

# KYNETON & HANGING ROCK RACING CLUB

ABN 54 624 437 411



KYNETON & HANGING ROCK RACING CLUB

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30<sup>th</sup> September 2011

Dear Member

## Kyneton & Hanging Rock Racing Club - 3rd Annual General Meeting

Please be advised that the Kyneton & Hanging Rock Racing Club's 3<sup>rd</sup> Annual General Meeting (AGM) will be held on Sunday 9<sup>th</sup> October 2011, 1130am on the Members Lawn at the Hanging Rock Racecourse.

You and your family are invited to join the Kyneton & Hanging Rock Racing Club Committee for the AGM which will be followed by a light lunch supplied by the Glen Erin Group.

Car park exit tickets will be supplied on the day and should you have any queries please call Mark Graham on 5422 1866 or e-mail [m.graham@countryracing.com.au](mailto:m.graham@countryracing.com.au)

Yours Sincerely

Mark Graham  
Club Manager



Web: [kyneton.countryracing.com.au](http://kyneton.countryracing.com.au)



Web: [hangingrock.countryracing.com.au](http://hangingrock.countryracing.com.au)



KYNETON & HANGING ROCK RACING CLUB

## 3<sup>rd</sup> ANNUAL GENERAL MEETING

Sunday 9<sup>th</sup> October 2011, 1130 am

@

Hanging Rock Racecourse Members Lawn

### AGENDA

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1. **Welcome**
2. **Apologies**
3. **Minutes from the previous AGM**
4. **Chairman's Report**  
(Written version attached)
5. **Treasurer's Report**  
(Written version attached)
6. **Appointment of Auditor**
7. **Member Items**
8. **Committee Vacancies**

Fill 4 vacancies on the Kyneton & Hanging Rock Racing Club Committee for a period of up to 3 years. The following 7 retiring Committee Members were eligible to offer themselves for re-election to the Committee.

  - Graham Jasper
  - Bruce Jones
  - Martin Nolan
  - John Scott
  - Gary O'Meara
  - Anthony Quigley
  - Mike Rowland

At the close of nominations the following four (4) nominations were received for the four (4) vacancies on the Committee.

  - John Scott
  - Gary O'Meara
  - Anthony Quigley
  - Mike Rowland

This means an election via postal ballot was not required.
9. **General Business**



## KYNETON & HANGING ROCK RACING CLUB

### 2<sup>nd</sup> ANNUAL GENERAL MEETING

Monday 4<sup>th</sup> October 2010, 7.00pm,  
NMIT Kyneton Park, Members Lounge

#### MINUTES

##### 1. Welcome

- Meeting Opened at 705pm
- The Chairman welcomed attendees and thanked those who had made the effort to attend.

##### 2. Attendance

- The following members were in attendance at this meeting;
  - Anthony Quigley
  - Greg Janky
  - Mario Zanetti
  - Elaine Gregory
  - Michael Brasher
  - Bruce Jones
  - Gary O'Meara
  - Stan Nicholls
  - Michael Rowland
  - Gary Buckley
  - Graham Jasper
  - Jack Styring
  - Carroll Webster
  - Maureen Jones
  - Brian Johnson
- The following people were in attendance at the meeting,
  - Mark Graham
  - Lisa Evans
  - Simon Buckley
  - Martin Nolan

##### 3. Apologies.

- John Scott
- Louise Johnson
- Michael Buckley
- Judith Fitzmaurice
- Mr & Mrs Tehan
- Tim O'Brien

##### 4. Minutes from the previous Annual General Meeting (1<sup>st</sup> January 2010)

- Minutes were handed out to all attendees.
- Mr Michael Brasher raised a query regarding the scheduling, notification and membership eligibility for the 1<sup>st</sup> Annual General Meeting (AGM). The Chairman provided background as to the AGM process and implications associated with the 1<sup>st</sup> AGM created by the merger of the two (2) clubs
- Motion moved to approve the minutes by Graham Jasper, seconded by Anthony Quigley, motion carried by the members.

##### 5. Chairman's Report

- The Chairman provided a verbal overview of the key elements of the business from the previous year which included work place reforms, sponsorship, new management team and building long term relationships.
- The Chairman provided a verbal overview of the key objectives for 2010/11
- Chairman provided a verbal overview on the status of the following capital projects;
  - Training Lights
  - Plastic Running Rail
  - Balcony Project

- Horse Stall Asphaltting
  - Members Lounge Upgrade
- The Chairman wished to give a special thanks from the Committee to Mr Carl Hufer (Country Racing Victoria) and Mrs Lisa Evans (Racing Victoria Limited) for there contribution to the business of the club .
  - The Chairman also wished to recognise and thank retiring Committee Member Brian Sheppard for his years of service and contribution to the Kyneton District Racing Club and the Kyneton & Hanging Rock Racing Club.
  - The Chairman provided an overview on the recent media regarding Mr Jack Styring retiring from Race Calling at the end of this season and wished to recognise and celebrate the terrific contribution made by Mr Styring to the Kyneton & Hanging Rock Racing Club and Racing in general.
- 6. Treasurer's Report**
- The treasure provide an updated overview on the Financial Statements for year ending 2009/2010 and gave provided an explanation that the Auditors report had been modified and which shows a profit of \$29,252.
  - A new Audit report and set of accounts from Richmond Sinnott & Delahunty were handed out to all members and attendees.
  - Questions were raised by Brian Johnson regarding the changes to the final Audit account which an explanation of the changes was provided by the treasurer. Brian Johnson moved a motion to approve the final auditors report, which was seconded by Carroll Webster (Member 249) and the motion was carried by the members.
  - The Treasurer provided an overview of the key financial objectives for the 2010/11 season.
- 7. Member Items**
- The Chairman provided clarification that the Committee intend to rotate that AGM between NMIT Kyneton Park and Hanging Rock; however the day, date and time would be decided by the committee on an annual basis.
- 8. Appoint Auditor**
- Michael Rowland moved a motion to appoint Richmond Sinnott & Delahunty Chartered Accountants as the Clubs Auditor for the 2010/2011 season which was seconded by Graham Jasper and carried by the members.
- 9. Committee Election Results**
- Committee elections were conducted in line with the Returning Officers Directions with 87 valid and 4 invalid votes being received and the following 5 candidates listed in alphabetical order were successful.
    - Mr Brian Johnson
    - Mr Stan Nicholls
    - Mr Michael Hoffmann
    - Mr Greg Janky
    - Mr Mario Zanetti
  - Unfortunately Mr. J. Styring was not re-elected. The Chairman thanks Mr. Styring for his outstanding service to the Racing Industry and particularly his service to the former Hanging Rock Racing Club. The members present acknowledged Mr.Styrings wonderful service with acclamation. Mr.Styring suitably responded.
  - The Returning Officer (My Gary Buckley) made a recommendation that all the votes be destroyed immediately which was agreed to on a motion, moved by Graham Jasper, seconded by Anthony Quigley and carried by the members.
- 10. General Business**
- Transact any other business which under the rules and regulations or by the provisions of the act, ought to be or may be transacted at an Annual General Meeting.
- 11. Close Meeting**
- Meeting Closed 7.35pm



**KYNETON & HANGING ROCK RACING CLUB**

**Annual General Meeting 2011**

**Chairman's Report**

**Treasurer's Report**

## **Chairman's Report 2010 - 2011**

The Kyneton and Hanging Rock Racing Club (KHRRRC) is now well into its third year as the merged entity and I am pleased to report that the Club is performing well in relation to its purpose and objectives. It has robust and well founded strategic planning underpinned by sound management systems, policies and procedures. It has also implemented the governance model required under the constitution to this point in time and from this 2011 Annual General Meeting the Committee will comprise nine members, down from the fourteen at the time of the merger. The Club's financial planning and management, and its business model, reflect a level of competency typically associated with highly successful organisations. Our Treasurer, Greg Janky, in his separate report, provides a most informative and accessible interpretation of the Kyneton and Hanging Rock Racing Club performance 2010 – 2011. Note that the audited Annual Financial Statements are available at either [www.kyneton.countryracing.com.au](http://www.kyneton.countryracing.com.au) or [www.hangingrock.com.au](http://www.hangingrock.com.au). The Club has been a positive contributor to industry objectives as it has successfully pursued its own objectives.

### **A year of unexpected challenges**

At first glance our 2010/2011 year is highlighted by the challenges the Club confronted in dealing with the outcomes of two well documented and discussed, and totally unexpected, natural circumstances.

One circumstance was the season of heavy and prolonged bouts of rainfall which had two consequences: we lost some meetings at NMIT Kyneton Park because of rain affected tracks; and, with greater consequence, we lost meetings and suffered major infrastructure damage, dislocation and very significant negative business impact due to flooding at NMIT Kyneton Park - not once, but twice! Two feature events were among those lost meetings - the Woodend Cup and the Chill Out Festival events. These meetings had strong forward bookings indicating they would have been very successful events. The other unfortunate circumstance was, of course, the persistent appearance of members of the kangaroo community on the racing precinct at Hanging Rock on Australia Day which caused the cancellation of the meeting denying the 6 000 plus patrons their great day out, and the Club its most financially successful event for some years.

The combined financial impact of these events was severe and in the circumstances the Club did well this year to produce a surplus.

### **Responding to the challenges**

The magnitude of the collective damage of these circumstances tested all stakeholders – members, sponsors, management and staff, trainers, owners, racegoers and the Committee. The overwhelming response was one of understanding and encouragement. I do want to thank members and sponsors, indeed all friends of the Club, for their patience and strong, unflinching support and commitment through the disruptions. The effort, resilience and competence displayed by our staff in responding to these events and the related fall out was exceptional and they are congratulated for this and have the thanks of us all.

### *At NMIT Kyneton Park*

We are one of the State's major providers of thoroughbred training with more than sixty trainers registered with the Club. On some mornings NMIT Kyneton Park will see more than one hundred horses using the excellent facilities and it would be a rare day to have fewer than eighty. We host great race meetings at NMIT Kyneton Park but the industry also needs quality training centres and we are mindful of the importance of our role in that provision. The flooding effectively destroyed the training tracks in January and collateral damage to other infrastructure was widespread and severe. That the training and other facilities were operational again in a matter of ten weeks is testament to the energy, enterprise and capacity of the Club's management and staff, led by Club Manager Mark Graham, and the determination of the Committee, to 'get things done and up and running again asap'. It was benchmark performance.

The fact NMIT Kyneton Park returned as quickly as it did to full operation was also due to the contribution to the reconstruction task of industry bodies - Country Racing Victoria (CRV) and Racing Victoria (RVL). In all dimensions their response was integral to what was achieved in the reconstruction. Given the scale of what needed to be done our comparatively limited resources would have been found wanting and we needed support. The task was huge. We do thank CRV and RVL for their broad support and acknowledge the significance of the relationship we have with both bodies. The KHRRC Newsletter of August 2011, also available on the websites, included a summary of capital works/improvements (completed, underway and planned) that have received significant external funding. The list is long and the incidence of industry funding support is attached to most if not all of the initiatives. It is important that we all understand and acknowledge the role of CRV, as our constituent body, and RVL, as the peak industry body, in assisting and supporting KHRRC. We have also been well supported in work undertaken at NMIT Kyneton Park by the State Government and the Committee of Management of the Kyneton Recreation and Racecourse Reserve.

### *At Hanging Rock*

At Hanging Rock, the security of racing in 2012 and beyond will be bolstered with new kangaroo fencing to ensure that all that can be reasonably done is done to avoid a repeat of the incident of Australia Day 2011. This project has also been developed through partnerships - KHRRC working together with stakeholders, experts and interested parties to achieve a quality outcome that respects and continues the co-sharing of the Hanging Rock environment between thoroughbred racing and the kangaroos. Funding of the expense for this fencing will be shared between KHRRC, the Shire of Macedon Ranges, the State Government through the Department of Sustainability and Environment, CRV and RVL. The project working group was made up of representatives of these organisations. This contribution from our project partners, and the endorsement that goes with them, is very much appreciated.

### **Looking to the future**

As one club with two outstanding racing venues just up the freeway from Melbourne the future is ours to harvest. We are very confident about our future. The Club is developing well notwithstanding the unfortunate events referred to above. Considering the setbacks experienced, our position certainly highlights the overall capacity of the Club's governance and management, and the strength of its partnerships, policies and procedures, to promote a sustainable future. Last

month the Committee endorsed a new KHRRC Master Plan to guide us over the next ten years. It is a living plan, one that can and will respond to changing circumstances. It will keep our focus. It, too, is another example of seeking and valuing stakeholder input to strategic and developmental planning. It's on the website; you should have a look.

### **Contributing to our community**

We are building a future that has a community focus and which values partnerships of all sorts. For example, the work we have undertaken with NMIT, and the Shire, in relation to developing NMIT Park as an education precinct is both innovative and potentially very useful to the community.

KHRRC is the apex of the equine industry in the Macedon Ranges and as such is an important element in the local economy. It is a big industry associated with a lot of product and a lot of employment overwhelmingly provided by the thoroughbred component. The recently released (July 2011) *Macedon Ranges Equine Sector Economic Impact Study* suggested that from a total of \$96.3 million of Direct Economic Expenditure in the Shire annually (2009 – 2010 data), up to \$70 million can be attributed to thoroughbred breeding, thoroughbred racing (NMIT Kyneton Park and Hanging Rock) and training (NMIT Kyneton Park), and other thoroughbred related services and supplies. The 900+ equine related jobs in the Shire would see a very high proportion of them associated with the thoroughbred industry.

### **Retiring Committee members**

Three members of the Committee retired from office in the nomination process for the 2011 Committee. To Graham Jasper, Bruce Jones and Marty Nolan I thank you on behalf of the Committee and the members for your support and contribution to your respective clubs pre-merger, and especially for your role in assisting the new Club to 'bed down'. Bruce Jones is especially acknowledged for his longstanding leadership in administering thoroughbred racing in the Macedon Ranges, including his Presidency of the Hanging Rock Racing Club. We are a collegiate Committee and these colleagues will be missed.

### **Acknowledgements**

In my time as Chairman I have had the benefit of being supported by and working with people at KHRRC who appreciate the importance of being on the same page, who are clear about their commitment to the Club, are diligent in their response to the demands of their role, and who are very capable. I thank them all for that. The Committee has delivered a high level of performance through the merger, and through the events of this past season. It plans actively for the future. The Executive Committee has been conscious of the responsibility it has on behalf of the Committee and the members and does not lose sight of this responsibility in its deliberations and decision-making. And we are most fortunate to have highly effective management and staff led by Club Manager Mark Graham whose motivation, experience and skills have been used to great effect in capacity building across the Club. Mark's performance in the period January through to April in dealing with the issues confronting the Club, including third party negotiations, was exceptional.

We are fortunate to have NMIT as our committed, long term principal partner; and IASBET.COM as major sponsor. The Club has a range of other sponsors and all are listed in this Annual Report. We

are grateful for their support, thank them for their confidence, and look forward to their continued participation.

To members, thank you for your support and for your patience with the trying times we had this past season. We now look forward to a very successful, uninterrupted season underpinned by our event days, the first of which is the NMIT Kyneton Cup meeting on 2 November. The early indications are that this will be the big day we seek!

Michael Rowland  
Chairman

## **Treasurer's Report 2010 - 2011**

It is with great pleasure that I present this year's Treasurer's report to our members, sponsors and other stakeholders. While KHRRC is a not for profit organisation our aim continues to be to run a club which improves our facilities and environment for our members and all stakeholders. The racing industry continues to face many challenges and as an event manager and a facilities provider for many trainers and starters we are faced with competing demands on resources. It is for this reason I am pleased to report another surplus for the racing season of \$64,455 (\$29,252 FY2010).

As reported by the Chairman we were faced during the year with unexpected challenges and each of these affected our overall financial performance and required the management team to alter plans and prioritise efforts and funding.

It is pleasing to report that for the first time the club has recorded over a \$1M in race day revenue. This is an increase from previous year by 17% which is very significant in light of Australia Day (refunds), and the cancellation of the Woodend Cup and Chill Out race meetings.

### **Balance Sheet and Cash Flow**

The Club's balance sheet remains healthy in a year of strain with additional expenses due to flood damage and costs associated to make good training and track facilities. The decrease in our cash reserves (\$151,866) has also been as a result of facilities improvement (\$271,446) at the club, providing a more comfortable and enjoyable race experience for our members and stakeholders.

### **Racing Operations**

As previously mentioned revenue from racing has passed the \$1M mark which is over \$150K up on previous year. The majority of the increase has been a result of healthy package sales for key meetings. Course admissions have remained constant around \$135K. Considering the refunds made on Australia Day and the cancelled meetings of Woodend Cup and Chill Out day the result is very pleasing for the business.

Race day expenses have increased in line with revenue and due to the Australia Day and cancelled meetings many of the expenses are unavoidable once race day is upon us. Overall race day contribution is up by \$72K.

### **Administration Department**

Administration revenue was slightly under budget, however was up some \$20K on the previous year. Major variance to budget was due to NMIT Kyneton Park's temporary closure caused by flood and storm damage which has significantly affected Training Facilities Fees and On Course Signage Revenue.

Admin expense have increased by around 20% on the previous year, but this is in line with the increasing costs of doing business, as well as extra staffing expenses required due to the significant events previously stated.

## **Venue Maintenance**

As expected due to the inclement weather this year and the flooding of the track, Venue Maintenance expenses exceeded budget by \$100K. Further expenditure will be needed over the coming years as equipment and facilities require further maintenance.

## **Summary**

The health of the club remains very positive and is dependent on successful event days. Club Management has worked extremely hard during the year under difficult circumstances and challenges. While implementing crisis plans, they have been very diligent in managing cost control. Stakeholder support from members, sponsors, trainers, industry, government (state and local) as well our general public has been very much appreciated and gives us great confidence in the Club's future financial success.

**Greg Janky**

**Treasurer**

The Kyneton & Hanging Rock Racing Club would like to express great thanks to the following sponsors for their on going valued support over the 2010/2011 season

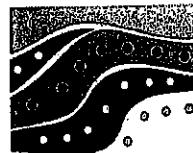
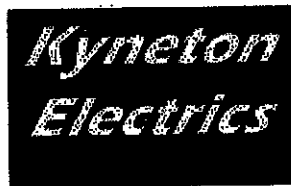
**Principal Partner**



**Major Sponsor**

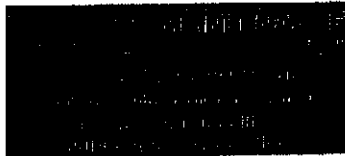


**Sponsors**





**SOUTHERN CROSS**  
OFFICE EQUIPMENT



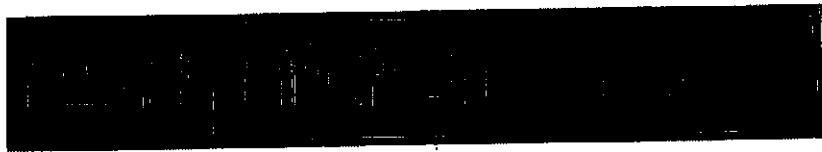
Ladies of  
Woodend Golf Club



**ORGAN'S COACHES**  
KYNETON



**Only a little bit over?**  
**You bloody idiot.**  
TAC





**Richmond  
Sinnott &  
Delahunty**

Chartered Accountants

**INDEPENDENT AUDIT REPORT TO THE  
MEMBERS OF KYNETON & HANGING ROCK RACING CLUB INC.**

**Report on the Financial Report**

We have audited the accompanying financial report of Kyneton & Hanging Rock Racing Club Inc. (the association) which comprises the Statement of Financial Position as at 31 July 2011 and the Statement of Comprehensive Income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the statement by members of the committee.

*Committee's Responsibility for the Financial Report*

The committee of the association is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Associations Incorporation Act Victoria 1981. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

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

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

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

*Independence*

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

*Auditor's Opinion*

In our opinion:

The financial report of Kyneton and Hanging Rock Racing Club Inc. is in accordance with the Associations Incorporation Act Victoria 1981 including:

- i. giving a true and fair view of the Association's financial position as at 31 July 2011 and of their performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Associations Incorporation Act Victoria 1981.



Ken. J. Richmond

Richmond Sinnott & Delahunty

Bendigo

Dated this 26<sup>th</sup> day of September 2011

Kyneton and Hanging Rock Racing Club Inc.

**Financial Report for the Year Ended 31 July 2011**

**COMMITTEE'S REPORT**

Your committee members submit the financial report of the Kyneton & Hanging Rock Racing Club Inc. for the financial year ended 31 July 2011

**Committee Members**

The names of committee members throughout the year and at the date of this report are:

M.Rowland, J.Scott, A.Quigley, G.Janky, M.Hoffman, G.Jasper, B.Johnson, B.Jones, S.Nicholls, M.Nolan, G.O'Meara, M.Zanetti

**Principal Activities**

The principal activities of the association during the financial year were:  
Thoroughbred Horse Training and Racing

**Significant Changes**

No significant change in the nature of these activities occurred during the year.

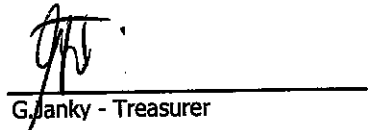
**Operating Result**

The net profit for the year was \$64,455 (2010: \$29,252) and no provision for income tax was required as the association is exempt from Income Tax.

Signed in accordance with a resolution of the Members of the Committee.



M.Rowland - President



G.Janky - Treasurer

Dated this 26th September 2011

Kyneton and Hanging Rock Racing Club Inc.

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2011**

	<b>Note</b>	<b>2011</b>	<b>2010</b>
		<b>\$</b>	<b>\$</b>
Revenue	2	1,968,930	1,665,516
Employee benefits expense		(605,507)	(523,012)
Depreciation expense	3	(116,227)	(105,225)
Other expenses	3	(1,182,741)	(1,008,027)
<b>Profit/(Loss) for the year</b>		<b>64,455</b>	<b>29,252</b>
<b>Total comprehensive income/ (loss) for the year</b>		<b>64,455</b>	<b>29,252</b>

The accompanying notes form part of these financial statements.

Kyneton and Hanging Rock Racing Club Inc.

**STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2011**

	Note	2011 \$	2010 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	191,251	343,117
Trade and other receivables	7	261,206	116,320
Inventories	8	56,847	13,294
Other current assets	9	13,441	3,302
<b>TOTAL CURRENT ASSETS</b>		<b>522,745</b>	<b>476,033</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	10	93,701	93,701
Property, plant and equipment	11	1,922,504	1,767,285
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,016,205</b>	<b>1,860,986</b>
<b>TOTAL ASSETS</b>		<b>2,538,950</b>	<b>2,337,019</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	252,310	120,477
Provisions	13	77,627	69,367
Borrowings	14	13,936	11,181
<b>TOTAL CURRENT LIABILITIES</b>		<b>343,873</b>	<b>201,025</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	13	18,964	7,421
Borrowings	14	38,671	1,273
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>57,635</b>	<b>8,694</b>
<b>TOTAL LIABILITIES</b>		<b>401,508</b>	<b>209,719</b>
<b>NET ASSETS</b>		<b>2,137,442</b>	<b>2,127,300</b>
<b>EQUITY</b>			
Accumulated Surpluses		902,784	838,329
Retained earnings		1,234,658	1,288,971
<b>TOTAL EQUITY</b>		<b>2,137,442</b>	<b>2,127,300</b>

The accompanying notes form part of these financial statements.

Kyneton and Hanging Rock Racing Club Inc.

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2011**

	<b>Accumulated Surplus</b>	<b>Reserves</b>	<b>Total</b>
	\$	\$	\$
<b>Balance at 31 July 2009</b>	-	-	-
Equity Balance at Amalgamation	2,165,174		2,165,174
Transferred to Reserve	(1,356,097)	1,356,097	-
Transferred to Income	-	(67,126)	(67,126)
Profit / (Deficit) attributable to members	29,252	-	29,252
<b>Balance at 31 July 2010</b>	<b>838,329</b>	<b>1,288,971</b>	<b>2,127,300</b>
Transferred to Income	-	(54,313)	(54,313)
Profit / (Deficit) attributable to members	64,455	-	64,455
<b>Balance at 31 July 2011</b>	<b>902,784</b>	<b>1,234,658</b>	<b>2,137,442</b>

The accompanying notes form part of these financial statements.

Kyneton and Hanging Rock Racing Club Inc.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2011

	Note	2011 \$	2010 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from racing and gaming activities		1,767,034	1,637,625
Payments to suppliers and employees		(1,690,303)	(1,493,512)
Interest received		2,696	7,704
<b>Net cash provided by operating activities</b>	18	<u>79,427</u>	<u>151,817</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(271,446)	(25,679)
<b>Net cash used in investing activities</b>		<u>(271,446)</u>	<u>(25,679)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayments of Borrowings		(17,633)	(9,844)
Proceeds from Borrowings		57,786	-
<b>Net cash provided by (used in) financing activities</b>		<u>40,153</u>	<u>(9,844)</u>
<b>Net increase in cash held</b>		<b>(151,866)</b>	<b>116,294</b>
Cash and cash equivalents at beginning of year		343,117	-
Cash and cash equivalents from amalgamation		-	226,823
<b>Cash and cash equivalents at end of year</b>	6	<u>191,251</u>	<u>343,117</u>

The accompanying notes form part of these financial statements.

## Kyneton and Hanging Rock Racing Club Inc.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2011

#### Note 1: Summary of Significant Accounting Policies

##### Basis of Preparation

The financial statements are general purpose financial statement that have been prepared in accordance with Accounting Standards, Australian Accounting Interpretations and the *Associations Incorporation Act Victoria 1981*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

##### a. Income Tax

Kyneton & Hanging Rock Racing Club is exempt from income tax under Section 50-45 of the Income Tax Assessment Act 1997.

##### b. Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average costs.

##### c. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

##### Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the committee to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the club includes the cost of materials, direct labour, borrowing costs and an appropriate proportion 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 association and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

## Kyneton and Hanging Rock Racing Club Inc.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2011

#### Depreciation

The depreciable amount of all fixed assets including buildings are depreciated on a straight-line basis over their useful lives commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate
Land and Buildings	2.5%
Racetrack Improvements	5%
Plant and Equipment	10%
Catering Equipment	10%
Motor Vehicles	20%
Fixtures & Fittings	up to 20%
Office Equipment	up to 33%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date. An asset's 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 and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation relating to that asset are transferred to retained earnings.

#### d. Leases

Leases of property, plant and equipment where substantially all the risks and benefits incidental to the ownership of the asset but not the legal ownership are transferred to the association, are classified as finance leases.

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

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the association will obtain ownership of the asset or ownership over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

#### e. Financial Instruments

##### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the association commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

##### Classification and subsequent measurement

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

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

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability.

Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2011**

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

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss. The association has not held any financial assets at fair value through profit or loss in the current or comparative financial year.

*(ii) Loans and receivables*

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

*(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the association's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

The association has not held any held-to-maturity investments in the current or comparative financial year.

*(iv) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

*(v) Financial liabilities*

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

**Impairment**

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

**Derecognition**

Financial assets are derecognised where the contractual right 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 expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**f. Impairment of Assets**

At the end of each reporting period, the association assesses whether there is any indication that an asset may be impaired. The assessment will consider both external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of that asset, being the higher of the asset's fair value less costs to sell and its value-in-use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is immediately recognised in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for any goodwill and any intangible assets with indefinite lives.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2011**

**g. Employee Benefits**

Provision is made for the association'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.

In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

**h. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less.

**i. Revenue**

Revenue from the sale of goods is recognised at the point of delivery of goods as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax (GST).

**j. Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax 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 the expense. Receivables and payables in the balance sheet are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**k. Comparative Figures**

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

**l. Trade and Other Payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the association during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

**m. Key Estimates**

*(i) Impairment*

The association assesses impairment at each reporting date by evaluating conditions and events specific to the association that may be indicative of impairment triggers. Recoverable amounts of relevant asset are assessed using value-in-use calculations which incorporate a number of key assumptions.

*Key Judgements*

(i) Provision for impairment of receivables included in trade receivables and other receivables at the end of the reporting period are amounts receivable from members. The committee is fully confident that outstanding amounts will be paid and therefore no provision for impairment has been made.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2011**

**n. Recognition of Capital Grants**

The association has adopted the following accounting standard for application on or after 1 August 2006:  
- AASB 1004: Contributions

The changes resulting from the adoption of AASB 1004 relate primarily to the recognition of capital grants as revenue. That is such grants in the past were recorded as a reserve, then recognised progressively as income over the life of the asset since that date, new capital grants are recorded as income.

As noted above the adoption of AASB 1004 will result in material differences in the recognition and measurement as Association's pre 1st August 2006 revenue. The Association has elected not to adjust comparative information resulting from the introduction of AASB 1004. As such, previous accounting policy will continue to be applied to prior capital grants.

**o. New Accounting Standards for Application in Future Periods**

The AASB has issued new, revised and amended statements and interpretations that have mandatory adoption dates for future reporting periods. The association does not anticipate early adoption of any of these reporting requirements and does not expect them to have any material effect on the association financial statements.

Kyneton and Hanging Rock Racing Club Inc.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2011**

<b>NOTE 2: REVENUE</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
- members subscriptions and admissions	234,041	225,087
- TABCORP distribution	74,146	64,293
- on-course totalisator commission	45,668	58,203
- bookmaker fees and permits	14,813	12,648
- training tracks maintenance allowance	216,834	195,227
- sponsorship and telecasting rights	232,788	245,584
- other raceday revenue	702,648	521,201
- interest received	2,696	7,704
- other revenue	279,662	268,443
- capital grants	111,321	-
- Transfer from Grants Reserves	54,313	67,126
	<u>1,968,930</u>	<u>1,665,516</u>

<b>NOTE 3: EXPENSES</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>Depreciation</b>		
Depreciation of non-current assets:		
- buildings	31,162	28,307
- plant & equipment	22,283	22,648
- fixtures & fittings	6,987	3,700
- catering equipment	967	891
- office furniture	432	440
- motor vehicles	4,295	-
- track improvements	49,602	49,239
- industry funded assets	499	-
	<u>116,227</u>	<u>105,225</u>

<b>Other Expenses</b>		
- racecourse maintenance	259,989	222,242
- administration	211,774	179,316
- race meeting	566,344	444,302
- functions	-	-
- raceday services	114,103	116,644
- marketing and promotions	-	-
- prize monies and trophies	30,531	45,523
- other	-	-
	<u>1,182,741</u>	<u>1,008,027</u>

**NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	<u>70,785</u>	<u>76,294</u>

**NOTE 5: AUDITOR'S REMUNERATION**

Remuneration of the auditor of the association for auditing or reviewing the financial report is payable by Racing Victoria Ltd.

Kyneton and Hanging Rock Racing Club Inc.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2011**

<b>NOTE 6: CASH AND CASH EQUIVALENTS</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Cash on hand	500	2,000
Cash at bank	190,751	62,744
Short-term bank deposits	-	278,373
	<u>191,251</u>	<u>343,117</u>

<b>NOTE 7: TRADE AND OTHER RECEIVABLES</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Trade receivables	170,892	103,471
Provision for Doubtful Debts	-	(3,292)
Other receivables	90,314	16,141
	<u>261,206</u>	<u>116,320</u>

<b>NOTE 8: INVENTORIES</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Consumable Bar Stocks and Merchandise - At Cost	<u>56,847</u>	<u>13,294</u>

<b>NOTE 9: OTHER ASSETS</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Prepayments	<u>13,441</u>	<u>3,302</u>

<b>NOTE 10: OTHER FINANCIAL ASSETS</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>NON-CURRENT - AVAILABLE FOR SALE FINANCIAL ASSETS</b>		
Investment in Sport 927 at cost	<u>93,701</u>	<u>93,701</u>

Kyneton and Hanging Rock Racing Club Inc.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2011**

<b>NOTE 11: PROPERTY PLANT AND EQUIPMENT</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Buildings	1,068,561	983,167
Accumulated Depreciation	(177,865)	(146,703)
	<u>890,696</u>	<u>836,464</u>
Plant & Equipment	392,507	376,600
Accumulated Depreciation	(294,937)	(272,654)
	<u>97,570</u>	<u>103,946</u>
Fixtures & Fittings	76,620	38,101
Accumulated Depreciation	(24,589)	(17,602)
	<u>52,031</u>	<u>20,499</u>
Catering Equipment	13,028	11,902
Accumulated Depreciation	(8,743)	(7,776)
	<u>4,285</u>	<u>4,126</u>
Office Furniture & Equipment	10,221	10,221
Accumulated Depreciation	(9,339)	(8,907)
	<u>882</u>	<u>1,314</u>
Computer Equipment & Software	589	589
Accumulated Depreciation	(589)	(589)
	<u>-</u>	<u>-</u>
Motor Vehicles	45,145	1,818
Accumulated Depreciation	(6,114)	(1,818)
	<u>39,031</u>	<u>-</u>
Track Improvements	994,755	984,769
Accumulated Depreciation	(233,435)	(183,833)
	<u>761,320</u>	<u>800,936</u>
Industry Funded Assets	16,800	-
Accumulated Depreciation	(499)	-
	<u>16,301</u>	<u>-</u>
Work In Progress	60,388	-
	<u>60,388</u>	<u>-</u>
<b>Total Property, Plant and Equipment</b>	<b><u>1,922,504</u></b>	<b><u>1,767,285</u></b>

Kyneton and Hanging Rock Racing Club Inc.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2011

NOTE 11a: PROPERTY PLANT AND EQUIPMENT (CONTINUED)

Movements in carrying amounts

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

	Buildings	Plant & Equipment	Fixtures & Fittings	Catering Equipment	Office Furniture	Motor Vehicles	Track Improvements	Industry Funded	Works In Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 31 July 2009</b>	845,440	121,528	22,917	5,017	1,754	-	850,175	-	-	1,846,831
Assets transferred as Capital Contributions										
Additions	19,331	5,066	1,282	-	-	-	-	-	-	25,679
Depreciation Expense	(28,307)	(22,648)	(3,700)	(891)	(440)	-	(49,239)	-	-	(105,225)
<b>Balance at 31 July 2010</b>	<b>836,464</b>	<b>103,946</b>	<b>20,499</b>	<b>4,126</b>	<b>1,314</b>	<b>-</b>	<b>800,936</b>	<b>-</b>	<b>-</b>	<b>1,767,285</b>
Additions	85,394	15,907	38,519	1,126	-	43,326	9,986	16,800	60,388	271,446
Depreciation Expense	(31,162)	(22,283)	(6,987)	(967)	(432)	(4,295)	(49,602)	(499)	-	(116,227)
<b>Balance at 31 July 2011</b>	<b>890,696</b>	<b>97,570</b>	<b>52,031</b>	<b>4,285</b>	<b>882</b>	<b>39,031</b>	<b>761,320</b>	<b>16,301</b>	<b>60,388</b>	<b>1,922,504</b>

Kyneton and Hanging Rock Racing Club Inc.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2011**

**NOTE 12: TRADE AND OTHER PAYABLES**

	2011	2010
	\$	\$
<b>CURRENT</b>		
Trade payables	104,777	66,156
Other payables	21,952	22,518
Income in advance	125,581	31,803
	<u>252,310</u>	<u>120,477</u>

**NOTE 13: PROVISIONS**

	2011	2010
	\$	\$
<b>CURRENT</b>		
Employee Benefits		
- Annual leave	41,826	35,504
- Long service leave	35,801	33,863
	<u>77,627</u>	<u>69,367</u>
<b>NON-CURRENT</b>		
Employee Benefits		
- Long service leave	18,964	7,421
	<u>18,964</u>	<u>7,421</u>
Total Provisions	<u>96,591</u>	<u>76,788</u>

**NOTE 14: BORROWINGS**

	2011	2010
	\$	\$
<b>CURRENT</b>		
Lease Liability	13,936	11,181
	<u>13,936</u>	<u>11,181</u>
<b>NON-CURRENT</b>		
Lease Liability	38,671	1,273
	<u>38,671</u>	<u>1,273</u>
Financial liabilities at amortised cost classified as borrowings	<u>52,607</u>	<u>12,454</u>

**NOTE 15: CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There are no known Contingent Liabilities and Contingent Assets as at 31st July 2011 which may effect the financial statements.

Kyneton and Hanging Rock Racing Club Inc.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2011**

**NOTE 16: EVENTS AFTER THE BALANCE SHEET DATE**

There have been no events after the end of the financial year that would materially affect the financial statements.

**NOTE 17: CAPITAL & LEASE COMMITMENTS**

**a. Finance Lease Commitments**

**Tractor Finance**

Payable - minimum lease commitments

- not later than 12 months

- between 12 months and 5 years

Minimum Lease Payments:

Less: future finance charges

Present value of minimum lease payments

	2011	2010
	\$	\$
	1,863	11,181
	-	1,273
	<u>1,863</u>	<u>12,454</u>
	<u>(17)</u>	<u>(725)</u>
	<u>1,846</u>	<u>11,729</u>

**Motor Vehicle**

Payable - minimum lease commitments

- not later than 12 months

- between 12 months and 5 years

Minimum Lease Payments:

Less: future finance charges

Present value of minimum lease payments

	\$	\$
	12,073	-
	<u>38,671</u>	-
	50,744	-
	<u>(8,807)</u>	-
	<u>41,937</u>	-

**b. Operating Lease Commitments**

**Photocopier & Computer Operating Lease**

Payable - minimum lease commitments

- not later than 12 months

- between 12 months and 5 years

	\$	\$
	3,587	3,587
	<u>10,762</u>	<u>14,350</u>
	<u>14,349</u>	<u>17,937</u>

**NOTE 18: CASH FLOW INFORMATION**

**Reconciliation of Cash Flow from Operations**

Profit/(Loss)

Cash flows excluded from profit attributable to operating activities

Non-cash flows in profit

- Depreciation

- Transfer from Reserves

Changes in assets and liabilities,

- (Increase)/decrease in trade and other receivables

- (Increase)/decrease in prepayments

- (Increase)/decrease in inventories

- Increase/(decrease) in trade and other payables

- Increase/(decrease) in provisions

	2011	2010
	\$	\$
	64,455	29,252
	116,227	105,225
	<u>(54,313)</u>	<u>(67,126)</u>
	(144,886)	46,940
	<u>(10,139)</u>	<u>(1,112)</u>
	<u>(43,553)</u>	<u>14,480</u>
	131,833	30,651
	19,803	(6,493)
	<u>79,427</u>	<u>151,817</u>

Kyneton and Hanging Rock Racing Club Inc.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2011**

**NOTE 19: RESERVES**

	2011	2010
	\$	\$
<b>Grant Reserve</b>		
The Grant Reserve records funds set aside for future improvements of the association.		
Opening Balance	1,288,971	1,356,097
Transfer from Accumulated Surpluses		1,356,097
Transfer to Income	(54,313)	(67,126)
Closing balance	<u>1,234,658</u>	<u>1,288,971</u>

**NOTE 20: ASSOCIATION DETAILS**

The registered office of the company is:

Kyneton & Hanging Rock Racing Club Inc.  
Campaspe Place  
Kyneton Vic 3444

The principal place of business is:

Kyneton & Hanging Rock Racing Club Inc.  
Campaspe Place  
Kyneton Vic 3444

**NOTE 21: SEGMENT REPORTING**

The association operates in the Thoroughbred Racing Sector in the Central Victorian Region

Kyneton and Hanging Rock Racing Club Inc.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2011**

**NOTE 22: FINANCIAL INSTRUMENTS**

**a. Financial Risk Management Policies**

The Association's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivables and payable.

The Association does not have any derivate instruments at 31 July 2011.

The main risks that Association is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk and price risk.

*Interest rate risk* - Is managed with a mixture of fixed and floating rates.

*Liquidity risk* - is monitored by forecasting cash flows and review of any borrowing facilities.

*Credit risk* - The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the balance sheet and notes to the financial statements. There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

*Price risk* - the Association is not exposed to any material price risks.

The group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2011	2010
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents	191,251	343,117
Loans and Receivables	261,206	119,612
Available for sale financial assets:		
- equity investments	93,701	93,701
	<u>546,158</u>	<u>556,430</u>
<b>Financial Liabilities</b>		
Financial Liabilities at amortised cost:		
- trade and other payables	230,357	101,913
- borrowings	52,607	12,454
	<u>282,964</u>	<u>114,367</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2011

NOTE 22: FINANCIAL INSTRUMENTS

b. Financial liability and financial asset

Financial Instrument	Floating Interest Rate		Fixed Interest Rate maturing in						Non Interest Bearing		Weighted average Effective interest rate	
			Over 1 to 5 years		Over 5 years							
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
<b>Financial Assets</b>												
Cash assets	190,751	62,744	-	-	-	-	-	-	500	2,000	5.50	5.50
Investments	-	-	278,373	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	170,892	103,471	N/A	N/A
<b>Financial Liabilities</b>												
Payables	-	-	-	-	-	-	-	-	230,357	66,156	N/A	N/A
Lease Liability	-	-	-	-	-	-	-	-	52,607	12,454	-	-

c. Net Fair Values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Balance Sheet. The Association does not have any unrecognised financial instruments at the year end.

Kyneton and Hanging Rock Racing Club Inc.

**d. Sensitivity Analysis**

The Association has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on current year results and equity which could result from a change in risk.

As at 31 July 2011, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

		Movement in Interest Rate										
		-5%	-4%	-3%	-2%	-1%	0%	1%	2%	3%	4%	5%
Change in profit:												
2011	(9,538)	(7,630)	(5,723)	(3,815)	(1,908)	-	1,908	3,815	5,723	7,630	9,538	
2010	(17,056)	(13,645)	(10,234)	(6,822)	(3,411)	-	3,411	6,822	10,234	13,645	17,056	
Change in equity:												
2011	(9,538)	(7,630)	(5,723)	(3,815)	(1,908)	-	1,908	3,815	5,723	7,630	9,538	
2010	(17,056)	(13,645)	(10,234)	(6,822)	(3,411)	-	3,411	6,822	10,234	13,645	17,056	

**e. Capital Management**

The committee members control the capital of the Association in order to maintain a good debt-to-equity ratio and to ensure that the Association can fund its operations and continue as a going concern. No capital management issues have been noted during the financial year.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2011**

**NOTE 22: FINANCIAL RISK MANAGEMENT (continued)**

**Net Fair Values**

**Fair values estimation**

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the balance sheet. Fair values are those amounts at which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arms length transaction. Areas of judgement and the assumptions used have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded.

	2011		2010	
	Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
<b>Financial Assets</b>				
Cash and cash equivalents	191,251	191,251	343,117	343,117
Trade and other receivables	261,206	261,206	116,320	116,320
Investments - available for sale	56,847	56,847	13,294	13,294
<b>Total Financial Assets</b>	<b>509,304</b>	<b>509,304</b>	<b>472,731</b>	<b>472,731</b>
<b>Financial Liabilities</b>				
Trade and other payables	252,310	252,310	120,477	120,477
Lease Liability	52,607	52,607	12,454	12,454
<b>Total Financial Liabilities</b>	<b>304,917</b>	<b>304,917</b>	<b>132,931</b>	<b>132,931</b>

# KYNETON & HANGING ROCK RACING CLUB

ABN 54 624 437 411



KYNETON & HANGING ROCK RACING CLUB

PO Box 106 Kyneton Victoria 3444  
Phone: (03) 5422 1866  
Fax: (03) 5422 2434  
Email: khrrc@countryracing.com.au

29 September 2011

Richmond Sinnott & Delahunty  
PO Box 30  
BENDIGO VIC 3552

Dear Sirs

**RE: KYNETON AND HANGING ROCK RACING CLUB INC.**

Pursuant to your request in and connection with your examination of our financial reports for Kyneton and Hanging Rock Racing Club Inc ('the club'), for the year ended 31 July 2011, we submit the following representations after making appropriate enquiries and according to the best of our knowledge and belief:

## General

1. All financial records and related data have been made available for inspection. All material transactions have been properly recorded in the accounting records underlying the financial report.
2. There have been no irregularities involving management or employees that could have an effect on the financial report.
3. Except as disclosed to you there have been no:
  - Violations or possible violations of laws or regulations, the effects of which should be considered for disclosure in the financial report or as a basis for recording a contingent loss; or
  - Communications from regulatory authorities concerning non-compliance with, or deficiencies in, financial reporting practices.
4. We have established and maintained an adequate internal control structure to facilitate the preparation of a reliable financial report.
5. We have no plans or intentions that may materially affect the carrying values, or classifications of assets and liabilities.

## Assets

6. There were no deficiencies or encumbrances attaching to the title of the assets at balance date other than those reflected in the financial report.



Web: [kyneton.countryracing.com.au](http://kyneton.countryracing.com.au)



Web: [hangingrock.countryracing.com.au](http://hangingrock.countryracing.com.au)

## **Liabilities**

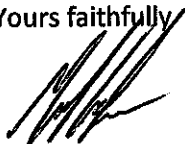
7. All liabilities which have arisen out of the activities to the end of the financial year have been included in the financial report.
8. There are no contractual commitments for capital expenditure at balance date not included in the financial report.
9. There are no contingent liabilities, including guarantees, at balance date, which are not disclosed in the financial reports or the notes thereto.

## **Other**

10. No events have occurred subsequent to balance date, which would require adjustments to, or disclosure in the financial report.
11. We have completed budgets and cashflow projections for the coming year and are satisfied that the club will continue as a going concern.
12. Other than as detailed in the financial statements, we are not aware of any breach or non-compliance with the terms of any contractual arrangements, however caused, which could initiate claims on the club and which would have a material effect on the financial report.
13. We have established procedures whereby an officer reviews at least annually the adequacy of insurance cover over all assets and insurable risks. This review has been performed and where considered appropriate, assets and insurable risks of the club are adequately covered by insurance.
14. There:
  - (a) has been no fraud, error, or non-compliance with laws and regulations involving management or employees who have a significant role in the internal control structure
  - (b) has been no fraud, error, or non-compliance with laws and regulations that could have a material effect on the financial report
  - (c) have been no communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial report.

We understand that your examination was made in accordance with Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an opinion on the club's financial report and that your tests of the financial records and other auditing procedures were limited to those which you considered necessary for that purpose.

Yours faithfully



Mark Graham  
Club Manager

On Behalf of the Committee of Kyneton & Hanging Rock Racing Club