



BRISBANE  
RACING CLUB

# 2017-2018 ANNUAL REPORT



## 2017-2018 Annual Report

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Cover: Santa Ana Lane and Jockey Ben Melham winning the UBET Stradbroke Handicap on UBET Stradbroke Day during the 2018 Channel Seven Brisbane Racing Carnival.

Image: Ross Stevenson

Right: Horses parading on UBET Stradbroke Day 2018

Image: Jared Vethaak







## Chairman's Report

It is with great pleasure that I present the 10<sup>th</sup> Annual Report of the Brisbane Racing Club.

The 2017/18 year showcased the benefits of our long-term strategy to future-proof our Club. The highlights of the year included:

- A return to profit despite the challenges to our racing revenue caused by the unavailability of Eagle Farm
- The outstanding performance of Doomben as it shouldered a huge workload for a metropolitan track
- The emergence of our non-racing revenue as a significant contributor to the BRC's success
- An increase in overall membership numbers and high Member satisfaction ratings

Information contained in this report from the CEO and the divisional General Managers give specific detail of the many aspects of our increasingly diversified business model.

Last year's annual report highlighted the challenges that lay ahead for the BRC board and the management to balance the books in 2017/2018 with the projected loss

of 30 race meetings. The ongoing saga of the Eagle Farm course proper has impacted on many aspects of your Club's activities, seriously testing the financial management throughout the last year. I compliment the CEO and his executive team on managing a year of only 45 BRC race days compared to the previous year of 75 race days. While the racing part our business lost circa \$4 million for the year, all the Club's tracks and racing staff were retained. Thankfully revenue from our non-racing and property divisions delivered circa \$20 million to the consolidated financial performance and pushed the final result into the black with a full-year profit of \$1.3 million after allowing for \$4.7 million in depreciation and interest.

I know the committee are grateful for the continued support of Members during these three years of utter frustration due to the Eagle Farm track. We highly value the passion, loyalty and feedback that our membership provides. These last few years have showcased the great strengths of our Members. Thank you for your continued contribution to this Club. The Sales and Marketing summary in this report provides more detail on membership in 2017/18.

I cannot add any more commentary to the well-reported facts surrounding the track rebuild, however the current expert team of independent track professionals gives me real confidence that a positive outcome will be delivered with version two of this new sand-based profile racetrack. The new track management group is a collaboration between Racing Queensland – the builders of the track – and the Brisbane Racing Club as the ultimate operators of the new racing surface.

While dates have not been locked in for the first race meeting, current planning is for a low-key start that will provide the best chance for the new turf to adjust to racing. All parties have agreed that the long-term sustainability of this new premier racing surface will necessitate careful planning of the race schedule to ensure Eagle Farm plays a vital role in the 2019 Brisbane Racing Carnival

The new infield stables – home to 430 horses – have been operating for 12 months and, while a few teething problems were encountered, the overall feedback from trainers and owners has been very positive. This project can truly be regarded as a legacy project by your Club to facilitate a modern Brisbane central training complex supporting the core racing product competing weekly in southeast Queensland. The Club has funded all the infield works including the stable complex, vehicle and pedestrian tunnels, carparks, flood mitigation and big screen to the tune of \$37 million. Loans from ANZ for \$25 million and Racing Queensland for \$12 million supported the borrowings. These loans will be repaid from revenue generated by our joint-venture development with Mirvac of the 1100-apartment project, Ascot Green.





*Infield stables at Eagle Farm - home to 430 horses*

## OUR FINANCIAL PERFORMANCE

Your Club recorded a profit of \$1,297,295 compared to the 2017 loss of \$805,526. This truly remarkable result reflects a \$2.1 million turnaround in a 12-month period of restricted racedays due to the track outage, reducing raceday revenue opportunities by some 37 per cent from the previous year.

The challenging race club business model has never been more tested than in the current circumstances, with high fixed-operating costs that continue to rise against a backdrop of reduced raceday attendance and strong competition for the discretionary entertainment spend. Like major race clubs around Australia, the BRC has been planning our diversified business strategy for more than five years. This year, the core Club business reaped substantial financial benefit from these non-racing revenue streams that will ultimately future-proof BRC operations

The income statement that forms part of this year's financial report shows non-racing revenue contributed \$10.6 million revenue to the consolidated result. Property contributed another \$10.3 million. The Club's total revenue grew to \$50.9 million up from \$45.2 million last year. In fact, total revenue has risen from \$36 million in 2015. This is an increase of \$14.9 million – or 41 per cent – in three years.

The growth of the BRC business is well demonstrated in the growing workforce. The Club finished the financial year with fulltime equivalent staff of 175 compared to 138 in the previous year. This is also reflected in the financial accounts with employee expenses of \$17.9 million increasing from \$16.1 million in the previous year.

The level of Club debt as at June 30 was \$67.9 million – an increase of \$16.5 million from the previous year. However, the BRC is well positioned to pay down this debt. In the past 12 months, the Club reduced the Mirvac loan by \$4.5 million from income received on settlements of apartments

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*“The growth of the BRC business is well demonstrated in the growing workforce”*

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in Ascot House – the first of the residential towers in the Ascot Green development.

Racecourse Village shopping centre opened in late July. This will be the second property retained by the Club in our blue-chip property portfolio. The value of the two properties is circa \$48 million and delivers approximately \$2.54 million annually in rental income. The Club will continue to grow assets in this portfolio.

Gallopers Sports Club again was a strong contributor to this year's BRC financial performance. They played a vital role in our local community supporting many charity functions and providing a safe meeting and entertainment venue for its 6,333 social members and the 98,693 patrons who visited the venue during the year.

Souths Sports Club, located at Acacia Ridge and home to the Souths Junior Magpies rugby league club, became a sister club to Gallopers during the year. Our new venue is currently undergoing a major refurbishment. The new-look club will support the Souths Juniors and many other local sporting groups as part of the Brisbane Racing Club's community support and engagement strategy. Once this venue matures into a similar business to Gallopers, it will also support the BRC's diversified business model.

## FACILITIES UPGRADE

The operations and facilities team have some 46 new and upgrading projects underway, totalling some \$3.5million. The highest priority is stage one of the electricity supply

and distribution network at Eagle Farm – a \$1.323 million project funded by the Racing Infrastructure Fund – together with new maintenance sheds at Eagle Farm and Doomben, relocation of the barrier sheds at Doomben and a new running rail at Eagle Farm.

The team is also working on the major landscaping of Members Drive – the new entry road off Nudgee Road servicing Racecourse Village and the infield car park and infield stable complex. Members Drive will become the main entry for Eagle Farm racedays to both the Members and public carparks.

recognises this talented and experienced BRC track team and congratulates them on their outstanding efforts to conduct 49 race meetings over the last year.

While the rebuild of the Eagle farm track continues, the management group has reported positive signs out of winter. The immature turf was always at risk during this season when growth is dormant due to the low ground temperatures combined with invasion by seasonal pests and disease. Close surveillance by the team has enabled continued progress for the track. As reported, the track has been laid in three separate stages and, while that was far

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## “We expect a more positive 2019 with the expectation of racing returning to Eagle Farm”

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### THE YEAR AHEAD

We expect a more positive 2019 with the expectation of racing returning to Eagle Farm. While the racing program will be restricted, the return will allow more raceday revenue opportunities and spread the workload currently borne by Doomben.

The next phase of your Club's commercial evolution in 2019 will see new non-racing revenues come on line, driven by Racecourse Village, the proposed Lendlease Bernborough retirement project and Souths Sports Club.

Doomben will shoulder the majority of racing in Brisbane for the next 12 months, demonstrating the durability of this rugged old-style track profile compared to the new sand-based profile that has become the standard over the last decade. The track team at Doomben, led by Jim Roberts, has an intimate knowledge of this racing surface. Their extensive knowledge, generated through years of practice and dedication, enables them to produce a safe and consistent racing surface every week. The board absolutely

from ideal, expectations are that we are looking for the full track circumference to display an even surface during November.

The Master Plan will continue to unfold with a real focus on developing the plan for the St Leger lifestyle precinct and a new commercial office building. This precinct is still several years away but the important planning phase will take all of the next 12 months. When completed, one level of the office building will house BRC offices.

The site on Lancaster Road adjoining the childcare centre was advertised for expressions of interest during the year. This resulted in strong interest from a number of parties. As a result, the BRC has entered into an exclusive dealing arrangement with an experienced group to develop a swim school. This is subject to all the regulatory approvals being obtained during the next 12 months. This arrangement is based on a land lease to the applicant who will bear all the costs of construction. We believe the proposed facility will fit perfectly into the BRC and community vision.



Ascot Green



Eagle Farm track in its return to racing



*UBET Stradbroke Day crowds*

The Lendlease integrated retirement and aged care project, branded as the Bernborough, is awaiting Brisbane City Council approval. This project will be located on a two-hectare site at Doomben adjacent to the Doomben Cup starting point with a frontage to Hampden Street. Construction works will commence in 2019 pending relevant approvals.

## APPRECIATION

Racing has been conducted at BRC venues for 153 years during which time we have established a reputation as Queensland's largest race club and one of the nation's leading race clubs. That status is strongly supported through the fostering of our existing and new commercial relationships along with our regulatory relationships with the State Government, Racing Queensland and the Brisbane City Council.

The Club is fortunate to have enduring and strong relationships with our commercial partners. These include Channel 7 – we're now in our 11th consecutive year with this great supporter of Brisbane racing. We have been with Lion for a similar time and last year welcomed their premier KIRIN brand for our Doomben 10,000 and our outstanding Birdcage. We welcomed UBET as our Stradbroke Handicap sponsor while Treasury Brisbane returned again to sponsor our Queensland Oaks. We entered the third year of our partnership with Hardy Brothers while we welcomed new Group 1 sponsors Brisbane City and Springwood Jaguar Land Rover and Altus Traffic. These form a wonderful Group 1 stable of commercial partners. The BRC is indeed fortunate

to partner with some of Australia's best-known brands.

The BRC's best asset is, undoubtedly, our loyal and hard-working staff. Race clubs often require odd working hours due to weekend and after-hours events. On behalf of the BRC board, I congratulate CEO Dave Whimpey and his senior executives for their leadership in what can be described as another challenging year. The support from all Members of Team BRC ensured the positive outcomes in 2018. One of my personal highlights during the last 12 months was observing the professional development of individual staff members and also a genuine effort to engage in a positive

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**“The Master Plan will continue to unfold with a real focus on developing the plan for the St Leger lifestyle precinct”**

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team culture. I recognise that the changing club business model of diversification into non-traditional revenues necessitates a blending of modern business principles with a proud 153 years of racing tradition. Our BRC staff support this vision and I thank them for their outstanding efforts.

Following the most recent State Election, we welcomed a new Racing Minister in the Honourable Sterling Hinchliffe. Minister Hinchliffe hit the ground running and, in a short time, has made some tough decisions to help position the Queensland racing industry in a stronger position. While there is still a lot of work to be done in trying to



keep Queensland in step with New South Wales and Victoria including a vital piece of that puzzle in the revenue distribution from the new Point of Consumption tax. The BRC looks forward to maintaining its close working relationship with the Racing Minister and his staff.

I also acknowledge the ongoing support of the Premier of Queensland, the Honourable Annastacia Palaszczuk, who has always shown an interest in racing matters.

I acknowledge the outgoing Racing Minister, the Honourable Grace Grace. She has been recognised for achievements with her promotion to the Education portfolio. We congratulate Minister Grace who remains a welcome and regular visitor to our race meetings.

The Club enjoys long-term relationships with the Brisbane City Council especially through our Lord Mayor Graham Quirk – a passionate racing fan who attends all Brisbane Racing Carnival race meetings and who hosts an annual carnival cocktail function. Hamilton Councillor David McLachlan continually goes into bat for the BRC in local council matters. We welcome his support along with the Honourable Tim Nicholls – the Member for Clayfield and a long-time supporter of the BRC.

Racing Queensland Chairman Steve Wilson, his board and new CEO Brendan Parnell have shown support and a willingness to work with the BRC and the wider Queensland racing industry. I thank them for their continuing co-operation and look forward to working with them on the completion of the Eagle Farm track project.

In closing I acknowledge the many hours of honorary work

performed by my fellow directors who bring their valuable skill sets to the board table and many sub-committee meetings in a willing and passionate way. These business decisions and future planning place your Club in a strong position to future-proof the business performance of the BRC and sustain the 153 years' tradition of this racing precinct.

During the year director John Shepherd retired for personal reasons. John brought to the board a special skill set of commercial experience that will be sorely missed. On behalf of the BRC I wish John all the best for the future and look forward to seeing him at our race meetings.

John's replacement is Jennifer Creaton, a passionate racegoer who has been a member of the BRC since she moved to Brisbane some four years ago. Jennifer, an executive risk manager with Suncorp, brings to the board valuable experience in risk management. We thank Jennifer for her contribution and for her expert advice during committee debates.

As guardians of the Club your board remain proudly committed to the core ideals that have made this Club what it is today.

My thanks for your support throughout 2017/18.



**Neville Bell**  
Chairman



*UBET Stradbroke Day presentation - 2018 Channel Seven Brisbane Racing Carnival*



STATISTICAL INFORMATION	2018	2017	2016	2015	2014
<b>RACING</b>					
Race Meetings	45	75	54	52	92
Saturdays and Public Holidays	33	44	39	36	47
Mid Weeks	12	31	15	16	45
Races	406	611	429	414	744
Starters	4,202	6,162	4,605	4,298	7,666
Average Starters per race	10.35	10.09	10.73	10.38	10.30
<b>ATTENDANCES</b>					
Annual Racing Attendance	149,796	168,974	164,225	153,952	177,255
Brisbane Racing Carnival	32,733	38,347	41,387	40,377	44,820
Total Attendance					
<b>MEMBERSHIP</b>					
Life	22	23	24	24	24
Full Member (35yrs+ as a Member)	366	379	317	320	319
Full Member (Age 30+ years)	1,992	2,107	2,183	1,963	2,030
Full Member (Age 18-29 years)	147	135	247	249	278
Perpetual	295	279	262	237	210
Social Membership	935	617	266	n/a	n/a
Absentee	n/a	n/a	n/a	n/a	24
Honorary	20	19	20	24	24
Chairman's Club	46	44	23	n/a	n/a
Corporate Members	n/a	n/a	24	45	47
<b>TOTAL RACING</b>	<b>3,823</b>	<b>3,603</b>	<b>3,366</b>	<b>2,862</b>	<b>2,956</b>
Sports Club Social Members	11,208	6,315	5,792	5,654	5,128
<b>TOTAL MEMBERS</b>	<b>15,031</b>	<b>9,918</b>	<b>9,158</b>	<b>8,516</b>	<b>8,084</b>
<b>PRIZE MONEY (\$'000)</b>					
Prize Money Paid	31,198	36,267	31,106	27,279	33,342
<b>WAGERING (\$'000)</b>					
Oncourse Totalisator	12,331	19,432	19,589	15,330	17,608
Bookmakers	8,911	11,615	19,991	19,674	27,166
<b>FINANCIAL (\$'000)</b>					
Surplus/(Loss)	1,297	(806)	1,701	261	151
Capital Expenditure	23,515	24,757	38,848	3,433	2,223



## Chief Executive Officer's Report

The BRC's financial position is firm as we evolve, invest and build on our strategy of diversification to create long-term value for our Members and stakeholders.

Eagle Farm's omission from the racing calendar has again disrupted racing in Queensland and placed downward pressure on the commercial business of racing at the BRC. We raced an unprecedented 49 times (including the Tattersall's Club meeting) during FY18 - down by 37 per cent over FY17 (79 meets) and 49 per cent down on our peak of 96 meets.

I thank our 3,823 Members (2,828 voting) and 1,042 Members' guests for your support of the BRC. We know that you truly value the Member Rewards program. FY18 saw an increase of 16 per cent of Members attending an average Saturday to 640 and a further 234 Members' guests.

The Board approved the Member Rewards program for the third year and management offered a record retail value of just under \$607,000 in additional benefits. We are pleased

to report that Members attending the race days claimed \$156,000 in benefits during the year.

A total of 54 per cent of our Members rated our "Member Rewards program and days" as a primary reason for renewing, up from 43 per cent during the previous year. We are extremely proud of our Member rating on our food, beverage and service quality, which returned 8 out of 10. Constructive feedback from Members focused on the limited space available at Doomben, scanning and dress standards.

All decisions taken at the BRC are underpinned by the health and wellbeing of the thoroughbred and the determination to deliver the best racing and training surfaces. Feedback during the first year of operations for our new state-of-the-art infield stable complex at Eagle Farm has been very positive. Our on-course trainers noted that the horses adjusted very well, were far more relaxed and settled and that training has become more efficient.

The Board and I fully supported the promotion of Jim Roberts to Director of Racecourses, overseeing Eagle Farm, Doomben and Deagon racing and training surfaces. With Jim's elevation we secured the services of Peter Birch, former racecourse manager of Newcastle, at Eagle Farm and promoted Ross Smith to Doomben under the watchful eye of Jim.

The ability of Jim and his team to consistently deliver outstanding surfaces at Doomben and for training at Eagle Farm was inspiring. It was never more evident than on Treasury Brisbane Ladies Oaks Day when stewards ordered a rail move along the back straight during the meeting. Jim, Ross and the entire tracks team worked effectively and efficiently to get the job completed and history will confirm the 'show went on'.

With Eagle Farm out of play, we faced another change to scheduling for the Brisbane Racing Carnival. Full credit must go to Matt Rudolph and Ross Gove at Racing Queensland for the two-week spacing between the Oaks and Stradbroke Day. Stradbroke Day was marked as a huge success I believe, in large part, due to the format changes. We thank Peter Boyce and John Miller of the Sunshine Coast Turf Club for their amazing support during the Brisbane Racing Carnival and in taking up the challenge of running back-to-back racing to enable our new format.

Toward the end of the financial year we also welcomed Brendan Parnell as the new CEO of Racing Queensland. Brendan was instrumental in immediately securing outstanding coverage of our Carnival as we worked with the new head of Media for Tabcorp Mr Darren Pearce, former CEO of the ATC, on this issue. While it is fair to say that Queensland continues to be marginalised in racing coverage nationally, both Brendan and Darren worked tirelessly to elevate our coverage and I thank them both.





*Eagle Farm track in its return to racing*

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## “With Eagle Farm’s imminent return, sponsors and partner enquiries are at an all-time high”

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I thank Grace Grace, our former Minister for Racing, for her continued support of our great industry and in handling the transition to new Minister Stirling Hinchliffe. Both Stirling and his Chief of Staff, Louise Foley, have engaged with our industry and our great Club in gaining an appreciation for our many challenges. We strongly encourage Minister Hinchliffe to close the gap with our southern counterparts in creating a sustainable and competitive industry for generations to come.

I thank our Board, under Chairman Neville Bell, for their vision and leadership through what will be marked as a transformational era for our Club. Future boards and participants will welcome the perpetual income streams and value being created to allow the BRC to shine.

I thank our 175 full-time equivalent team members, the Executive Leadership Team and my Senior Leadership Team. Their unwavering support during challenging times motivates me to continue to lead the operations back to greatness. We truly now have the team built for the future, and we cannot wait for the future to arrive.

I also thank our great partners, sponsors and stakeholders in staying the course through the disruption of Eagle Farm. In particular to our premium partners in Channel 7, UBET, Lion, Treasury Casino and Hardy Brothers. We do wish Darley all the best after completing their long-standing agreements with us and thank BMW for their amazing support over the past two years.

With Eagle Farm’s imminent return, sponsors and partners have renewed and new partner enquiries are at an all-time high. The future is bright and the track ahead is promising in this space.

### **CHANNEL 7 BRISBANE RACING CARNIVAL**

While the Carnival format changed once again due to Eagle Farm’s omission, by all accounts it was a huge success for our Club. Including the Tatts Tiara, the Carnival welcomed 40,000 guests over five weekends. Our four days welcomed over 32,733 customers and produced an income of \$5.1m and a net cash profit of \$1.2m – an increase of 37 per cent over the prior year.

Our Birdcage precinct, sponsored by Lion, is also a talking point each year with Stradbroke Day completely selling out and the Club maintaining a significant waiting list. This gives us great confidence that the premium product we offer is much sort after and valued by our guests. We also reserved a feature day for our Members to book in and enjoy at a much-discounted rate. This precinct will continue to evolve with some exciting developments in the pipe-line.



*Antique carousel at the Channel Seven Brisbane Racing Carnival*

I was inspired by Tattersall's CEO David Bark and his team for their day and activations. Our Clubs have formed a formidable partnership through knowledge-sharing and innovation.

I congratulate the connections of Santa Ana Lane and trainer Anthony Freedman and jockey Ben Melham for his truly inspiring ride in winning the UBET Stradbroke. I truly thank our on-course trainers for their patience during the carnival as group horses consumed their training tracks and of course for homing interstate horses at their stables.

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## "Fourth consecutive year of growth"

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While the year of racing was challenging, we are proud to report that 436,000 people came through our various businesses during the year. Our average spend per customer increased by 3 per cent in beverage and 8 per cent in food. This was the fourth consecutive year of growth in this space. Owners attendance increased by an astounding 15 per cent for the year with 823 owners now coming every Saturday. Connections House was borne out of this growth and was most certainly the talk of the Carnival on course.

The Board approved management to allow every owner a complimentary drink and food item when their horse runs redeemable in Connections House. We truly value owners.

### ONCOURSE TOTE

Our on-course JV tote suffered the fate of low volume and high costs for the year due to only racing 49 times. Mathematically, we need volume to outstrip our costs for running the on-course Tote especially as we experience a divergence from Parimutuel to Fixed odds betting putting further yield pressure on this business.

On average we opened over 50 tote windows every Saturday raceday to service our growing corporate and existing customer base. Clearly, this is not a commercially viable position though we note that our customers must have access to the Tote.

Our Club is a fierce protector of the on-course bookies and the Tote offering. We are the last bastion of this great frontier and we will continue to invest and protect this business for the history and future of racing and the on-track experience. Having said this, we need to think innovatively in these spaces if we are to be successful.

### ASCOT HOUSE (MIRVAC)

The first of our 8 towers was completed by Mirvac with our first residents moving in and settling in June. The joint venture nature of this development enabled the BRC to pay down \$4.5m in debt from our share of the proceeds of the sales. As settlements continue to close throughout FY19 the

retirement of debt will be our focus. Residents have given us overwhelming feedback and it is great to see a mixture of Members and owner-occupiers moving in and enjoying the surrounds and what this beautiful complex delivers in quality and lifestyle.

Over the ensuing decade, the Mirvac joint venture will deliver significant returns to the BRC and an ongoing income stream from the body corporate rights. We class this as a blue-chip development within our Master Plan.

### RACECOURSE VILLAGE

The Racecourse Village retail precinct at Eagle Farm was mostly completed in 2017/18. With 19 specialty shops and other businesses, this precinct was anchored by Woolworths and delivered by ADCO.

This shopping centre was developed off the BRC balance sheet and with our lending partner ANZ. At a cost of \$24m, we recently received a bank valuation of \$44m.

This is a wonderful blue-chip development based on sound commercial principles and an asset for the Club and our Members to enjoy for generations. In its formative years, the site will generate just north of \$3m in gross income and \$2.54m net (before borrowings).

### ASCOT CHILDCARE

The Ascot Childcare facility was operational for all of FY18 and enrolments continue to grow. As with other blue-chip properties that we own, this site was developed off our balance sheet and with ANZ at a cost of \$2.4m and was valued during the year at \$4.5m. It is operated under a lease by an independent operator.



*Ascot House grand opening presented on the rooftop*





*Infield stables at Eagle Farm*

## INFIELD STABLES

Our infield stables were handed back to operations from the property department during the year and we continue to work closely with our on-course trainers while we bed this facility down. Our 44,000 plants are growing and we are completing the many final details of the in-field precinct.

It would be remiss of me not to mention that we have also addressed the very complex geometry of the site in relation to hydraulics and flood management. While the theory was sound, in reality we did experience some issues with significant rain events during the year and we worked closely with trainer Rob Heathcote to address these. We head into FY19 with some more work to do in this space however the main issues have now been rectified.

## LENLEASE RETIREMENT & AGED CARE DEVELOPMENT

During the year we also entered into a Partnership Agreement with Lendlease on our aged care site at Doomben (adjacent to the 2200m start). This will be a further blue-chip development generating significant Member returns into the future and at this early stage is planned to house up to 300 independent living units and a further 100 high -suites. The BRC has contributed the land to this development and Lendlease will develop.

I personally thank Jeff Kahler for another outstanding year in property for the BRC and our true partners at Mirvac, Lendlease and Woolworths.

## SOUTH SPORTS CLUB ACACIA RIDGE

During the year the BRC also acquired Souths Sports Club at Acacia Ridge. It is a community business that has many synergies with the BRC and Gallopers Sports Club. Souths enables us to unlock further scale through our goods and services purchasing power and we have the proven track record in operating these types of community venues.

The Board approved a \$1.7m refurbishment of Souths to be completed by the end of September 2018. Souths is an exciting opportunity for the BRC as we grow our hospitality and community portfolio. I encourage all our Members to visit Souths once completed and I am confident you will be impressed with our redevelopment.

## GALLOPERS SPORTS & COMMUNITY CLUB

Nearly 100,000 customers frequented Gallopers during the year and the recent \$312,000 refurbishment (FY17) continues to receive wonderful feedback for this medium-sized community Club.

Gallopers delivered an operating profit (EBITDA) for the year of \$1.2m and Wayne Percey our General Manager for the Club is to be congratulated.

## MARKETS

The Eagle Farm Markets continue to face headwinds from increased competition with other markets opening and operating in recent years within our catchment. In addition, the Mirvac redevelopment and the change of our location from Eagle Farm to Doomben and then back to Eagle Farm made for a very difficult year.

While 88,000 customers visited our markets in FY18 and turned a profit, it was down 23.5 per cent on the prior year and the commercial viability (notwithstanding the community engagement) is to be reviewed in FY19.

## NON-RACING

Paddyfest, Big Screen on the Green, the Society Roof Top and our Weddings business continued to develop during the year especially considering the low race meets. These are great community engagement initiatives and emulate the non-racing evolution of our industry's powerful southern Clubs.



*The Autumn Sun wins the Jaguar Land Rover J.J. Atkins Plate on UBET Stradbroke Day*

With more than 200 non-racing events during the year, our sales marketing and operations teams were very productive and the brands such as Paddyfest will be future flagship events for the Club.

I thank our GM of Sales and Marketing Katie Churchill and our GM of Operations Paul Williams for their commitment to innovation and reinvention in driving this part of the business and community engagement strategy.

## FINANCE

Our operating profit (EBITDA) of \$5.95m was a marked increase of \$4.0m over FY17 (\$1.95m profit). After depreciation and interest our 'trading result' for the year reported a profit of \$1.29m up from a loss of \$805,000 for the prior year.

Most noteworthy our racing division continued to face headwinds while we maintained the metropolitan southeast horse population and training surfaces. We kept all tracks, grounds and racing staff employed throughout the year which was a monumental effort.

Racing ran an operating loss of \$4.3m for the year against the prior year loss of \$262,000. We know that our racing business needs at least 80 race meets to break even. At 49 race meets, the result was evident. On the basis of the 96 meets we are contracted to race, we outpace our fixed costs and make a racing profit.

Our property division made an operating profit of \$9.6m and our non-racing division made an operating profit of \$648,000 highlighting the diversity of the BRC business and Master Plan.

In FY14 we forecasted a principal debt of \$67.1m by FY18 and we completed the year at \$67.9m. Souths borrowings as previously discussed, was not factored into the original

model so while there have been some changes, the model is sound.

Our debt to asset ratio is at 49 per cent while we gear up our Master Plan and commercial assets. Most notably however, this does not consider the revaluation of our assets such as the Racecourse Village shopping centre, Gallopers and our childcare facility. When these assets are considered based on bank valuations our debt to asset ratio sits comfortably at 44 per cent. The Board will consider bringing these valuations onto the Balance Sheet in future years.

I thank Steve Gagel our Chairman of Finance, Governance and Risk and our committee for their resolve during the year and additional financial rigour imposed. We maintained a cash quarantine during the year that met the committee's minimum requirements and limited operational capex to ensure our liquidity and interest cover ratios were managed in line with our lenders ANZ. I am happy to report that we checked all boxes during the year with these measures.

While the next few years will continue to pressure test operations, especially as we gently onboard Eagle Farm, we are well positioned to unlock our strategic plan to ensure that our club is insulated and self-sustaining into the future.

## HUMAN RESOURCES

I am extremely pleased to report, that out of 175 full time equivalents, the BRC core business now has a work force composition of 52 per cent female which is a material change from four years prior. This has positively influenced the working dynamic at the Club and a position that should make our General Managers proud.

Human Resources managed our very important mental health initiatives during the year for our team members and management. This included the ongoing retention of 'Converge' and 'Assure', both professional agencies that



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## "I look forward to the future with great anticipation for our Club and for the industry"

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deal with this issue specifically. All BRC team members have access to these help lines and the BRC funds work-related consultancies. We continue to track increased traffic through these lines demonstrating the increasing nature of mental health in our society. The Board drives awareness of these matters at the highest level and fully support our 'Duty of Care' to our employee family.

During the year we engaged with 'Enhanced Research' whom conducted an 'Employee Engagement Survey' across all parts of the business. The teams are working very well together with Tracks and Grounds being a highlight giving a 7.9 out of 10 'management satisfaction' level – a marked improvement over four years prior. Constructive feedback centred on improved equipment and technology and internal communications.

The Brisbane Racing Club has spent the past decade building a solid foundation to future-proof our great club. We now aim to deliver efficiently and effectively and strive for excellence and we are in a solid position to do so. I thank the Board for their unwavering commitment, drive and passion and our entire team for their delivery of the dream.

Unfortunately, Queensland continues to be marginalised in the national racing media and I can assure you, as the principal club, that we maintain our determination

to change this for all Queensland stakeholders and participants. Toward the end of this financial year our media rights negotiations commence. We truly look forward to that process.

Racing in Queensland can have a bright future if we maintain our collective position on improved Government support, racing infrastructure investment, rationalisation and consolidation and media growth. We must also realise the noted efficiencies out of the Tabcorp / Tatts Group merger and maximise returns from the incoming Point of Consumption Tax.

I look forward to the future with great anticipation for our Club and for the industry. The return of Eagle Farm will re-establish the natural order for thoroughbred racing in Queensland. I wish all participants and stakeholders the very best for the upcoming year.



**Dave G. Whimpey**  
Chief Executive Officer



*Santa Ana Lane in the winning circle after the UBET Stradbroke Handicap*



*Eagle Farm Markets*



*Completed Ascot House building*

## Master Plan Report

The Brisbane Racing Club Master Plan had a milestone year in 2017/18 marked by the completion of the first residential tower at Eagle Farm Racecourse known as Ascot House.

This is the first of eight buildings to be collectively known as Ascot Green. This magnificent building was developed in a joint venture with premium residential developer Mirvac and comprises some 90 apartments over nine levels.

The apartments are generously sized and finished to a premium standard to match the location. The inclusion of a large rooftop terrace for use by residents has been a real hit offering spectacular views of Eagle Farm Racecourse, across the airport to Moreton Island and back to the Brisbane CBD. The vast majority of the occupants are owners as opposed to renters and this is testimony to the quality of the building and its location within the exclusive Eagle Farm Racing precinct.

The building was completed as scheduled in June this year. Residents have moved in and are enjoying the instant community offered by owning an apartment at the BRC.

The feedback has been extremely positive. Many residents have remarked that the experience is better than they had expected and will only increase when racing returns to Eagle Farm.

The Club has retained the management rights for Ascot Green, allowing us not only to maintain the quality of the grounds and racecourse but also providing another revenue stream for the Club.



*View from the rooftop of Ascot House*



*Racecourse Village Solar Panels*





*Ascot Park handover*

The other major milestone recently achieved was the completion and opening of Racecourse Village Shopping Centre. Sporting the latest and greatest Woolworths supermarket, Racecourse Village includes the following shops:

- Priceline Pharmacy
- Le Tooth Dentistry
- La Diva Beauty and Nails
- Barber One
- Epic Hair
- Medical Centre
- Agility Pilates and Physiotherapy
- Orange Theory Gym
- Bernborough Ascot sales suite,

The Centre has a fantastic food offering including:

- DA Burger gourmet Burgers
- Koodles, Korean BBQ and noodles
- Vito's Italian café
- Sushi Kura
- Ascot Bakehouse
- BWS

Racecourse Village was developed by your Club and fully debt-funded by ANZ Bank. The Centre was delivered under budget and was valued on completion at \$44.0m which was well in excess of budget.

Racecourse Village was developed with the intention that it is retained by the Club over the long-term, providing positive cashflows from day one. In line with the long-term ownership strategy, the Centre incorporates over \$700,000 of solar panels on the roof delivering 350kwh of electricity to the Centre.

The revenue from the Centre is secured by long-term leases to hand-selected retailers and, of course, our major tenant Woolworths.

The Master Plan for Doomben has now begun in earnest. Pre-Christmas 2017 the Club signed a long-term lease and joint venture agreement with Lendlease to construct and operate some 300 independent living units and 144 aged care beds in a state-of-the-art retirement village complex



*Bernborough Ascot - Lendlease Retirement & Aged Care Village*

on Precinct 9 of the Master Plan which is located at the eastern most point of Hampden Street, Doomben.

This agreement partners the BRC with one of the most reputable retirement village developers and operators in Australia and will deliver strong revenue streams from day one for the Club and will continue over the full 99 years of the lease agreement. At the end of the 99 years, the land and facility reverts back to the Club. A Development Application has been lodged with Council and subject to approval, construction is scheduled to start early 2019.

With the activation of the 1000 car parking spaces on the Eagle Farm infield, we were required to hand the McGill Avenue Members' Carpark back to Brisbane City Council on the condition that the land be converted into a park for use by the community. We understand that Council are planning to spend well in excess of \$1 million to upgrade the park and turn it into a focus for the local community. Meanwhile, Members will enjoy a premium experience parking on the Eagle Farm infield.

BRC is proud to have partnered with Mirvac, Woolworths and Lendlease in developing our premium Master Plan for Eagle Farm and Doomben Racecourse. The quality of the partners is reflective of the quality of the plan your Club is delivering.

The financial benefits of the Master Plan are now flowing strongly as forecast. Long-term recurring income from the childcare centre, Eagle Farm infield stables and shopping Centre are now flowing into the Club.



**Jeff Kehler**  
General Manager -  
Property and Asset  
Mangement



*Santa Ana Lane wins the Stradbroke Hcp and is on the trek to The Everest*

## Racing Report

During 2017-18 Doomben played host to the 49 fixtures, including 45 BRC race meetings, with the total number of runners at 4202 for average field size of 10.35. This is regarded as an attractive number for betting turnover.

Congratulations go to our metropolitan premiership winners – jockey Jeff Lloyd and trainer Tony Gollan. Jeff again topped a century of metro winners (106) for the season, riding with exceptional consistency to post a winning strike rate of 22.8 percent. Tony also had another highly successful season to take out the trainers' title with 90 wins.

Once again racecourse manager Jim Roberts, his very capable deputy Ross Smith and the entire track staff deserve the highest praise for the way they managed Doomben under a massive workload and some trying weather patterns.

Rainfall recorded at Doomben over the year was 991.5mm, with the heaviest falls in February (247mms) and March

(192mm). The Saturday February 24 meeting was abandoned and there were four other days when some later races had to be abandoned due to rain. The track rating breakdown was: Good 3 (7); Good 4 (22); Soft 5 (3); Soft 6 (4); Soft 7 (4); Heavy 8 (5); Heavy 10 (3).

### CARNIVAL RACING

The national focus turns to Brisbane during our Channel Seven Brisbane Racing Carnival and this year again proved to be of the highest standard. With the fixed dates of the Sydney carnival and its close proximity to Brisbane, some of the early carnival riches lured some big names from the south.

It is noteworthy the KIRIN Doomben 10,000 winner English and UBET Stradbroke Handicap winner Santa Ana Lane



*BRC Chairman Neville Bell gifting Jeff Lloyd with a magnum of Moët for winning the jockey's premiership last season*





*English captures the KIRIN Doomben 10,000 from a star studded field of sprinters*

were both secured by slot holders for The Everest, the \$13 million sprint at Randwick on October 13, while Redzel, fourth in the KIRIN Doomben 10,000, was an early favourite to repeat his success in the inaugural The Everest last year. A second success in the world's richest sprint would augur well for future carnivals.

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*"The KIRIN Doomben 10,000 was the ninth highest-rated race on the Australian racing calendar"*

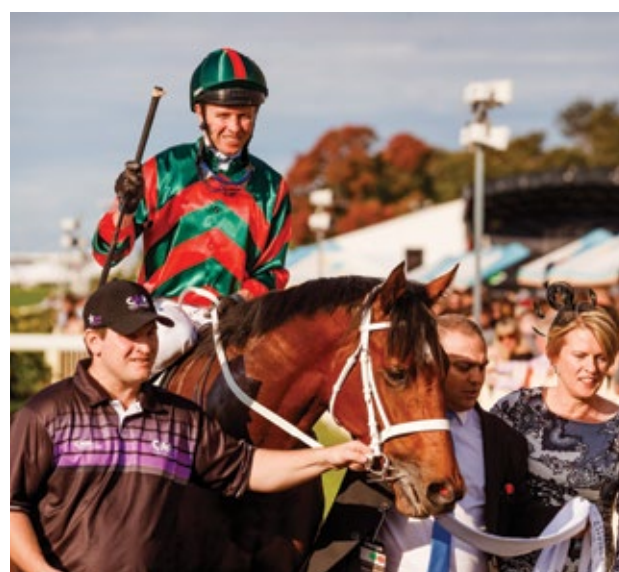
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The 2018 ratings for most of our Group 1 races lifted with the KIRIN Doomben 10,000 being a spectacular performer with a rating of 119.5. This made the KIRIN Doomben 10,000 the ninth highest-rated race on the Australian racing calendar and it's now well entrenched in the top 100 races in the world on official international rankings.

Impending lifted his stud value by finishing second to English in the Doomben 10,000 before winning the Altus Kingsford Smith Cup, both Group 1 races at weight-for-age. It was a powerful sign-off for the 2017 Stradbroke Handicap winner ahead of his retirement to stud.

The Channel 7 Queensland Derby again drew international attention from Hong Kong, with winner Dark Dream the subject of a multi-million dollar deal to continue his career for new connections. He follows Ruthven and Eagle Way in leaving for Hong Kong.

Australia's premier trainer Chris Waller again dominated with three Group 1 successes and five victories in Group 2 feature events. His Brisbane graduates again shape as key spring contenders. Comin' Through progressed from the Sydney autumn to take out the Group 1 Hardy Brothers Doomben Cup, while Youngstar was a stand out in the classic fillies division with her Group 1 Treasury Brisbane Queensland Oaks victory. The lightly raced two-year-old The Autumn Sun emphatically underlined his potential by

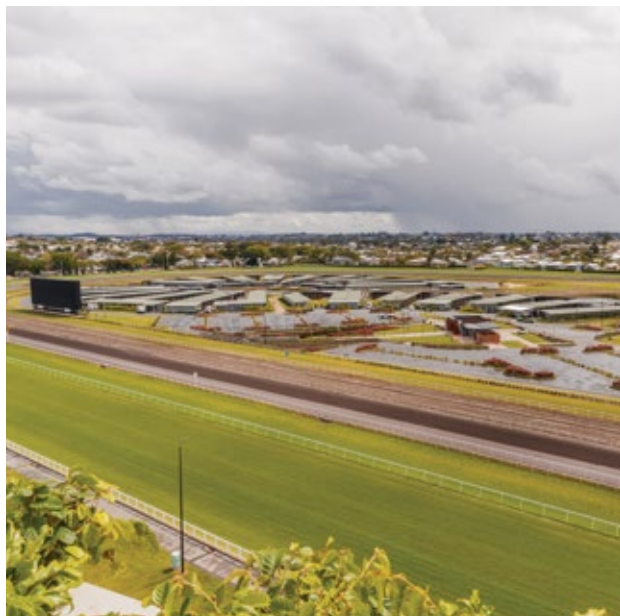


*The Autumn Sun defeated Zousain to give Chris Waller his third Group One Quinella of the carnival in the JJ Atkins*

winning the Group 1 Jaguar Land Rover J.J. Atkins at only his third start, completing a clean sweep of the two-year-old features for the stable following wins by Lean Mean Machine (Group 2 Mitavite BRC Sires Produce) and Zousain (Group 2 Moët & Chandon Champagne Stakes).

Time and time again the springboard for success has been the Brisbane winter and 2018 looks set to go down as another vintage renewal as a nursery for future champions.

The revamped summer carnival continues to gather momentum as BRC hosts the feature black type meetings throughout December with Pierata establishing himself as one of the country's best three-year-olds while Care To Think emerged as a topline when graduating to open company in The Buffering, a race subsequently elevated to Listed status. Eureka Stud's freshman sire Spirit Of Boom burst onto the scene when his two-year-olds Ef Troop and Outback Barbie captured a stakes double in the Phelan Ready and Calaway Gal Stakes prior to Christmas.



*Eagle Farm in readiness for its return*



*Racehorses in their stables at Eagle Farm*

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“Signs are positive for the redevelopment works on the Eagle Farm course proper”

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## EAGLE FARM REFURBISHMENT

As we move into the new season signs are positive for the redevelopment works on the Eagle Farm course proper. We have a way to go yet before the project management group that includes the experienced Mick Goodie (Racing Queensland) are ready to name a date for a return to racing. The track is building nicely towards a sustainable base for a limited racing program ahead of next year’s Brisbane Racing Carnival.

A test section from the 1800 metres back to the winning post was laid in December 2016, with the final rollout – from the 1100 metres anti-clockwise – was not completed until early April. The BRC was then granted access to assist in the maintenance which includes regular reporting of root development and thatch levels as well testing for nutrients and preventative measures for disease. Members can be assured in the past six months the new track has received unsparing, professional care with resources utilised of the highest possible quality.

## OWNERS

Ticketing processes were streamlined to enable owners a single collection point as well as access to a new facility adjacent to the mounting yard known as Connection House. The concept was generated from a site visit to Randwick in conjunction with the operations and facilities teams and has been well received.

## TRAINING

The configuration of the infield training precinct has drawn much attention from interstate and international jurisdictions. The efficiency of the new facility is only bettered by the feedback on how well horses relax in their open stable surrounds. Over the past 12 months the Club has invested money and time into the dirt track and amenities to improve safety for horses and participants.

## COURSES & PROFESSIONAL DEVELOPMENT

Throughout the season the club has also invested in staff to ensure the BRC maintains the highest of standards. BRC starters travelled to Randwick to work alongside their counterparts during a race meeting, whilst staff have also attended formal training in turf management during breaks in the racing schedule. Racecourse managers also attended the Australian Racecourse Managers’ Association national conference. The BRC was also represented at the Asian

Racing Conference in South Korea.



**Matt Rudolph**  
General Manager -  
Racing



## 2018 CHANNEL SEVEN BRISBANE RACING CARNIVAL - GROUP RACE

Prize Money	Race	Winner	Jockey	Distance (m)	Weight (kg)	Trainer
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### GROUP 1

\$700,000	KIRIN Doomben 10,000	English	Tim Clark	1200	56.5	Gai Waterhouse & Adrian Bott
\$650,000	Hardy Brothers Doomben Cup	Comin' Through	Michael Walker	2000	59	Chris Waller
\$500,000	Treasury Brisbane Queensland Oaks	Youngstar	Kerrin McEvoy	2200	56.5	Chris Waller
\$700,000	Altus Traffic Kingsford-Smith Cup	Impending	Damian Browne	1350	59	James Cummings
\$600,000	Channel Seven Queensland Derby	Dark Dream	Tim Clark	2200	57	Kerry Parker
\$600,000	Jaguar Land Rover J.J. Atkins	The Autumn Sun	Kerrin McEvoy	1600	57	Chris Waller
\$1,500,000	UBET Stradbroke Handicap	Santa Ana Lane	Ben Melham	1350	55.5	Anthony Freedman

### GROUP 2

\$175,000	Moët & Chandon Champagne Classic	Zousain	Kerrin McEvoy	1200	57	Chris Waller
\$175,000	Magic Millions The Roses	Youngstar	Kerrin McEvoy	2000	56.5	Chris Waller
\$250,000	Mitavite BRC Sires' Produce Stakes	Lean Mean Machine	Corey Brown	1350	57	Chris Waller
\$200,000	Bundaberg Rum Dane Ripper Handicap	Invincibella	James McDonald	1350	55.5	Chris Waller
\$300,000	Pages Event Hire Brisbane Cup	Sedanzer	Tim Clark	2200	53	Gai Waterhouse & Adrian Bott
\$350,000	Ascot Green Queensland Guineas	Sambro	Michael Walker	1600	57	Chris Waller

### GROUP 3

\$125,000	Ascot Green Chairman's Handicap	Anton En Avant	Matthew McGillivray	2000	54	Stephen Lee
\$125,000	Mittys Rough Habit Plate	Dark Dream	Tim Clark	2000	57	Kerry Parker
\$125,000	Flight Centre BRC Sprint	I'm A Ripper	Jeff Lloyd	1350	54	Tony Gollan
\$125,000	Channel Seven Premier's Cup	Rising Red (NZ)	Corey Brown	2200	54	Trent Busuttin & Natalie Young
\$150,000	Sky Racing Fred Best Classic	Perast	Tim Clark	1350	57	Paul Perry
\$150,000	Glenlogan Park Stakes (Moreton Stakes)	Pedrena	Michael Dee	1350	57.5	Mick Price
\$150,000	Mullins Lawyers Grand Prix Stakes	Heavenly Thought	Damian Lane	2200	57	Darren Weir
\$125,000	Programmed Property Services Lord Mayor's Cup	Duca Valentinois (IRE)	Glyn Schofield	1630	59.0	James Cummings



Horses parading out for the UBET Stradbroke Handicap on UBET Stradbroke Day

## Operations & Facilities Report

The exciting journey of the BRC continues with the next phase of the Master Plan for the ongoing enhancement of the Club's operations across all levels of the business during 2017/18.

### OPERATIONS

The past year has seen rapid growth in service deliveries and project development. In July we refocused on Doomben for our Spring, Summer and Winter Carnivals of racing with activation of food and beverage offering, service deliveries and revamp of furniture across the course.

All point-of-sale contact for Members was upgraded to enable the claiming and redeeming of rewards points. All swipe terminals were relocated into a central location for ease when entering the Members' enclosure. New televisions were installed in the top section of Apache Cat café to enhance the Members' experience. Larger televisions were introduced on the Members side of the rails betting ring.

The integration of our Master Plan into the operations model was a focal point throughout the year particularly at Eagle Farm with Ascot Green and Racecourse Village Shopping precinct coming online. We were able to return the Sunday Markets to Eagle Farm from Doomben once

construction works were completed.

The absence of Eagle Farm from the racing calendar forced Operations to be proactive in driving non-racing events. We used the big screen at Eagle Farm as a drawcard for community activities such as movie nights and sporting events. We initiated Paddyfest and the Silks Road Festival both coinciding with a phantom race meeting for Members and guests at Eagle Farm. We are well advanced in planning for the interaction of non-race day events with racing when meetings resume at Eagle Farm.

The introduction of Society Rooftop Spring/Summer/Autumn Series throughout the year was a great success with impressive numbers for each function.

Service experiences for members, their guests and all other patrons continues to be a high priority at BRC. We are developing new service standards and policies. We have heavily concentrated our training on service delivery and product knowledge. Our recruitment drive has centred on having high-calibre staff in all our service outlets.

These action items will continue to develop in the coming year to further enhance the racing experience at Eagle Farm and Doomben. We continue our recruitment where necessary to enhance the quality of staff for the upcoming spring and summer carnivals.

Working with our suppliers, we introduced some new beverage offerings:

- Pimm's launched in time for the Spring Carnival to embed the product over both our Members and public bars.
- A new wine list was introduced into our Members and public bars.
- KIRIN beer became our lead brand for Doomben and Eagle Farm





*The Village during the Channel Seven Brisbane Racing Carnival*



*Connections House at Doomben Racecourse*

The BRC had an extremely successful 2018 Channel Seven Brisbane Racing Carnival. The BRC operations team recorded positive feedback throughout this important time of the year. The overwhelmingly positive response came across all facets of our raceday service – industry, corporate clients, Members and their guests and general racegoers.

New activation precincts (The Village and Carousel) provided a diverse offering for racegoers. The engagement of well-known Brisbane restaurants including Byblos, Darling & Co, Chop Chop Changs and Madame Wu was well received by patrons. Corporate hospitality execution was highly acclaimed with a majority of strong feedback from clients. This was heartening news for all our team.

Members' areas expanded with additional service points provided to alleviate service issues. The reconfiguration of the Bookies Bar was done to better service Members including the offering of coffee and food into the Members' enclosure at the end of the rails bookies' stands. We also reset the Members' courtyard with better access to bar, food and betting facilities.

We were grateful for the feedback from the refurbishment of The Lookout, which became Connections House. This is a place for our owners to enjoy the raceday hospitality without impacting the Members' enclosure. It was pleasing to see so many local and interstate owners enjoying the facilities.

## **FACILITIES**

Throughout the year the Facilities team worked in the background to ensure the seamless delivery of front and back-of-house services to support all teams in our racing and non-racing products. Within the grandstands at Eagle Farm, the facilities team have refreshed rooms in the John Power Stand for the return to racing and undertaken a renovation to both the east and west timber decks of the Tote building.

Before the commencement of the 2018 Brisbane Racing Carnival, Doomben received a rejuvenation to the betting ring bar in an effort to reduce service times for both Members and public patrons. The team also ensured the new Connections House was completed before the Carnival. This period also saw a new Members' kiosk and information desk for all weather conditions.

As a part of the Brisbane Racing Club's Master Plan, we welcomed the opening of the Ascot Green apartments and Racecourse Village. These have presented new and exciting challenges for all stakeholders as they integrate adjacent to the racecourse and infield training facility.

During the 2018 year the design and tender process has been underway to provide a new high voltage substation and main switchboards for the Eagle Farm site with completion due late 2018. To complement the Eagle Farm infield trainers' area, a horse safety gate has been installed on the infield side of the vehicle tunnel which will ensure loose horses remain in the infield.

I would like to note my sincere thanks for the support during the 2017/18 period particularly to the staff under the Operations Team. And a warm thanks to our Members, their guests and all patrons who have been involved in all aspects of the BRC entertainment activities.



**Paul Williams**  
General Manager -  
Operations



*Friends enjoying the glamour of the Channel Seven Brisbane Racing Carnival*

## Sales & Marketing Report

The growth of the Brisbane Racing Club into a multi-faceted business continued in 2017/18 as several key indicators increased despite the unavailability of Eagle Farm for racing.

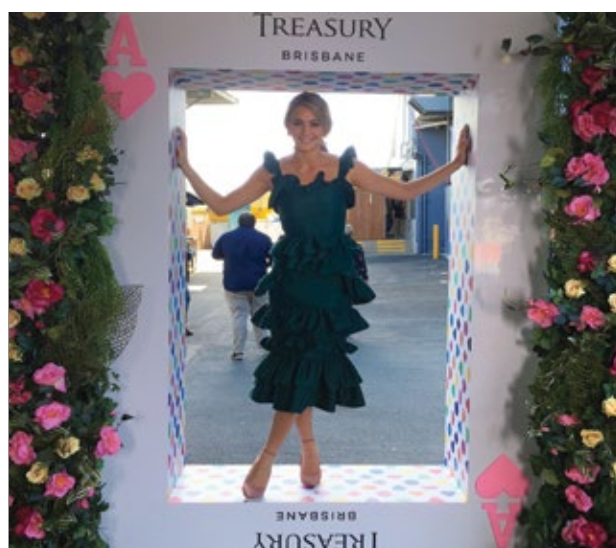
Some of the highlights included:

- A 6 per cent increase in the BRC's Membership base
- Increased Member satisfaction ratings
- Feature raceday attendance growth despite a shortened Channel Seven Brisbane Racing Carnival
- The implementation of a comprehensive calendar of non-racing events
- The launch of a new responsive and user-friendly website with full mobile functionality

The growth in the BRC's membership base came from a mix of voting and non-voting categories including The Chairman's Club, Young Membership, General Admission Membership, Social Membership and the Giddy Up Club. This was a positive result given the reduction in race meetings in 2017/18 due to the Eagle Farm track renovation. We remain focused on interaction with our Members as

we work towards the return of racing at Eagle Farm. Our membership satisfaction rating is a key indicator of that interaction. We collate feedback from Members' surveys four times each year to allow the Board and Senior Leadership team to be as responsive as possible. The feedback from this year indicated that Member satisfaction was higher than ever. Much of this flows from our Member Rewards Program and Member events. Thank you to our Members for their support, understanding and passion for racing in Brisbane.

The condensed 2018 Channel Seven Brisbane Racing Carnival was memorable with the fantastic racing supported by high-profile entertainers including Shannon Noll and Sheppard. There was a real buzz around the Carnival,



*Channel Seven Brisbane Racing Carnival ambassador Kendall Gilding at Treasury Brisbane Ladies Oaks Day*



assisted by ambassadors including the likes of Sam Frost, Beau Ryan and Kendall Gilding. This helped our marketing campaign to reach more than 2 million people via social media.

More than 1000 Members and guests attended each of the first three days of the Carnival before almost 2000 Members came to Doomben for UBET Stradbroke Day. The new Connections House for owners freed up room in the Members, as did "The Village" activation space behind the public grandstand with pop up bars and food outlets, fashions on the field, pamper zone, a carousel, big screen and DJs.

Outside of the Carnival, Doomben drew large attendances for Spring Racing, Girls Day Out and our Country Music raceday. Since the launch of the Giddy Up Club, our three family racedays have also experienced significant growth. Overall raceday hospitality profit increased eight per cent on the previous year (\$2.7m versus \$2.5m).

While racing will always be at the core of the BRC, we continue to grow our non-racing event initiatives. Despite the closure of Eagle Farm for racing, the racecourse's many event spaces buzzed with sell-out functions in the Society Rooftop throughout summer, autumn and spring. The refurbished Society Rooftop has become Brisbane's newest destination to take advantage of the balmy Queensland weather with its elevated position and fairy-lit fig trees.

The events team also took full advantage of the largest screen in the southern hemisphere by launching monthly Big Screen on the Green events varying from trivia nights, sports telecasts and movie screenings.

On March 17, the BRC launched Paddyfest – the largest St Patrick's Day festival ever seen in Brisbane. Eagle Farm showed its diversity by hosting a crowd of more than 3000 people who enjoyed a live set from comedian Jimeoin, traditional Irish dancing, pipe bands and live music. This display of diversity will continue this September with Doomben playing host to the first Country Music Rodeo.



*Behind the scenes of a 2018 Channel Seven Brisbane Racing Carnival PR photoshoot*

The BRC has had the good fortune to assist many charities during 2017/18. We do this in a variety of ways and we're grateful for the opportunity to work with these charities and learn more about their remarkable work. During 2017/18, the BRC assisted 144 charities with approximately \$75,000 worth of support. We look forward to continuing this work into the future.

My sincerest thanks to all of our Members and corporate clientele who loyally supported these events and our great Club over the past year. I look forward to continued growth in this space over the next 12 months.



**Katie Churchill**  
General Manager -  
Sales & Marketing



*Big Screen on the Green at Eagle Farm Racecourse*



*BRC staff prepared for patrons*

## Human Resources

Human Resources continued to deliver on relevant parts of the BRC's Strategic Plan 2017-2020 during the last 12 months.

The focus continues to be on the development and implementation of effective human resources frameworks, policies and procedures that ensure the BRC's ability to attract, retain, develop and manage a highly engaged and committed workforce. This is done through the provision of systematic, coordinated services across all departments.

As the BRC transforms its operations over the longer term, the business will require a workforce that is diverse, skilled, trained and responsive to the needs of our customers and racing industry stakeholders. Our mission is to be an innovative industry leader with a self-sustaining ethos to assist the growth and future of the BRC.

### HIGHLIGHTS

- Revise and refresh HR Policy documentation where required to ensure compliance and relevance
- The Club was required to report to the Workplace Gender Equality Agency again this year. We again achieved compliance and have reduced the gap in

gender diversity within the workplace from last year's report.

- Within our Tracks and Facilities team, we are negotiating an EBA that will allow greater flexibility, increased career opportunities and will assist us in creating a multi-skilled and responsive workforce. This will be critical in ensuring we can provide operations and event management for a diverse customer group in the future.
- BRC are in partnership with not-for-profit organisation MEGT and have employed three people on Sports Turf Management apprenticeships. The BRC understand the importance of apprentices as we help to foster growth while maintaining and preserving the quality and future skills needed in this industry.

### TALENT AND SUCCESSION PLANNING

There is an opportunity to further develop the capability of the BRC by linking the Performance Management Framework to encompass Talent Management and Succession Planning requirements. Initiatives to support this outcome include:

- Conducting an engagement survey and undertaking action planning from the results of the survey;
- Investment in the capability of leaders to drive the desired culture and behaviours;
- Continued refinement of the reward and recognition program.
- Continued focus on the effective use of the performance management framework to ensure clear accountability and visibility of performance throughout the organisation.



## FUTURE WORKFORCE

Initiatives that ensure we have the right people in the right place at the right time will include developing a workforce planning process to define the future workforce requirements and identify gaps and related strategies.

## WORKPLACE HEALTH & SAFETY

Safety will always be our number one priority. It is embedded in everything we do. The safety and wellbeing of our employees and stakeholders is paramount in every action we take.

We have recently appointed an experienced Risk and Compliance Manager from the Melbourne Racing Club. The appointment of this role will see significant changes in behaviour and engagement within all levels of the Club with regards to safety. We partnered with Workplace Health and Safety Queensland on their IPaM program (injury prevention and management) to assist in reviewing and improving safety and injury management at our workplace. The BRC have been involved in this program for the last two years and are now in the self-management stage. We can successfully demonstrate safety leadership and continuous improvement in workplace health and safety. The BRC has been awarded a certificate of completion.

We implemented a Health, Safety & Environment Strategy Program. The strategy addressed the following key areas:

- Leadership and Ownership
  - Actioning and closing out hazards reported
  - Incident reporting and investigation
  - Completing and reviewing risk assessments, safe work method statement
  - Creating and reviewing safe operating procedures
  - Health and safety actions register to track and close out actions.
- WHS Working Culture
  - Improved behavioural safety and safety culture: via training, encouragement and recognition awards, to change staff's views and opinions of safety in order to want staff to work safely.
- Training
  - Staff training and resources in order to work safe and be more aware of Workplace Health & Safety responsibilities and current laws.



**James Versace**  
Chief Financial Officer



*BRC apprentice gardeners (L to R) - Corey Rosenthal and Oliver Barker.*



*Chef presenting a birthday cake to Beau Ryan - Channel Seven Brisbane Racing Club ambassador.*



*Souths Sports Club newly renovated bar*

## Clubs Report

The BRC's Clubs arm enjoyed a strong 2017/18 year, returning solid results for Members.

Gallopers reported a net profit of \$937,226. The racing fraternity has really taken ownership of Gallopers as a meeting place for our great sport. It's a pleasure to host so many of our great contributors at a club that continues to grow.

The most exciting news for our clubs arm in 2017/18 was the BRC's acquisition of Souths Sports Club at Acacia Ridge. The BRC finalised the purchase of the club and obtained a 25-year lease from the Brisbane City Council. Souths Junior Rugby League Club, which is based at the Sports Club, has been home to many great footballers including Cooper Cronk, Mel Meninga, Gary Belcher and Johnathan Thurston. The club was in danger of having to close its doors, which would have been a terrible blow for the 22 junior teams, 300-plus families and the Acacia Ridge Bowls Club that also play out of the complex.

Souths Sports Club met and exceeded our criteria through rigorous feasibility studies carried out by the BRC and also an independent consultant. The club was in much need of a facelift and repositioning in the market place. We have

completed a total refit of the club which is already returning positive results for BRC and its Members.

During the year, we're very proud to report that the BRC donated more than \$250,000 in cash and kind back to local communities through our two clubs. As part of this commitment, the BRC will ensure that each young Souths player will start the football season with a jersey, shorts and socks, removing one of the hurdles of parents face on a limited income. The players proudly wear the logo of the BRC and Souths Sports Club.

Gallopers and Souths are family-friendly and safe venues. They have been well patronised with quality and affordable meals, kids' rooms, latest gaming machines plus plenty of vision for sports fans. I would like to acknowledge the fantastic staff that make our clubs what they are. Our staff are leaders in customer service and hospitality. I would also like to thank the members of our licensed clubs for their continued goodwill and excellent behaviour in 2017/18. We look forward to another fantastic and rewarding year in 2018/19.



**Scott Steele**  
Group General  
Manager - Clubs



# Directors' Report and Financial Statements

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# | 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 2018.

## **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	J D Shepherd (resigned 14 November 2017)
R H Morrison	S P Gleeson	J N Creaton (appointed 29 March 2018)
D J Dawson	C M Schatz	T J Svenson

Directors have been in office since 1 July 2017 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 J 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 20 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 D G Whimpey who has 24 years' experience in finance and operations across blue chip companies including Jupiters Casino, KPMG, TABCORP and Westfarmers both domestically and internationally. Mr Whimpey holds a Master's in Business Administration from Surrey (UK).

## **PRINCIPAL ACTIVITIES**

The principal activities of the Company during the financial year to 30 June 2018 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; Residential development activities.

## **OPERATING RESULTS**

The Company recorded a total comprehensive profit for the year of \$1,297,295 (2017: loss \$805,526).

## **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 2,786 (2017: 3,132) racing members, so the total amount that members of the Company are liable to contribute if the company is wound up is \$27,860 (2017: \$31,320).

## **REVIEW OF OPERATIONS**

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



# | Directors' 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 2018 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**

The residential development at Eagle Farm achieved a significant milestone with partner Mirvac when the first residential tower, Ascot House, reached practical completion and began settlement with contracted customers in June 2018.

Precinct 5A is a new shopping centre on Nudgee Road being developed by the Club and has been named Racecourse Village. This centre will be anchored by a full-line Woolworths supermarket and will include approximately 15 specialty shops and 1,000 m2 of level one office space. The shopping centre opened on the 31st July 2018.

The BRC's Master Plan continued to evolve with the first work earmarked for Doomben racecourse. The BRC sought expressions of interest from qualified aged care / retirement groups to develop Precinct 9 of the Master Plan on Hampden St. After an independent, successful campaign, the BRC awarded Lend Lease, one of Australia's largest and most successful retirement living groups, the contract to construct approximately 300 independent living units and an aged care facility.



*Brisbane Racing Club Directors (L to R) - Steve Gagel, Dave Whimpey (CEO), Terry Svenson, Richard Morrison (Vice-Chairman), Neville Bell (Chairman), David Dawson, Jennifer Creaton, Curt Schatz, James Versace (CFO) and Simon Gleeson.*

# | Directors' Report

## INFORMATION ON DIRECTORS

### NEVILLE BELL (AGE 70)

#### 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 44)

#### Vice-Chairman

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

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

### DAVID DAWSON (AGE 71)

#### 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 46)

#### 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.



# | Directors' Report

## **SIMON GLEESON (AGE 40)**

### **Director**

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

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

## **CURT SCHATZ (AGE 59)**

### **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.

## **JENNIFER CREATON (AGE 49)**

### **Director**

Qualifications and Experience – Jennifer has worked in the financial services industry for almost 20 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 and Master Planning Sub-Committees.

## **TERRY SVENSON (AGE 47)**

### **Director**

Qualifications and Experience – Terry is Chief Executive Officer at Suntory Coffee Australia and New Zealand where he leads an international coffee business which operates throughout Australia, New Zealand, Asia, and North America. He has extensive business strategy, leadership, consumer marketing, and corporate governance experience. Terry is currently a Non-Executive Director at Queensland Cricket and Chair of the Brisbane Heat Committee, a Queensland Cricket Franchise in the T20 Big Bash League (BBL & WBBL). He is a former Chief Executive Officer at Cerebos Australia and New Zealand and Non-Executive Director at Australian Food & Grocery Council and Frucor Beverages. Terry is a Member of the Australian Institute of Company Directors (GAICD).

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

# | Directors' Report

## 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	11	-	-	8	8	4	4	1	1	2	2
D J Dawson	11	11	-	-	-	-	4	4	1	1	2	2
S M Gagel	11	11	5	5	-	-	-	-	1	1	-	-
S P Gleeson	11	9	5	5	8	5	-	-	-	-	2	2
C M Schatz	11	10	-	-	8	3	-	-	1	1	-	-
J D Shepherd	4	4	1	1	4	3	-	-	-	-	-	-
J N Creaton	4	4	2	2	2	2	-	-	-	-	-	-
T J Svenson	11	9	5	4	-	-	4	3	-	-	-	-

A = Number Meetings Eligible to Attend

B = Number Attended

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



# | Directors' Report

## **PURPOSE AND AMBITION**

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

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

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

## **OFFICERS' AND AUDITORS' INDEMNIFICATION**

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

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

with the exception of the following:

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

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



**N D BELL**

Director



**S M GAGEL**

Director

25 September 2018

## 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 2018 there have been:

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



**Bentleys Brisbane (Audit) Pty Ltd**  
Chartered Accountants



**Stewart Douglas**  
Director

Brisbane  
25 September 2018



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

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

	Note	2018 \$	2017 \$
Revenue	2	50,937,515	45,210,042
Expenses	3	(49,641,814)	(46,032,134)
Profit/(Loss) from ordinary activities		1,295,701	(822,092)
Other comprehensive income/(loss)	23	1,594	16,566
<b>Total comprehensive income/(loss) for the year</b>		<b>1,297,295</b>	<b>(805,526)</b>
<b>Summary</b>			
Racing Revenue		30,004,751	34,650,106
Non-Racing Revenue		10,618,556	8,549,791
Property Revenue		10,314,208	2,010,145
<b>Total Revenue</b>		<b>50,937,515</b>	<b>45,210,042</b>
Racing Expenses		(34,383,880)	(35,483,678)
Non-Racing Expenses		(9,974,270)	(7,030,096)
Property Expenses		(627,347)	(739,879)
<b>Total Expenses</b>		<b>(44,985,497)</b>	<b>(43,253,653)</b>
Profit/(Loss) before Depreciation and Interest		5,952,018	1,956,389
Depreciation and Interest		(4,656,317)	(2,778,481)
Other comprehensive income/(loss)		1,594	16,566
<b>Total comprehensive income/(loss) for the year</b>		<b>1,297,295</b>	<b>(805,526)</b>

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

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

	Note	2018 \$	2017 \$
<b>Current Assets</b>			
Cash and cash equivalents	5	8,580,999	3,460,744
Trade and other receivables	6	5,165,313	5,558,140
Inventories	7	451,850	496,152
Prepayments		332,415	480,519
Total Current Assets		14,530,577	9,995,555
<b>Non-Current Assets</b>			
Property, plant and equipment	8	158,563,211	139,020,451
Investment properties	9	792,000	794,000
Intangible assets	10	914,604	552,279
Defined benefit plan		208,142	248,120
Total Non-Current Assets		160,477,957	140,614,850
<b>Total Assets</b>		<b>175,008,534</b>	<b>150,610,405</b>
<b>Current Liabilities</b>			
Trade and other payables	11	13,204,442	7,878,680
Employee entitlements	12(a)	1,350,882	1,239,250
Provisions	13	131,932	104,343
Income received in advance		2,574,229	1,587,300
Borrowings	14(a)	10,170,478	1,514,761
Total Current Liabilities		27,431,963	12,324,334
<b>Non-Current Liabilities</b>			
Employee entitlements	12(b)	177,932	172,055
Borrowings	14(b)	57,791,090	49,913,424
Financial Liabilities	15	599,085	489,423
Total Non-Current Liabilities		58,568,107	50,574,902
<b>Total Liabilities</b>		<b>86,000,070</b>	<b>62,899,236</b>
<b>Net Assets</b>		<b>89,008,464</b>	<b>87,711,169</b>
<b>Equity</b>			
Members' funds		88,811,997	87,514,702
Asset revaluation reserve		196,467	196,467
<b>Total Equity</b>		<b>89,008,464</b>	<b>87,711,169</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 2018

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

	Members' Funds	Asset Revaluation Reserve	Total
	\$	\$	\$
<b>Balance at 1 July 2016</b>	<b>88,320,228</b>	<b>196,467</b>	<b>88,516,695</b>
<b>Comprehensive Income</b>			
Profit attributable to the entity	(822,092)	-	(822,092)
Other comprehensive income for the year	16,566	-	16,566
Total Comprehensive Income	(805,526)	-	(805,526)
<b>Balance at 30 June 2017</b>	<b>87,514,702</b>	<b>196,467</b>	<b>87,711,169</b>
<b>Comprehensive Income</b>			
Profit attributable to the entity	1,295,701	-	1,295,701
Other comprehensive income for the year	1,594	-	1,594
Total Comprehensive Income	1,297,295	-	1,297,295
<b>Balance at 30 June 2018</b>	<b>88,811,997</b>	<b>196,467</b>	<b>89,008,464</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 2018

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

	Note	2018 \$	2017 \$
<b>Cash Flows From Operating Activities</b>			
Cash receipts from customers		52,818,430	40,984,093
Payments to suppliers and employees		(39,503,748)	(42,314,267)
Interest received		32,463	23,867
Interest paid		(1,284,794)	(78,321)
Net Cash provided by/(used in) Operating Activities	17	12,062,351	(1,384,628)
<b>Cash Flows From Investing Activities</b>			
Purchase of property, plant and equipment		(23,515,240)	(24,756,603)
Purchase of Intangible assets		(34,545)	-
Proceeds from disposal		11,418	1,063,002
Cash acquired through business combination	28	62,887	-
Net Cash (used in) Investing Activities		(23,475,480)	(23,693,601)
<b>Cash Flows From Financing Activities</b>			
Proceeds from borrowings		22,081,281	20,140,041
Repayments of borrowings		(5,217,078)	-
Proceeds from lease borrowings		-	429,075
Repayments of lease liabilities		(330,819)	(383,355)
Net Cash provided by Financing Activities		16,533,384	20,185,761
<b>Net Increase / (Decrease) In Cash Held</b>		<b>5,120,255</b>	<b>(4,892,468)</b>
Cash at beginning of financial year		3,460,744	8,353,212
<b>Cash At End Of Financial Year</b>		<b>8,580,999</b>	<b>3,460,744</b>

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



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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 22 to the financial statements.

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

### **(b) Income Tax**

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

### **(c) Inventories**

Inventories are measured at the lower of cost 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.

### **(d) Financial Instruments**

#### ***Initial recognition and measurement***

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

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

#### ***Classification and subsequent measurement***

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

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

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

#### *Classification and subsequent measurement (cont'd)*

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable and willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

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

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

#### i. Loans and receivables

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

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

#### ii. Financial liabilities

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

#### **Fair Value**

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

#### **Impairment**

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

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

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

#### *Impairment (cont'd)*

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

#### *Derecognition*

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

### (e) Property, Plant and Equipment

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

The cost of fixed assets constructed by the Group includes the cost of materials, direct labour, 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:

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.



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

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

### (f) Investment Property

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

### (g) Intangible Assets

Intangible assets, which comprise the licenses for the operation of gaming machines, are carried at cost. Intangible assets relating to gaming machine licenses are assessed as having an indefinite life and accordingly have not been amortised. As they are not amortised, they are assessed annually for impairment.

### (h) Impairment

At the end of each reporting period, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

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

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

### (i) Employee Benefits

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

### (j) Revenue

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

### (k) Goods and 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.

### (l) Comparatives

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

### (m) Critical Accounting Estimates and Judgements

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

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

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

### (m) Critical Accounting Estimates and Judgements (cont'd)

#### Impairment

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

### (n) New Accounting Standards for Application in Future Periods

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

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

The Group does not plan to adopt these standards early.

### (o) Going Concern

At 30 June 2018, the consolidated entity's current liabilities exceeded current assets by \$12,901,386 (2017: \$2,328,779). The deficiency in current assets is primarily caused by a loan from Mirvac of \$9,420,117, 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 \$2,574,229 (2017: \$1,587,300) 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 2018 and is expected to continue this with new revenue streams commencing in 2019. Given these circumstances the Directors are satisfied the consolidated entity 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 \$89,008,464.

### (p) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

2. REVENUE	2018 \$	2017 \$
<b>Operating Activities</b>		
- Racing Queensland subsidy	2,170,429	2,339,520
- Catering and admissions revenue	19,340,811	19,231,980
- Broadcast, television rights and sponsorship	9,059,016	10,177,282
- Wagering and gaming revenue	5,514,231	4,731,829
- Stable, track and barrier trial fees	3,864,265	3,558,401
- Member subscriptions and entrance fees	841,594	1,082,561
- Rentals	945,382	708,735
- Property revenue	9,383,253	-
Total Operating Revenue	51,118,981	41,830,308
<b>Non-Operating Activities</b>		
- Grants - Queensland Government	-	1,500,000
- Grants - Racing Queensland	115,173	700,000
- Profit/(Loss) on sale of assets	(570,654)	592,620
- Interest and other income	274,015	587,114
Total Non-Operating Revenue	(181,466)	3,379,734
<b>Total Revenue</b>	<b>50,937,515</b>	<b>45,210,042</b>

3. EXPENSES		
<b>Racing and Non-Racing Expenses</b>		
- Catering and raceday salaries and associated costs	15,697,333	14,774,261
- Equipment hire	2,882,654	2,752,508
- Trophies	151,178	120,998
- Totalisator expenses	1,280,006	1,485,536
- Racing service providers	2,814,728	3,176,237
- Gaming and sports club expenses	1,852,871	1,206,184
- Other expenses	1,202,509	705,605
Total Racing and Non-Racing Expenses	25,881,279	24,221,329
<b>Maintenance Expenses</b>		
- Salaries, contractors and associated costs	4,374,580	4,070,507
- Materials and services	4,750,789	5,267,344
- Other maintenance expenses	303,231	330,298
Total Maintenance Expenses	9,428,600	9,668,149



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

<b>3. EXPENSES (CONT'D)</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Administration Expenses</b>		
- Salaries, contractors and associated costs	3,449,544	2,405,351
- Legal and compliance costs	200,982	122,080
- Marketing, promotions and branding	2,334,494	1,972,914
- Information technology and communications costs	519,894	480,522
- Other administration costs	2,297,878	1,660,040
Total Administration Costs	8,802,792	6,640,907
<b>Depreciation Expense</b>		
- Depreciation Expense	3,371,553	2,700,160
Total Depreciation Expense	3,371,553	2,700,160
<b>Movement in Provisions</b>		
- Employee entitlements	721,592	708,316
Total Movement in Provisions	721,592	708,316
<b>Other Expenses</b>		
- Impairment of property, plant and equipment	-	1,500,000
- Loss on recognising interest rate swaps at fair value	109,662	489,423
- Interest	1,284,764	78,321
- Defined Benefit Plan	41,572	25,529
Total Other Expenses	1,435,998	2,093,723
<b>Total Expenses</b>	<b>49,641,814</b>	<b>46,032,134</b>

## 4. AUDITORS' REMUNERATION

Remuneration of the auditors of the Company for:

- auditing and reviewing the financial report	56,500	56,500
- other services*	25,286	25,555
	81,786	82,055

\*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 2018

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

5. CASH AND CASH EQUIVALENTS	2018 \$	2017 \$
Cash on hand	623,078	502,391
Cash at bank	7,957,921	2,958,353
Total Cash	8,580,999	3,460,744

6. TRADE AND OTHER RECEIVABLES		
Trade debtors	3,025,135	2,206,940
Other receivables	2,140,178	3,351,200
	5,165,313	5,558,140

7. INVENTORIES		
Catering food and beverage – at cost	433,059	475,616
Maintenance materials – at cost	18,791	20,536
	451,850	496,152

8. PROPERTY, PLANT AND EQUIPMENT		
<b>Freehold Land</b>		
At cost	28,917,029	29,500,000
Total Freehold Land	28,917,029	29,500,000
<b>Racetracks</b>		
At cost	13,704,635	13,704,635
Less: Provision for Impairment	(1,500,000)	(1,500,000)
Less: Accumulated Depreciation	(493,985)	(356,940)
Total Racetracks	11,710,650	11,847,695
<b>Buildings &amp; Improvements</b>		
At cost	100,594,183	57,682,223
Less: Accumulated Depreciation	(12,826,611)	(10,692,226)
Total Buildings	87,767,572	46,989,997
<b>Plant and Equipment</b>		
At cost	10,349,198	9,451,108
Less: Accumulated Depreciation	(5,816,718)	(5,286,447)
Total Plant and Equipment	4,532,480	4,164,661

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)	2018 \$	2017 \$
<b>Leased Plant and Equipment</b>		
At cost	1,291,415	1,291,415
Less: Accumulated Depreciation	(767,815)	(492,669)
Total Leased Plant and Equipment	523,600	798,746
<b>Furniture and Fittings</b>		
At cost	1,946,211	1,883,775
Less: Accumulated Depreciation	(1,440,157)	(1,259,965)
Total Furniture and Fittings	506,054	623,810
<b>Capital Works in Progress</b>		
At cost	24,605,826	45,095,542
Total Capital Works in Progress	24,605,826	45,095,542
<b>Total Property, Plant and Equipment</b>	<b>158,563,211</b>	<b>139,020,451</b>

## 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>29,500,000</b>	<b>11,847,695</b>	<b>46,989,997</b>	<b>4,164,661</b>	<b>798,746</b>	<b>623,810</b>	<b>45,095,542</b>	<b>139,020,451</b>
Additions	-	-	13,520	209,808	-	62,436	23,223,058	23,508,822
Transfers	-	-	42,898,441	814,333	-	-	(43,712,774)	-
Disposals	(582,971)	-	-	(13,538)	-	-	-	(596,509)
Depreciation expense	-	(137,045)	(2,134,386)	(642,784)	(275,146)	(180,192)	-	(3,369,553)
<b>Carrying amount at the end of the year</b>	<b>28,917,029</b>	<b>11,710,650</b>	<b>87,767,572</b>	<b>4,532,480</b>	<b>523,600</b>	<b>506,054</b>	<b>24,605,826</b>	<b>158,563,211</b>



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

9. INVESTMENT PROPERTIES	2018 \$	2017 \$
Balance at beginning of year	794,000	796,000
Acquisitions/(Disposals)	-	-
Transfer to assets held for sale	-	-
Depreciation	(2,000)	(2,000)
Balance at Year End	792,000	794,000

The remaining investment properties have a valuation of \$1,300,000 (2017: \$1,170,000) based on independent valuation obtained by the Directors as at 30 June 2018.

10. INTANGIBLE ASSETS		
Gaming Machine Licenses		
At cost	914,604	552,279
Total Gaming Machine licenses	914,604	552,279
Balance at Beginning of Year	552,279	552,279
Additions	362,325	-
Balance at Year End	914,604	552,279

During the year, the BRC acquired 56 gaming machine licences through the acquisition of Souths Sports Club at Acacia Ridge.

11. TRADE AND OTHER PAYABLES		
Trade creditors	6,906,403	5,869,125
Other creditors	6,298,039	2,009,555
	13,204,442	7,878,680

12. EMPLOYEE ENTITLEMENTS		
(a) Current		
- Annual Leave	830,868	783,807
- Long Service Leave	520,014	455,443
	1,350,882	1,239,250
(b) Non-Current		
- Long Service Leave	177,932	172,055
	177,932	172,055

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

13. PROVISIONS	2018 \$	2017 \$
Other Provisions	131,932	104,343
Total Provisions	131,932	104,343

## Provision Movements

Opening balance	104,343	82,899
Additional provisions	112,070	105,469
Amounts used	(84,481)	(84,025)
Closing Balance	131,932	104,343

## 14. BORROWINGS

### (a) Current

- Lease liability secured	242,307	269,127
- Lease liability unsecured	55,848	117,540
- Loan	9,872,323	1,128,094
	10,170,478	1,514,761

### (a) Non-Current

- Lease liability secured	198,917	441,224
- Loan	57,592,173	49,472,200
	57,791,090	49,913,424

Lease liabilities secured are secured by the underlying leased assets.

Details of the loan borrowings are as follows:

- \$11,921,131 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.
- \$9,420,117 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.
- \$24,863,911 in principal and interest. This \$25m loan is provided by the ANZ Bank for the Eagle Farm Infield Development.
- \$2,359,504 in principal and interest. This \$2.35m loan is provided by the ANZ Bank for working capital requirement and is secured against the Child Care centre facility.
- \$18,899,833 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 2018

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

15. FINANCIAL LIABILITIES	2018 \$	2017 \$
Non-Current		
At fair value through Profit and Loss		
- Interest Rate Swaps	599,085	489,423
	599,085	489,423

To mitigate the variable interest rate risk, the BRC has entered into Interest Rate Swaps with the ANZ bank. The Fair Valuation of \$599,085 is based on a Mark-to Market valuation provided by the ANZ bank.

## 16. 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.

17. CASH FLOW	2018 \$	2017 \$
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(a) Reconciliation of cash flows from operations with profit from ordinary activities:

<b>Profit/(Loss) from Ordinary Activities</b>	1,297,295	(805,526)
<b>Non -cash flows in operating profit:</b>		
- Depreciation and amortisation	3,371,553	2,700,160
- Grant - Queensland Government*	-	(1,500,000)
- Grant - Racing Queensland*	(115,173)	(700,000)
- Net (gain)/loss on disposal of investment property	-	(533,499)
- (Profit)/Loss on the disposal of assets	570,654	(59,121)
- Impairment	-	1,500,000
- Loss on recognising interest rate swap at fair value	109,662	489,423
- Defined Benefit Plan	39,978	8,221
<b>Changes in assets and liabilities:</b>		
- (Increase)/decrease in trade and other receivables**	318,266	(3,031,077)
- (Increase)/decrease in prepayments	148,104	(179,409)
- (Increase)/decrease in inventories**	63,878	91,337
- Increase/(decrease) in trade payables and accruals**	6,098,198	(1,526,084)
- Increase/(decrease) in provisions and other liabilities**	44,763	(39,053)
<b>Cash flows from Operations</b>	<b>11,947,178</b>	<b>(3,584,628)</b>
- Non-Cash Grants in trade and other receivables	115,173	2,200,000
<b>Net Cash flows from Operating Activities</b>	<b>12,062,351</b>	<b>(1,384,628)</b>

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

\*\*Adjusted for changes due to business combination in 2018.



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

## 17. CASH FLOW (CONT'D)

(b) Non-cash financing and investing activities:

Property, Plant and Equipment:

During the financial year, the consolidated group acquired nil (2017: \$219,359) plant and equipment which is leased under finance.

(c) Reconciliation of liabilities arising from financial activities.

	2017	Cash Flows	Non-Cash Flows			2018
			Acquisition	Foreign exchange movement	Fair value changes	
	\$	\$	\$	\$	\$	\$
Long-term borrowings	49,472,200	12,811,934	-	-	-	62,284,134
Short-term borrowings	1,128,094	4,052,268	-	-	-	5,180,362
Lease liabilities	827,891	(330,819)	-	-	-	497,072
Assets held to hedge long-term borrowings	-	-	-	-	-	-
Total Liabilities from financing activities	51,428,185	16,533,383	-	-	-	67,961,568

## 18. 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 and Governance Committee has been delegated responsibility by the Board of Directors for, amongst other issues, to monitor the Company's financial performance and review the effectiveness of internal financial controls. The Committee meets at least 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 2018

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

## 18. 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>2018</b>							
Trade receivables	3,025,135	-	344,458	362,199	187,880	176,334	1,954,264
Other receivables	2,140,178	-	-	-	-	-	2,140,178
Total	5,165,313	-	344,458	362,199	187,880	176,334	4,094,442
<b>2017</b>							
Trade receivables	2,206,940	-	499,910	162,990	127,719	256,612	1,159,709
Other receivables	3,351,200	-	-	-	-	-	3,351,200
Total	5,558,140	-	499,910	162,990	127,719	256,612	4,510,909

### (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	
	2018 %	2017 %	2018 \$	2017 \$
Less than 1 year	2.22	0.00	10,000,000	
1 to 2 years	2.29	2.22	15,000,000	10,000,000
2 to 5 years	2.78	2.60	24,350,000	39,350,000
			49,350,000	49,350,000

### Sensitivity analysis

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

	Profit \$	Equity \$
<b>Year ended 30 June 2018</b>		
+/-1% in interest rate	879	879
<b>Year ended 30 June 2017</b>		
+/-1% in interest rate	644	644

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

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

### (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.

### Financial Liquidity and Financial Asset Maturity Analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
<b>Financial Assets</b>								
Cash and cash equivalents	8,580,999	3,460,744	-	-	-	-	8,580,999	3,460,744
Trade and other receivables	5,165,313	5,558,140	-	-	-	-	5,165,313	5,558,140
Total expected inflows	13,746,312	9,018,884	-	-	-	-	13,746,312	9,018,884
<b>Financial Liabilities</b>								
Trade and other payables	13,204,442	7,878,680	-	-	-	-	13,204,442	7,878,680
Borrowings	5,478,517	1,514,761	62,483,051	49,913,424	-	-	67,961,568	51,428,185
Interest Rate Swaps	-	-	599,085	489,423	-	-	599,085	489,423
Total expected outflows	18,682,959	9,393,441	63,082,136	50,402,847	-	-	81,765,095	59,796,288
Net inflows/(outflows) from financial	(4,936,647)	(374,557)	(63,082,136)	(50,402,847)	-	-	(68,018,783)	(50,777,404)

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

## 19. 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

J D Shepherd (resigned 14 November 2017)

J N Creaton (appointed 29 March 2018)

T J Svenson

### Executive Officers

D Whimpey

*Chief Executive Officer*

J Versace

*Chief Financial Officer (appointed 8 November 2017)*

B Jong

*Chief Financial Officer (resigned 27 October 2017)*

### 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 2018, total fees of \$412,735 (2017: \$203,501) were paid to Mullins for legal advice and disbursements.

All transactions were conducted on normal commercial terms and conditions no more favourable than those available to other persons or companies.



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

## 19. DIRECTORS' AND EXECUTIVES' DISCLOSURES

### Key Management Compensation

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

	2018 \$	2017 \$
Short term benefits	1,414,356	1,099,110
Post - employment benefits	87,942	101,045
Termination benefits	-	-
Total	1,502,298	1,200,155

## 20. 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.

## 21. ECONOMIC DEPENDENCY

The Company is economically dependent on Racing Queensland for the funding of prizemoney and other distributions. Total prizemoney paid on races conducted by the Company in 2018 was \$31,197,920 (2017: \$36,267,276) which included \$1,118,000 prizemoney from the Queensland Thoroughbred Investment Scheme (QTIS).

## 22. CONTROLLED ENTITIES

### (a) Controlled Entities Consolidated

	Country of Incorporation	Notional Principal	
		2018 \$	2017 \$
BRC Venue Management Services Pty Ltd	Australia	100%	100%

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

### (b) Parent Entity Results

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

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

## 23. RETIREMENT BENEFITS OBLIGATIONS

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

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

### Description of the regulatory framework in which the Plan operates

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

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

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

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

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

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

### Description of any Plan amendments and settlements

None

Reconciliation of Net Defined Benefit (Liability)/Asset	Year Ended 30 June 2018 \$	Year Ended 30 June 2017 \$
Net Defined Benefit (Liability)/Asset at Beginning of Year	248,120	256,341
Defined Benefit (Cost)/Credit Recognised in the P&L	(41,572)	(25,529)
Total Remeasurements Recognised in OCI gain/(loss)	1,594	16,566
Employer Contributions	0	742
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>208,142</b>	<b>248,120</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

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

Reconciliation of Fair Value of Plan Assets	Year Ended 30 June 2018 \$	Year Ended 30 June 2017 \$
Fair Value of Plan Assets at Beginning of Year	1,035,501	1,258,391
Interest Income on Plan Assets	38,892	28,391
Remeasurements:		
- Return on Plan Assets (excluding amount in interest income) gain/(loss)	32,698	71,812
Employer Contributions	0	742
Employee Contributions**	30,875	140,808
Benefit Payments from Plan	(454,874)	(426,936)
Payments for Settlements	0	0
Administrative expenses paid	(25,749)	(34,810)
Taxes paid***	470	583
Insurance premiums for risk benefits	(2,889)	(3,480)
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>654,924</b>	<b>1,035,501</b>

\*\*Includes member compulsory contributions of \$4,494 and voluntary contributions of \$26,170.

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

The employer is on a contribution holiday.

Reconciliation of Present Value of Defined Benefit Obligation	Year Ended 30 June 2018 \$	Year Ended 30 June 2017 \$
Defined Benefit Obligation at Beginning of Year	787,381	1,002,050
Current Service Cost	22,026	18,832
Past Service Cost/(Credit)	0	0
(Gain)/Loss on Settlements	0	0
Interest Expense on DBO	29,934	20,061
Tax allowance in P&L	4,046	3,923
Administrative expenses allowance in P&L	24,459	11,104
Employee Contributions and Rollover	30,875	140,808
Benefit Payments from Plan	(454,874)	(426,936)
Benefit Payments Directly from Employer	0	0
Payments for Settlements	0	0
Administrative expenses paid	(25,749)	(34,810)
Taxes paid	470	583
Insurance premiums for risk benefits	(2,889)	(3,480)
Remeasurements:		
- Effect of changes in demographic assumptions (gain)/loss	0	(588)
- Effect of changes in financial assumptions (gain)/loss	(1,465)	(1,727)
- Effect of experience adjustments (gain)/loss	32,569	57,561
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>446,783</b>	<b>787,381</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

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

### For 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 2018 (\$'000)
<b>Cash and cash equivalents</b>	
- Cash	30
<b>Equity</b>	
- Domestic	204
- International (currency hedged)	59
- International (currency unhedged)	145
<b>Fixed Income</b>	
- Domestic Government Bonds	61
- International Government Bonds	61
<b>Real Estate / Property</b>	
- Domestic Indirect Property	20
- International Property	19
<b>Other types of Investment</b>	
- Alternative Growth	25
- Alternative Defensive	31
<b>Total</b>	<b>655</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. However due to the accumulation underpin currently providing a greater benefit than the salary related defined benefit portion, the Defined Benefit Obligation is less sensitive to the change in the discount rate and salary increase rate assumptions.



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

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

### 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 2018 \$
Discount Rate plus 0.50%	439,666
Discount Rate minus 0.50%	454,255
Salary increase rate plus 0.50%	453,373
Salary increase rate minus 0.50%	440,416

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

### Description of any asset-liability matching strategies

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

### Description of Funding Arrangement and Funding Policy that affect Future contributions

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

Expected contributions to the Plan in the next reporting period	Year Ending 30 June 2019 \$
Expected Employer contributions*	0
Expected Employee contributions	3,585

\*The employer is currently on a contribution holiday

### Maturity Profile of the DBO as measured by weighted average duration

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

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

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

### Maturity Profile of the DBO as measured by weighted average duration

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

Projected Benefit Payments	\$
Next Year	3,178
Next Year + 1 year	3,928
Next Year + 2 years	4,716
Next Year + 3 years	5,630
Next Year + 4 years	132,397
Sum of Next Year + 5 ~ 9 years	65,758

### 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 \$1,153,258 (2017: \$998,185). Employees contribute various percentages of their gross income and the Company contributes at the rate necessary to satisfy its superannuation guarantee contribution obligations.

## 24. RACING ACT

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

Specific disclosures required by Racing Queensland in relation to the Company's Board and Executive staff are as follows:

	Board \$	Executive \$	Total \$
Entertainment	4,166	2,495	6,661
Travel and Accommodation	98,019	17,856	115,875
Total	102,185	20,351	122,536

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

## 25. CAPITAL AND LEASING COMMITMENTS

### 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:

	2017 \$	2017 \$
Payable – minimum lease payments:		
- Not later than 12 months	312,238	415,658
- Between 12 months and 5 years	204,135	460,525
- Greater than 5 years	-	-
Minimum lease payments	516,373	876,183
Less future financial charges	(19,301)	(48,292)
Value of minimum lease payments	497,072	827,891

The finance leases on plant and equipment commenced are 5-year leases with lease payments paid monthly in advance. The carrying amount of the assets secured under these finance leases is \$523,600 (2017: \$798,746). The Company has possession of the leased assets during the term of the lease and will attain full ownership upon conclusion of the finance lease arrangement.

## 26. CAPITAL MANAGEMENT

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

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

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

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

In 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 entity since then.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

## 27. AFTER BALANCE DATE EVENTS

A loan was obtained from ANZ for the refurbishment of Souths Sports Club at Acacia Ridge. The ANZ approved a total of \$1.7 million with the first drawdown occurring on July 2018.

The financial report was authorised for issue on 25 September 2018 by the Board of Directors.

## 28. BUSINESS COMBINATIONS

On the 14 August 2017, the Company obtained a licence from the Office of Liquor and Gaming Regulation within the State Government acquiring the operations of Souths Sports Club at Acacia Ridge. BRC acquired Souths Sports Club for nil consideration.

Identifiable assets acquired and liabilities assumed:	\$
Cash and cash equivalents	62,887
Inventory	19,576
Property, plant and equipment	5,000
Intangible assets	327,780
Employee entitlements	(39,080)
Trade and other Payables	(376,163)
Net identifiable assets and liabilities assumed	-
Consideration paid on business combination	-
Gain on business combination of Souths Sports Club for no consideration	-

Since the acquisition date, Souths Sports Club has generated revenue totalling \$2,471,794 and contributed a loss on operations of \$166,257.

## 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<br>and Lancaster Road<br>Ascot QLD 4007 | 4) Souths Sports Club<br>Brandon Reserve,<br>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) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
2. In the Directors' opinions there are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable.

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



**N D BELL**  
Director



**S M GAGEL**  
Director

25 September 2018

# 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 2018, 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 2018 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.

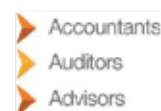
In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group 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



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.

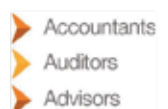
**Bentleys Brisbane (Audit) Pty Ltd**  
Chartered Accountants

**Stewart Douglas**  
Director

Brisbane  
25 September 2018



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## | Notes



# | Sponsors & Partners

## PRINCIPAL PARTNERS



## MAJOR PARTNERS



BRISBANE CITY  
& SPRINGWOOD

## PARTNERS & SUPPLIERS

ADSS	LED Superscreens	R.M. Williams
AICLA	Magic Millions	Samuel Smith & Sons
Ambassador Travel	Mirvac	Sirromet Wines
Bouquet Boutique	Mitavite	Sofitel Brisbane
Breast Cancer Network Australia	Mitty's	Southern Sheet & Coil
Brisbane Broncos	Moët and Chandon	SUEZ
Brisbane Marketing	Mullins Lawyers	Sky Racing
Channel Seven	National Fire Industry Association	Stanton Mienert
City Property Services	Nova 106.9	Starlight Foundation
Clayfield College	Novotel Brisbane Airport	St Margaret's Anglican Girls School
Coca Cola Amatil	Nuturf	St Rita's College
Cory Johnson (Aust) Pty Lt	PA Research Foundation (Mandate)	Style Magazine
Diageo	Padua College	Treasury Brisbane
Flight Centre	Pages Event & Equipment Hire	Triequithon
Garrards Pty Ltd	Pasparley Pearls	Thoroughbred Breeders Qld
Glenlogan Park Stud	Programmed Property Services	Association
Hamilton Hotel	Pullman Brisbane Airport	UBET
Hardy Brothers	Qld Hotels Association	Variety The Children's Charity of Qld
Iona College	Queens Plaza	Westpac
IPG Connect	RadioTAB	Wilpak Meats
LION	Racezone	

## Corporate Chairman's Club Members

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



BRISBANE  
RACING CLUB

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