$
<b>Non-Current Liabilities</b>			
Employee entitlements	13(b)	83,125	122,829
Borrowings	15(b)	65,100,938	64,410,281
Financial Liabilities	16	1,328,924	1,465,906
Total Non-Current Liabilities		66,512,987	65,999,016
<b>Total Liabilities</b>		<b>87,523,539</b>	<b>89,178,949</b>
<b>Net Assets</b>			
		<b>90,705,849</b>	<b>89,787,714</b>
<b>Equity</b>			
Members' funds		90,509,382	89,591,247
Asset revaluation reserve		196,467	196,467
<b>Total Equity</b>		<b>90,705,849</b>	<b>89,787,714</b>

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

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

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

	Members' Funds	Asset Revaluation Reserve	Total
	\$	\$	\$
<b>Balance at 1 July 2018</b>	<b>88,811,997</b>	<b>196,467</b>	<b>89,008,464</b>
<b>Comprehensive Income</b>			
Profit attributable to the entity	794,520	-	794,520
Other comprehensive income for the year	(15,270)	-	(15,270)
Total Comprehensive Income	779,250	-	779,250
<b>Balance at 30 June 2019</b>	<b>89,591,247</b>	<b>196,467</b>	<b>89,787,714</b>
<b>Comprehensive Income</b>			
Profit attributable to the entity	949,851	-	949,851
Other comprehensive income for the year	(31,716)	-	(31,716)
Total Comprehensive Income	918,135	-	918,135
<b>Balance at 30 June 2020</b>	<b>90,509,382</b>	<b>196,467</b>	<b>90,705,849</b>

## 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 2020

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

	Note	2020 \$	2019 \$
<b>Cash Flows From Operating Activities</b>			
Cash receipts from customers		50,655,823	59,871,409
Payments to suppliers and employees		(44,597,612)	(52,572,576)
Interest received		3,892	32,646
Interest paid		(3,211,356)	(2,832,464)
Net Cash provided by Operating Activities	18(a)	2,850,747	4,499,015
<b>Cash Flows From Investing Activities</b>			
Purchase of property, plant and equipment		(3,342,858)	(13,219,012)
Net Cash (used in) Investing Activities		(3,342,858)	(13,219,012)
<b>Cash Flows From Financing Activities</b>			
Proceeds from borrowings		913,279	6,493,455
Repayments of borrowings		(1,647,786)	(3,643,854)
Proceeds from lease borrowings		174,944	1,873,619
Repayments of lease liabilities		(859,789)	(656,740)
Net Cash provided by Financing Activities	18(b)	(1,419,352)	4,066,480
<b>Net Increase / (Decrease) In Cash Held</b>		(1,911,463)	(4,653,517)
Cash at beginning of financial year		3,927,482	8,580,999
<b>Cash At End Of Financial Year</b>		<b>2,016,019</b>	<b>3,927,482</b>

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

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

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 not-for-profit 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 accrual 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 23 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) Revenue

#### Revenue Recognition

The Group has applied AASB 15: Revenue from Contracts with Customers (AASB 15) and AASB 1058: Income of Not-for-Profit Entities (AASB 1058) using the cumulative effective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: Revenue and AASB 1004: Contributions. The details of accounting policies under AASB 118 and AASB 1004 are disclosed separately since they are different from those under AASB 15 and AASB 1058, and the impact of changes is disclosed in Note 1(p).

#### In the current year:

Sale of Goods, Rendering of Services, Capital Grants and Subsidies. When the Club receives these types of revenues, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15.

When both these conditions are satisfied, the Club:

- identifies each performance obligation
- recognises a contract liability for its obligations
- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Club:

- recognises the asset received in accordance with the recognition requirements of

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

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

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

other applicable accounting standards (eg AASB 9, AASB 16, AASB 116 and AASB 138)

- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer)
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the Club recognises income in profit or loss when or as it satisfies its obligations under the contract.

Sale of goods revenue is recognised at the point of delivery as it corresponds to the performance obligation which results in the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest income is recognised using the effective interest method.

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

### **In the comparative period:**

Revenue from the sale of goods is recognised when the significant risks and ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Revenue from the rendering of services is recognised upon the delivery of the service to the customers.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

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

### **(c) Income Tax**

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

### **(d) Inventories**

Inventories are measured at the lower of cost or net realisable value. Cost of inventory is determined using the last-in-first-out basis and is net of any rebates and discounts received.

### **(e) 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 the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) 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. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component.

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

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

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

### (e) Financial Instruments (cont'd)

#### *Classification and subsequent measurement*

##### *Financial liabilities*

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

##### *Financial guarantee contracts*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially measured at fair value (and if not designated as at fair value through profit or loss and do not arise from a transfer of a financial asset) and subsequently measured at the higher of:

- the amount of loss allowance determined in accordance to AASB 9.3.25.3; and
- the amount initially recognised less accumulative amount of income recognised in accordance with the revenue recognition policies.

##### *Financial assets*

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

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

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

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

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Group initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;

- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

### ***Derecognition***

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

### ***Derecognition of financial liabilities***

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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

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

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

### (e) Financial Instruments (cont'd)

#### *Derecognition (cont'd)*

##### *Derecognition of financial assets*

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (ie it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which the Group elected to classify under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

#### *Impairment*

The Group recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amount due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the following approaches to impairment, as applicable under AASB 9: Financial Instruments:

- the general approach; and
- the simplified approach;

#### *General approach*

Under the general approach, at each reporting period, the Group assessed whether the financial instruments are credit impaired, and:

- if the credit risk of the financial instrument increased significantly since initial recognition, the Group measured the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and

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

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

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

- if there was no significant increase in credit risk since initial recognition, the Group measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

### *Simplified approach*

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables or contract assets that result from transactions that are within the scope of AASB 15: Revenue from Contracts with Customers, and which do not contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used taking into consideration various data to get to an expected credit loss (ie diversity of its customer base, appropriate groupings of its historical loss experience, etc).

### *Recognition of expected credit losses in financial statements*

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

### **(f) 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, borrowing costs 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 expenses 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:

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

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

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

### Depreciation (cont'd)

Class of Fixed Asset	Depreciation Rate
Racetracks	1%
Buildings	2.5%-50%
Plant and Equipment	5%-33%
Furniture and Fittings	10%-20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains 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.

### (g) 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 price evidence, to ensure the carrying value does not materially differ from the fair value at reporting date.

### (h) 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.

### (i) 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 Group 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.

### (j) 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.

### (k) Leases

#### The Group as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

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

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

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

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

### Concessionary Leases

For leases that have significantly below-market terms and conditions principally to enable the Group to further its objectives (commonly known as peppercorn/concessionary leases).

### The Group as lessor

The Group leases some of its land and buildings to external parties.

Upon entering into each contract as a lessor, the Group assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases.

Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (eg legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the Group applies AASB 15 to allocate the consideration under the contract to each component.

### (I) Goods and Services Tax (GST)

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

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

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

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

### (l) Goods and Services Tax (GST) (cont'd)

of an item of expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

### (m) Comparatives

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

### (n) 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(i) for further details.

### (o) Going Concern

At 30 June 2020, the Group's current liabilities exceeded current assets by \$14,928,198 (2019: \$12,950,289). The deficiency in current assets is primarily caused by a loan from Mirvac of \$5,600,657 (2019: \$6,696,940), which has been classified as a current liability in accordance with Australian Accounting Standards, given that BRC does not have the unconditional right to defer settlement as the reduction in the loan is dependent on the sale of apartments. Another significant portion relates to income received in advance of \$3,752,616 (2019: \$3,343,520) relating to future events. It should be noted that monies

relating to these items have already been received and will be transferred to revenue once the recognition criteria have been met, as such these do not require any future cash outflows to settle these liabilities. In addition, BRC generated significant positive operating cashflows in 2020 and is expected to continue this in 2021. Given these circumstances the Directors are satisfied the Group can pay their debts as and when they fall due.

On this basis the directors have determined that the consolidated financial report should be prepared on a going concern basis, noting also that the group has a consolidated net asset position of \$90,705,849 (2019: \$89,787,714).

### (p) New and Amended Accounting Policies Adopted by the Group

#### Initial application of AASB 15 and AASB 1058

The Group has adopted AASB 15: Revenue from Contracts with Customers and AASB 1058: Income for Not-for-Profit Entities using the cumulative effect of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019. As a result, the Group has changed its accounting policy for revenue recognition as detailed in this note.

Based on the assessment undertaken by the Group there has been no change to the existing accounting treatment adopted by the Group and therefore no adjustment to the opening balance of equity is required. Therefore, the comparative information has not been restated.

#### Initial application of AASB 16

The Group has adopted AASB 16 Leases retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019. In accordance with AASB 16 the comparatives for the 2019 reporting period have not been restated.

The Group has recognised a lease liability and right-of-use asset for all leases (with the exception of short term and low value leases) recognised as operating leases under AASB 117 Leases where the Group is the lessee.

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

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

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

The lease liabilities are measured at the present value of the remaining lease payments. The Group's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

The right of use assets for equipment and motor vehicles were measured at their carrying amount as if AASB 16: Leases had been applied since the commencement date, but discounted using the Group's incremental borrowing rate per lease term on 1 July 2019.

The Company has applied the transition option available within the Standard that allows the lease liability and right of use asset to be equal at transition and therefore no adjustment to the opening balance of equity is required.

The difference between the lease liability of \$2,833,406 at 1 July 2019 and the discounted lease commitments at 30 June 2019 of \$1,713,951 relates to operating leases not previously recognised under AASB117.

The Group's weighted average incremental borrowing rate on 1 July 2019 applied to the lease liabilities was 6.8%.

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

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

2. REVENUE	2020 \$	2019 \$
<b>Operating Activities</b>		
- Racing Queensland club distribution	3,897,080	2,356,824
- Catering and admissions revenue	14,252,014	20,254,562
- Broadcast, television rights and sponsorship	12,209,025	11,143,042
- Wagering and gaming revenue	4,969,706	6,330,534
- Stable, track and barrier trial fees	4,034,874	3,944,345
- Member subscriptions and entrance fees	1,052,029	890,618
- Rentals	803,617	952,566
- Property revenue	5,600,954	10,546,372
Total Operating Revenue	46,819,299	56,418,863
<b>Non-Operating Activities</b>		
- Grants - Racing Queensland	3,871,782	2,511,843
- Subsidy - JobKeeper	1,873,500	-
- Profit/(Loss) on sale of assets	(50,991)	(391,679)
- Gain on recognising interest rate swaps at fair value	136,982	-
- Interest and other income	143,824	137,951
Total Non-Operating Revenue	5,975,097	2,258,115
<b>Total Revenue</b>	<b>52,794,396</b>	<b>58,676,978</b>

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

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

3. EXPENSES	2020 \$	2019 \$
<b>Racing and Non-Racing Expenses</b>		
- Catering and raceday salaries and associated costs	14,440,657	17,405,509
- Equipment hire	1,934,861	3,426,226
- Trophies	24,192	187,698
- Totalisator expenses	750,455	1,241,943
- Racing service providers	3,090,484	3,108,148
- Gaming and sports club expenses	1,527,369	2,185,218
- Other expenses	868,667	1,075,241
Total Racing and Non-Racing Expenses	22,636,685	28,629,983
<b>Maintenance Expenses</b>		
- Salaries, contractors and associated costs	5,581,429	5,191,666
- Materials and services	6,075,996	5,368,762
- Other maintenance expenses	217,110	286,047
Total Maintenance Expenses	11,874,535	10,846,475
<b>Administration Expenses</b>		
- Salaries, contractors and associated costs	3,631,581	3,571,119
- Legal and compliance costs	344,857	231,139
- Marketing, promotions and branding	1,541,560	2,500,777
- Information technology and communications costs	522,091	565,121
- Other administration costs	2,684,117	2,930,011
Total Administration Costs	8,724,206	9,798,167

3. EXPENSES (CONT'D)	2020 \$	2019 \$
<b>Depreciation Expense</b>		
- Depreciation – property, plant and equipment	4,835,531	4,525,566
- Depreciation – right of use assets	529,437	-
Total Depreciation Expense	5,364,968	4,525,566
<b>Other Expenses</b>		
- Impairment of property, plant and equipment	-	-
- Loss on recognising interest rate swaps at fair value	-	866,821
- Interest – borrowings	3,145,659	3,188,010
- Interest – leases	65,697	-
- Defined Benefit Plan	32,795	27,436
Total Other Expenses	3,244,151	4,082,267
<b>Total Expenses</b>	<b>51,844,545</b>	<b>57,882,458</b>

4. AUDITORS' REMUNERATION	2020 \$	2019 \$
Remuneration of the auditors of the Company for:		
- auditing and reviewing the financial report	75,000	70,000
- other services*	15,230	15,999
	90,230	85,999

\*Other services provided during the year include various tax, audit, financial and compliance work.

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

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

5. CASH & CASH EQUIVALENTS	2020 \$	2019 \$
Cash on hand	96,962	717,632
Cash at bank	1,919,057	3,209,850
Total Cash	2,016,019	3,927,482

6. TRADE & OTHER RECEIVABLES	2020 \$	2019 \$
Trade debtors	1,803,070	2,718,300
Other receivables	1,656,712	2,457,391
	3,459,782	5,175,691

7. INVENTORIES	2020 \$	2019 \$
Catering food and beverage – at cost	366,039	640,297
Maintenance materials – at cost	7,659	10,178
	373,698	650,475

8. PROPERTY, PLANT & EQUIPMENT	2020 \$	2019 \$
<b>Freehold Land</b>		
At cost	28,789,553	28,840,544
Total Freehold Land	28,789,553	28,840,544
<b>Racetracks</b>		
At cost	16,728,420	13,704,635
Less: Provision for Impairment	-	(1,500,000)
Less: Accumulated Depreciation	(795,878)	(631,032)
Total Racetracks	15,932,542	11,573,603

8. PROPERTY, PLANT & EQUIPMENT (CONT'D)	2020 \$	2019 \$
<b>Buildings &amp; Improvements</b>		
At cost	132,664,322	130,428,035
Less: Accumulated Depreciation	(19,085,600)	(15,812,557)
Total Buildings	113,578,722	114,615,478

<b>Plant and Equipment</b>		
At cost	13,354,783	12,136,214
Less: Accumulated Depreciation	(8,563,919)	(6,640,635)
Total Plant and Equipment	4,790,864	5,495,579

<b>Plant and Equipment</b>		
At cost	-	1,183,436
Less: Accumulated Depreciation	-	(937,016)
Total Plant and Equipment	-	246,420

<b>Furniture and Fittings</b>		
At cost	2,445,424	2,443,175
Less: Accumulated Depreciation	(1,821,853)	(1,616,096)
Total Furniture and Fittings	623,571	827,079

<b>Capital Works in Progress</b>		
At cost	5,713,787	5,268,276
Total Capital Works in Progress	5,713,787	5,268,276

<b>Total Property, Plant and Equipment</b>	<b>169,429,039</b>	<b>166,866,979</b>
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# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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

## 8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

### 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	RACETRACKS	BUILDINGS & IMPROVEMENTS	PLANT & EQUIPMENT	LEASED PLANT & EQUIPMENT	FURNITURE & FITTINGS	CAPITAL WORKS IN PROGRESS	TOTAL
<b>Balance at beginning of year</b>	<b>28,840,544</b>	<b>11,573,603</b>	<b>114,615,478</b>	<b>5,495,579</b>	<b>246,420</b>	<b>827,079</b>	<b>5,268,276</b>	<b>166,866,979</b>
Reclassified to Right of Use Asset on application of AASB16	-	-	-	-	(73,693)	-	-	(73,693)
Additions	-	-	1,272,361	312,443	-	2,250	4,433,221	6,020,275
Transfers	-	3,023,785	963,925	4,058	(4,058)	-	(3,987,710)	-
Disposals	(50,991)	-	-	-	-	-	-	(50,991)
Reversal of Impairment Losses	-	1,500,00	-	-	-	-	-	1,500,000
Depreciation expense	-	(164,846)	(3,273,042)	(1,021,216)	(168,669)	(205,758)	-	(4,833,531)
<b>Carrying amount at the end of the year</b>	<b>28,789,553</b>	<b>15,932,542</b>	<b>113,578,722</b>	<b>4,790,864</b>	<b>-</b>	<b>623,571</b>	<b>5,713,787</b>	<b>169,429,039</b>

## 9. INVESTMENT PROPERTIES

	2020 \$	2019 \$
Balance at beginning of year	790,000	792,000
Acquisitions/(Disposals)	-	-
Transfer to assets held for sale	-	-
Depreciation	(2,000)	(2,000)
Balance at Year End	788,000	790,000

The remaining investment properties have a valuation of \$1,430,000 (2019: \$1,400,000) based on independent valuation obtained by the Directors as at 30 June 2020.

## 10. INTANGIBLE ASSETS

	2020 \$	2019 \$
Gaming Machine Licenses		
At cost	914,604	914,604
Total Gaming Machine licenses	914,604	914,604
Balance at Beginning of Year	914,604	914,604
Additions	-	-
Balance at Year End	914,604	914,604

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

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

11. RIGHT OF USE ASSETS	2020 \$
<b>i) AASB 16 related amounts recognised in the statement of financial position</b>	
Leased equipment	1,350,868
Accumulated depreciation	(451,564)
Leased motor vehicles	93,035
Accumulated depreciation	(77,873)
<b>Total Right of use asset</b>	<b>914,466</b>
<b>Movement in carrying amounts</b>	
<b>Leased equipment:</b>	
- Recognised on initial application of AASB 16 (previously classified as operating leases under AASB 117)	1,026,420
- Opening balance transferred from property, plant and equipment on initial application of AASB 16	69,971
- Addition to right-of-use asset	254,477
- Depreciation expense	(451,564)
<b>Net carrying amount</b>	<b>899,304</b>

11. RIGHT OF USE ASSETS (CONT'D)	2020 \$	2019 \$
<b>Leased motor vehicles:</b>		
- Recognised on initial application of AASB 16 (previously classified as operating leases under AASB 117)	93,035	-
- Addition to right-of-use asset	-	-
- Depreciation expense	(77,873)	-
<b>Net carrying amount</b>	<b>15,162</b>	<b>-</b>
<b>ii) AASB 16 related amounts recognised in the statement of profit or loss</b>		
Depreciation charge related to right-of-use assets	529,438	-
Interest expense on lease liabilities	57,662	-
Short-term leases expense	-	-
Low value asset leases expense	-	-
<b>12. TRADE AND OTHER PAYABLES</b>	<b>2020 \$</b>	<b>2019 \$</b>
Trade creditors	3,012,225	6,172,092
Other creditors	5,702,806	4,369,131
	<b>8,715,031</b>	<b>10,541,223</b>

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

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

13. EMPLOYEE ENTITLEMENTS	2020 \$	2019 \$
(a) Current		
- Annual Leave	919,142	950,246
- Long Service Leave	633,292	594,838
	1,552,434	1,545,084

(b) Non-Current		
- Long Service Leave	83,125	122,829
	83,125	122,829

14. PROVISIONS	2020 \$	2019 \$
Other Provisions	108,782	132,340
Total Provisions	108,782	132,340

## Provision Movements

Opening balance	132,340	131,932
Additional provisions	112,706	149,230
Amounts used	(136,264)	(148,822)
Closing Balance	108,782	132,340

15. BORROWINGS	2020 \$	2019 \$
(a) Current		
- Lease liability secured	1,025,981	568,315
- Lease liability unsecured	-	24,751
- Loan	5,855,708	7,024,701
	6,881,689	7,617,767

(a) Non-Current		
- Lease liability secured	1,377,056	1,120,885
- Loan	63,723,882	63,289,396
	65,100,938	64,410,281

Lease liabilities secured are secured by the underlying leased assets.

Details of the loan borrowings are as follows:

- \$12,333,161 in principal and interest. This \$12m loan is funded by The State Government through Racing Queensland under the Racing Infrastructure Fund for the development of the Eagle Farm Racecourse Tunnels.
- \$5,600,657 in principal and interest. This \$12m loan is provided by Mirvac Treasury Ltd for working capital requirement. The principal amount is repayable from the monies received from future apartment sales and is therefore not required to be repaid from existing cash reserves.
- \$25,000,000 in principal and interest. This \$25m loan is provided by the ANZ Bank for the Eagle Farm Infield Development.
- \$2,357,373 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.
- \$24,288,399 in principal and interest. This \$24m loan is provided by the ANZ Bank for the Racecourse Village Shopping Centre.

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

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

## 16. FINANCIAL LIABILITIES

2020  
\$

2019  
\$

Non-Current

At fair value through Profit and Loss

- Interest Rate Swaps

1,328,924

1,465,906

1,328,924

1,465,906

To mitigate the variable interest rate risk, the BRC has entered into Interest Rate Swaps with the ANZ bank. The Fair Valuation of \$1,328,924 is based on a Mark-to-Market valuation provided by the ANZ bank.

## 17. 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 any outstanding obligations..

## 18. CASH FLOW

2020  
\$

2019  
\$

(a) Reconciliation of cash flows from operations with profit from ordinary activities:

### Profit/(Loss) from Ordinary Activities

949,851

794,520

### Non -cash flows in operating profit:

- Depreciation and amortisation

5,364,968

4,525,566

- Grants - Racing Queensland

(2,673,695)

(225,884)

- (Profit)/Loss on the disposal of assets

50,991

391,679

- (Profit)/Loss on recognising interest rate swap at fair value

(136,982)

866,821

- Defined Benefit Plan

32,795

27,436

### Changes in assets and liabilities:

- (Increase)/decrease in trade and other receivables

215,909

215,506

- (Increase)/decrease in prepayments

243,141

(143,581)

- (Increase)/decrease in inventories

276,777

(198,625)

- Increase/(decrease) in trade payables and accruals

(1,417,096)

(1,893,521)

- Increase/(decrease) in provisions and other liabilities

(55,912)

139,099

### Cash flows from Operations

2,850,747

4,449,015

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

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

## 18. CASH FLOW (CONT'D)

(b) Changes in liabilities arising from financial activities

	2019	Cash Flows	Initial Application of AASB 16	Non-Cash Flows		2020
				Acquisition	Fair value changes	
	\$	\$	\$	\$	\$	\$
Long-term borrowings	63,289,396	434,486	-	-	-	63,723,882
Short-term borrowings	7,024,701	(1,168,993)	-	-	-	5,855,708
Lease liabilities	1,713,951	(684,845)	1,119,455	254,477	-	2,403,037
Total Liabilities from financing activities	72,028,048	(1,419,352)	1,119,455	254,477	-	71,982,627

## 19. FINANCIAL RISK MANAGEMENT

The financial instruments of the Company consist mainly of cash and cash equivalents, trade receivables and payables, financial liabilities and borrowings. There are no complex financial instruments however the Company does use derivatives in the form of an interest rate swap to hedge interest rate risk. 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, Governance and Risk Management 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 six (6) 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 6 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.

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

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

## 19. FINANCIAL RISK MANAGEMENT (CONT'D)

### a) Credit Risk (cont'd)

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	
	\$	\$	\$	\$	\$	\$	\$
<b>2020</b>							
Trade receivables	1,803,070	-	98,975	82,218	22,638	73,698	1,525,541
Other receivables	1,656,712	-	-	-	-	-	1,656,712
Total	3,459,782	-	98,975	82,218	22,638	73,698	3,182,253
<b>2019</b>							
Trade receivables	2,718,300	-	461,967	172,382	309,721	224,473	1,549,757
Other receivables	2,457,391	-	-	-	-	-	2,457,391
Total	5,175,691	-	461,967	172,382	309,721	224,473	4,007,148

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

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

## 19. FINANCIAL RISK MANAGEMENT (CONT'D)

### (b) Market Risk

The Company 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 Company 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	
	2020 %	2019 %	2020 \$	2019 \$
Less than 1 year	-	2.29	-	15,000,000
1 to 2 years	2.71	-	29,230,000	-
2 to 5 years	-	2.71	-	29,230,000
			29,230,000	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 \$
<b>Year ended 30 June 2020</b>		
+/-1% in interest rate	210,809	210,809
<b>Year ended 30 June 2019</b>		
+/-1% in interest rate	196,306	196,306

### (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.

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.

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

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

## 19. FINANCIAL RISK MANAGEMENT (CONT'D)

### Financial Liability and Financial Asset Maturity Analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$
<b>Financial Assets</b>								
Cash and cash equivalents	2,016,019	3,927,482	-	-	-	-	2,016,019	3,927,482
Trade and other receivables	3,459,782	5,175,691	-	-	-	-	3,459,782	5,175,691
Total expected inflows	5,475,801	9,103,173	-	-	-	-	5,475,801	9,103,173
<b>Financial Liabilities</b>								
Trade and other payables	8,715,031	10,541,223	-	-	-	-	8,715,031	10,541,223
Borrowings	6,881,689	7,617,767	65,100,938	64,410,281	-	-	71,982,627	72,028,048
Interest Rate Swaps	-	-	1,328,924	1,465,906	-	-	1,328,924	1,465,906
Total expected outflows	15,596,720	18,158,990	66,429,862	65,876,187	-	-	82,026,582	84,035,177
Net inflows/ (outflows) from financial	(10,120,919)	(9,055,817)	(66,429,862)	(65,876,187)	-	-	(76,550,781)	(74,932,004)

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

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

## 20. 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  
R H Morrison  
D J Dawson  
S M Gagel  
S P Gleeson  
C M Schatz  
T J Svenson  
J N Creaton

### Executive Officers

T Partridge  
*Chief Executive Officer (appointed 05 August 2019)*  
J Versace  
*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 2020, total fees of \$96,446 (2019: \$187,171) 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.

### Key Management Compensation

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

	2020 \$	2019 \$
Short term benefits	1,236,243	1,226,147
Post - employment benefits	74,061	76,634
Termination benefits	-	91,324
Total	1,310,304	1,394,105

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

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

## 21. SEGMENT REPORTING

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

## 22. ECONOMIC DEPENDENCY

The Company is economically dependent on Racing Queensland for the funding of prizemoney and other distributions. Total General Prizemoney paid on races conducted by the Company in 2020 was \$35,013,558 (2019: \$38,340,350) and a further \$2,477,092 (2019: \$1,302,635) bonus prizemoney from the Queensland Thoroughbred Investment Scheme (QTIS).

## 23. CONTROLLED ENTITIES

(a) Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned	
		2020 \$	2019 \$
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 Group.

## 24. 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 require the Employer to make larger contributions to the Plan.

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

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

## 24. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

### Description of any Plan amendments and settlements

None

Reconciliation of Net Defined Benefit (Liability)/Asset	Year Ended 30 June 2020 \$	Year Ended 30 June 2019 \$
Net Defined Benefit (Liability)/Asset at Beginning of Year	165,435	208,142
Defined Benefit (Cost)/Credit Recognised in the P&L	(32,795)	(27,436)
Total Remeasurements Recognised in OCI gain/(loss)	(31,716)	(15,270)
Employer Contributions*	0	0
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
<b>Net Defined Benefit (Liability)/Asset at End of Year</b>	<b>100,925</b>	<b>165,436</b>

\*The Employer is on a contribution holiday.

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

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

## 24. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

Reconciliation of Fair Value of Plan Assets	Year Ended 30 June 2020 \$	Year Ended 30 June 2019 \$
Fair Value of Plan Assets at Beginning of Year	700,381	654,924
Interest Income on Plan Assets	17,610	25,182
Remeasurements:		
- Return on Plan Assets (excluding amount in interest income) gain/(loss)	(33,083)	19,613
Employer Contributions**	0	0
Employee Contributions	22,691	25,983
Benefit Payments from Plan	0	0
Payments for Settlements	0	0
Administrative expenses paid	(32,532)	(24,096)
Taxes paid***	2,444	664
Insurance premiums for risk benefits	(2,184)	(1,889)
Increase/(decrease) due to effect of any business combinations / divestitures	0	0
Effect of changes in foreign exchange rates	0	0
<b>Fair Value of Plan Asset at End of Year</b>	<b>675,327</b>	<b>700,381</b>

\*\* The Employer is on a contribution holiday.

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

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

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

## 24. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

Reconciliation of Present Value of Defined Benefit Obligation	Year Ended 30 June 2020 \$	Year Ended 30 June 2019 \$
Defined Benefit Obligation at Beginning of Year	534,945	446,782
Current Service Cost	15,199	14,121
Past Service Cost/(Credit)	0	0
(Gain)/Loss on Settlements	0	0
Interest Expense on DBO	13,636	17,432
Tax allowance in P&L	2,632	2,422
Administrative expenses allowance in P&L	18,938	18,643
Employee Contributions and Rollover	22,691	25,983
Benefit Payments from Plan	0	0
Benefit Payments Directly from Employer	0	0
Payments for Settlements	0	0
Administrative expenses paid	(32,532)	(24,096)
Taxes paid	2,444	664
Insurance premiums for risk benefits	(2,184)	(1,889)
Remeasurements:		
- Effect of changes in demographic assumptions (gain)/loss	0	0
- Effect of changes in financial assumptions (gain)/loss	6,705	20,087
- Effect of experience adjustments (gain)/loss	(8,072)	14,796
Increase/(decrease) due to effect of any business combinations / divestitures	0	0
Effect of changes in foreign exchange rates	0	0
<b>Defined Benefit Obligation at End of Year</b>	<b>574,402</b>	<b>534,945</b>

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

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

## 24. 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 2020	
<b>Cash and cash equivalents</b>	
- Cash	37,159
<b>Equity</b>	
- Australian Shares	204,833
- International (currency hedged)	61,298
- International (currency unhedged)	130,673
<b>Fixed Income</b>	
- Australian Fixed Interest	62,302
- Global Fixed Interest	64,367
<b>Real Estate / Property</b>	
- Australian Property	18,620
- International Property	16,726
<b>Other types of Investment</b>	
- Alternative Asset (Growth)	44,991
- Alternative Asset (Defensive)	34,357
<b>Total</b>	<b>675,327</b>

\*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

### *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:

Assumptions	DBO at 30 June 2020 \$
Discount Rate plus 0.50%	566,967
Discount Rate minus 0.50%	582,143
Salary increase rate plus 0.50%	581,039
Salary increase rate minus 0.50%	567,937

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. Please note that the DBO above are also adjusted to allow for tax adjustments due in respect of the deficit/surplus of the Plan.

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

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

## 24. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

### *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 2021 \$
Expected Employer contributions*	0
Expected Employee contributions	3,573

\*It is assumed that the Employer contributions for the year ending 30 June 2021 will continue to be funded by the Plan assets as the Employer is 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 5.7 years

Projected Benefit Payments	\$
Next Year	4,718
Next Year + 1 year	5,554
Next Year + 2 years	128,590
Next Year + 3 years	47,716
Next Year + 4 years	4,294
Sum of Next Year + 5 ~ 9 years	344,823

### *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 \$1,216,553 (2019: \$1,341,823). Employees contribute various percentages of their gross income and the Company contributes at the rate necessary to satisfy its superannuation guarantee contribution obligations.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

## 25. 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	2,226	16,579	18,805
Travel and Accommodation	112,062	36,688	148,750
Total	114,288	53,267	167,555

## 26. CAPITAL AND LEASING COMMITMENTS

- (a) Capital commitments as at 30 June 2020 amounted to \$984,436 (2019: \$844,942). All capital commitments are expected in the year to 30 June 2021.

- (b) Lease Commitments

The Group does not have any leases that are not recognised in the statement of financial position.

## 27. 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 Management 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 2016, 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 Group since then.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

## 28. AFTER BALANCE DATE EVENTS

The financial results for the year have been influenced by the impacts of COVID-19 and the resulting changes in government legislation relating to matters such as limited physical contact between staff and with clients, temporary closure of some businesses that the Group would otherwise have traded with, changes to the welfare system and various stimulus payments. As at the date of signing, the Company continues to be impacted by the virus.

On 1st July 2020, the Group entered into a new media rights agreement with Sky Channel (Tabcorp) for a period of 10 years to the 30th June 2030.

With the exception of the above, the board of directors are not aware of any events of a material nature that have occurred subsequent to balance date that require disclosure in the financial statements.

The financial report was authorised for issue on 01 October 2020 by the Board of Directors.

## 29. 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<br>230 Lancaster Road<br>Ascot QLD 4007 | 2) Doomben Racecourse<br>75 Hampden Street<br>Ascot QLD 4007 | 3) Gallopers Sports Club<br>Corner of Nudgee Road & Lancaster Road<br>Ascot QLD 4007 | 4) Souths Sports Club<br>Brandon Reserve, Mortimer Road<br>Acacia Ridge QLD 4110 |
|--|--|--|--|

# | DIRECTORS' DECLARATION

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) complying 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 2020 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** OAM  
Director

01 October 2020



**S M GAGEL**  
Director

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



## 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 2020, 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 2020 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.



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# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BRISBANE RACING CLUB LIMITED (CONTINUED)



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  
01 October 2020



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## Notes



BRISBANE  
RACING CLUB

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