



Reg No. A00098395

**VICTORIAN HARNESS RACING SPORTS CLUB Inc.**

**Reg No. A0009839S**

VICTORIAN HARNESS RACING SPORTS CLUB Inc.

Reg No. A0009839S

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2013**

<b>CONTINUING OPERATIONS</b>	<b>Note</b>	<b>2013</b>	<b>2012</b>
		<b>\$</b>	<b>\$</b>
<b>INCOME</b>			
Gaming		4,320,978	1,822,906
Bar Sales		564,043	590,643
Subscriptions		122,204	143,886
Other revenue		502,041	568,680
<b>Total Income</b>	<b>3</b>	<b>5,509,266</b>	<b>3,126,115</b>
<b>EXPENSES</b>			
Employee benefits		(1,198,337)	(1,285,628)
Gaming variable costs		(1,893,718)	-
Depreciation and amortisation expense		(218,045)	(67,919)
Cost of sales		(291,226)	(289,704)
Operating lease expense		(614,024)	(609,537)
Other expenses from operating activities		(1,175,683)	(905,683)
<b>Total Expenses</b>	<b>4</b>	<b>(5,391,033)</b>	<b>(3,158,471)</b>
<b>Net surplus before income tax</b>		<b>118,233</b>	<b>(32,356)</b>
Income Tax Expense	5	(48,624)	(7,178)
<b>Net surplus / (deficit) after income tax</b>		<b>69,609</b>	<b>(39,534)</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>69,609</b>	<b>(39,534)</b>

The accompanying notes form part of this financial report

VICTORIAN HARNESS RACING SPORTS CLUB Inc.

Reg No. A0009839S

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Note	2013	2012
		\$	\$
<b>Current Assets</b>			
Cash and cash equivalents	7	677,978	614,885
Trade and other receivables	8	153,301	57,884
Inventories	9	22,703	24,435
Deferred tax asset	10	109,604	164,177
Income tax receivable		-	1,324
Other assets	11	9,689	4,134
<b>Total Current Assets</b>		<b>973,275</b>	<b>866,839</b>
<b>Non-Current Assets</b>			
Property, plant & equipment	12	109,010	144,561
Intangible assets	13	1,652,178	99,703
<b>Total Non-Current Assets</b>		<b>1,761,188</b>	<b>244,264</b>
<b>Total Assets</b>		<b>2,734,462</b>	<b>1,111,103</b>
<b>Current Liabilities</b>			
Trade and other payables	14	541,430	363,517
Provisions	15	80,841	149,827
Non interest bearing liabilities	16	335,238	-
<b>Total Current Liabilities</b>		<b>957,509</b>	<b>513,344</b>
<b>Non-Current Liabilities</b>			
Trade and other payables	14	166,486	90,979
Provisions	15	10,029	7,768
Non interest bearing liabilities	16	1,031,816	
<b>Total Non-Current Liabilities</b>		<b>1,208,331</b>	<b>98,747</b>
<b>Total Liabilities</b>		<b>2,165,840</b>	<b>612,091</b>
<b>Net Assets</b>		<b>568,621</b>	<b>499,012</b>
<b>Equity</b>			
Capital Funds	17	396,414	396,414
Accumulated surplus	18	172,207	102,598
<b>Total Equity</b>		<b>568,621</b>	<b>499,012</b>

The accompanying notes form part of this financial report

VICTORIAN HARNESS RACING SPORTS CLUB Inc.

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**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2013**

2013	Notes	Equity at 1-Jul-12	Changes due to		Equity at 30-Jun-13
			Total comprehensive income	Transactions with owner in its capacity as owner	
Total accumulated surplus/(deficit)	18	102,598	69,609	-	172,207
Total contribution by owners - contributed capital	17	396,414	-	-	396,414
<b>Total equity at the end of the financial year</b>		<b>499,012</b>	<b>69,609</b>	<b>-</b>	<b>568,621</b>

2012	Notes	Equity at 1-Jul-11	Changes due to		Equity at 30-Jun-12
			Total comprehensive income	Transactions with owner in its capacity as owner	
Total accumulated surplus/(deficit)	18	142,132	(39,534)	-	102,598
Total contribution by owners - contributed capital	17	396,414	-	-	396,414
<b>Total equity at the end of the financial year</b>		<b>538,546</b>	<b>(39,534)</b>	<b>-</b>	<b>499,012</b>

The accompanying notes form part of this financial report

VICTORIAN HARNESS RACING SPORTS CLUB Inc.

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**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>\$</b>	<b>\$</b>
Receipts from members and customers		5,350,146	2,950,102
Receipts from members subscriptions		122,204	143,886
Payments to suppliers and employees		(5,402,924)	(3,131,571)
Income Tax (paid to) / received from the ATO		5,935	(5,819)
Interest Received		11,799	20,761
<b>Net cash provided by / (used in) operating activities</b>	<b>21b</b>	<b>87,160</b>	<b>(22,641)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant & equipment		(24,067)	(3,156)
<b>Net cash used in investing activities</b>		<b>(24,067)</b>	<b>(3,156)</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>		<b>63,093</b>	<b>(25,797)</b>
Cash and cash equivalents at the beginning of the financial year		614,885	640,682
<b>Cash and cash equivalents at the end of the financial year</b>	<b>21a</b>	<b>677,978</b>	<b>614,885</b>

The accompanying notes form part of this financial report

**VICTORIAN HARNESS RACING SPORTS CLUB Inc.**

**Reg No. A0009839S**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

**NOTE 1: INTRODUCTION**

The financial report is for Victorian Harness Racing Sports Club Inc as an individual entity for the year ended 30 June 2013. Victorian Harness Racing Sports Club Inc is an association incorporated and domiciled in Victoria, Australia under the Associations Incorporation Reform Act 2012. The financial statements are presented in Australian dollars and rounded to the nearest one dollar. The registered office and principal place of business is Victorian Harness Racing Sports Club Inc, 2 Ferris Rd, Melton South, Victoria, 3338.

The financial report was authorised for issue by the committee of Victorian Harness Racing Sports Club Inc on the date shown on the Statement by Members of the Committee attached to the financial statements.

The operations and principal activities of the entity during the year were to undertake licensed social, racing/sporting and recreational activities.

**Basis of Preparation**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Associations Incorporation Reform Act 2012 of Victoria.

Victorian Harness Racing Sports Club Inc is considered to be a Not for Profit entity and has prepared the financial statements in accordance with the requirements regarding Not for Profit entities as contained in Australian Accounting Standards.

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

**Adoption of New and Revised Standards**

All new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to Victorian Harness Racing Sports Club's operations and effective for annual reporting periods beginning on 1 July 2012 have been adopted by the entity.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

**NOTE 2: SUMMARY OF ACCOUNTING POLICIES**

The principal accounting policies adopted by Victorian Harness Racing Sports Club Inc are stated in order to assist in a general understanding of the financial report.

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

**a. Significant Judgements and Key Assumptions**

No significant judgements have been made in applying accounting policies that have a significant effect on the amounts recognised in the financial statements.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the actual results. The judgements, estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Gaming Licence Entitlements*

The liability for gaming licence entitlements is recognised and measured at the present value of estimated future cash flows to be made for all gaming licenses, based on monthly payments to VCGLR, at the reporting date. In determining the present value of the liability, estimates of discount rates and interest rates have been taken into account.

*Provisioning for Impairment of Receivables*

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the aging of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

*Estimation of useful lives of Assets*

Victorian Harness Racing Sports Club Inc. determined the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

*Long Service Leave Provision*

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

**NOTE 2: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

No key assumptions have been made concerning the future and there are no other key sources of estimation uncertainty at the balance date that the Directors consider have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**b. Income Tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the association will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Non-member income of the association is only assessable for tax, as member income is excluded under the principle of mutuality.

**c. Inventories**

Inventories consist of food and beverage stocks used at the Junction Tabaret and are measured at the lower of cost and net realisable value. Costs have been assigned to inventory quantities on hand at balance date using the first in first out basis.

**d. Property, Plant and Equipment**

Each class of property, plant and equipment are carried at cost less, where applicable, any accumulated depreciation.

**Plant and Equipment**

Plant and equipment is stated at cost less accumulated depreciation.

The carrying amount of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that carrying value may not be recoverable. If any such indication exists and where the carrying amount values exceeds the estimated recoverable amount the assets are written down to the recoverable amounts.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

**NOTE 2: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**Depreciation**

Depreciation of plant and equipment is calculated on both the reducing balance and straight-line method at rates considered adequate to write off the plant and equipment over the period of their estimated lives.

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

<i>Class of Plant and Equipment</i>	<i>Depreciation Rate</i>	
Club Plant and Equipment	7.5% - 40%	Reducing Balance
Tabaret Plant & Equipment	20% - 33.3%	Straight Line
Tabaret Furniture & Fittings	6.67% - 20%	Straight Line

**e. Capital Funds – Member’s Joining Fees**

New members may be required to pay a joining fee, which is not refundable. The movement in this account reflects fees from new members.

**f. Financial Assets**

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

**g. Employee Benefits**

Provision is made for the company’s liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, and annual leave which will be settled after one year, have been measured at their nominal amount. Other 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.

Contributions are made by the association to an employee superannuation fund and are charged as expenses when incurred.

**h. Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and cash in banks, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

**i. Revenue**

Revenue from the sale of goods is recognised upon the delivery of goods or services to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Members income and subscriptions are recognised on an accruals basis in respect of each financial year.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

**NOTE 2: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**j. Receivables**

Trade accounts receivable, amounts due from related parties and other receivables represent the principal amounts due at balance date plus accrued interest and less, where applicable, any unearned income and allowance for impairment.

An allowance for doubtful receivables is made when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

**k. Accounts Payable**

Accounts payable represent the principal amounts outstanding at balance date plus, where applicable, any accrued interest.

**l. 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 Statement of Financial Position are shown inclusive of GST.

**m. Provisions**

Provisions are recognised when the Club has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risk of uncertainties surrounding the obligation. Where a provision is estimated using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

**n. Intangibles**

Intangible assets acquired separately are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over their useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible asset.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

**NOTE 2: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**o. New and Revised Accounting Standards and Interpretations**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2013. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

<b>Amendment</b>	<b>Summary</b>	<b>Impact</b>	<b>Applicable for annual reporting periods beginning on</b>	<b>Application date for Club</b>
AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and 2012-6 Amendments to Australian Accounting Standards arising from AASB 9	This standard and its consequential amendments completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch.	Detail of impact is yet to be assessed by the Group	Beginning 1 January 2015	Year ending 30 June 2015
AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13	The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets whereas liabilities would be based on transfer value.	Detail of impact should be minimal, although there will be increased disclosures where fair value is used.	Beginning 1 January 2013	Year ending 30 June 2014

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

## NOTE 2: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Amendment	Summary	Impact	Applicable for annual reporting periods beginning on	Application date for Club
<i>AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)</i>	The amendments make changes to the accounting for defined benefit plans and the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. The later will require annual leave that is not expected to be wholly settled within 12 months to be discounted allowing for expected salary levels in the future period when the leave is expected to be taken.	Detail of impact will not be material as assessed by the Group	Beginning 1 January 2013	Year ending 30 June 2014
<i>AASB 10 Consolidated Financial Statements</i>	The standard has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns (e.g. dividends, remuneration, returns that are not available to other interest holders including losses) from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights (e.g. voting rights, potential voting rights, rights to appoint key management, decision making rights, kick out rights) that give it the current ability to direct the activities that significantly affect the investee's returns (e.g. operating policies, capital decisions, appointment of key management). The Group will not only have to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.	Detail of impact will not be material as assessed by the Group	Beginning 1 January 2013	Year ending 30 June 2014

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

NOTE 2: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Amendment	Summary	Impact	Applicable for annual reporting periods beginning on	Application date for Club
<i>AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement</i>	The amendments make changes to AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). The adoption of these amendments from 1 July 2014 will remove the duplication of information relating to individual KMP in the notes to the financial statements and the directors report. As the aggregate disclosures are still required by AASB 124 and during the transitional period the requirements may be included in the Corporations Act or other legislation.	Detail of impact will not be material as assessed by the Group	Beginning 1 July 2013	Year ending 30 June 2014

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

	2013	2012
<b>NOTE 3: REVENUE</b>	<b>\$</b>	<b>\$</b>
Gaming Commission	4,320,978	1,822,906
Wagering Commission	197,865	189,029
Bar Sales	564,043	590,643
Subscriptions	122,204	143,886
Bistro Food Sales	208,897	209,914
Vending Machine Income	4,003	1,486
ATM Commission	18,744	22,603
Keno Income	5,050	3,737
TGS Licence Grant	17,929	-
Study Reimbursements	3,480	76,370
Supplier Rewards Program	6,084	6,345
Other	28,190	38,435
	<b>5,497,467</b>	<b>3,105,354</b>
<b>Other Revenue</b>		
Interest received	11,799	20,761
	<b>11,799</b>	<b>20,761</b>
<b>Total Revenue</b>	<b>5,509,266</b>	<b>3,126,115</b>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

	2013	2012
<b>NOTE 4: NET SURPLUS / (DEFICIT) BEFORE INCOME TAX</b>	<b>\$</b>	<b>\$</b>
Net Surplus / (Deficit) before income tax expense has been determined after		
<b>Employee Benefits Expense</b>		
Salary and wages plus on costs	1,107,500	1,187,579
Defined contribution superannuation plan expenses	90,837	98,049
	<b>1,198,337</b>	<b>1,285,628</b>
Depreciation of property, plant and equipment	59,617	67,919
Amortisation of Gaming Machine Entitlements	158,428	-
Gaming variable costs	1,893,718	-
Cost of sales	291,226	289,704
Rental expense on operating leases	614,024	609,537
	<b>3,017,013</b>	<b>967,160</b>
<b>Other Expenses</b>		
Audit and accounting fees	13,851	26,208
Utilities and property expenses	225,258	239,871
Discounted sales	42,522	58,409
Marketing expenses	330,669	211,339
Security	109,159	109,896
Management service charge	135,000	60,000
Membership expenses	16,538	40,613
Communication costs	17,137	14,860
Foxtel and Sky Channel	21,299	11,892
Wagering and Keno costs	25,656	20,162
Effective interest	68,712	-
Other	169,882	112,433
	<b>1,175,683</b>	<b>905,683</b>
<b>Total Expenses</b>	<b>5,391,033</b>	<b>3,158,471</b>



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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

	2013	2012
<b>NOTE 5: INCOME TAX EXPENSE</b>	<b>\$</b>	<b>\$</b>
<b>a. The components of tax expense comprise:</b>		
Current tax	42,487	6,028
Deferred tax relating to temporary differences	12,647	(4,668)
Under/(over) Provision in respect to Prior years	(6,510)	5,819
	<b>48,624</b>	<b>7,178</b>
<b>b. Income Tax expense before income tax is reconciled to</b>		
the income tax as follows:		
Prima facie tax payable on surplus / deficit before income tax at 30%	35,470	(9,707)
Add:		
Tax effect of:		
Net Adjustment for Mutual Income / Expense	19,093	10,757
Permanent Differences	571	309
Less:		
Tax effect of:		
- Under/(over) Provision in respect to Prior Years	(6,510)	5,819
	<b>48,624</b>	<b>7,178</b>
<b>Income tax attributable to association</b>	<b>48,624</b>	<b>7,178</b>
<b>NOTE 6: REMUNERATION OF AUDITORS</b>		
Remuneration of the auditors for:		
- Audit of the financial report	14,842	20,848
- Other services		
- Community Benefit Statement audit	1,500	1,500
- Taxation compliances services	4,009	3,860
	<b>20,351</b>	<b>26,208</b>
<b>NOTE 7: CASH AND CASH EQUIVALENTS</b>		
Cash on hand	227,307	163,192
Cash at bank	450,671	451,693
	<b>677,978</b>	<b>614,885</b>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

	2013	2012
<b>NOTE 8: TRADE AND OTHER RECEIVABLES</b>	<b>\$</b>	<b>\$</b>
Accrued income	111,828	22,857
Trade receivables	8,291	286
Sundry receivables	33,182	34,741
	<b>153,301</b>	<b>57,884</b>
<b>NOTE 9: INVENTORIES</b>		
Bar & Bistro Stock	22,703	24,435
	<b>22,703</b>	<b>24,435</b>
<b>NOTE 10: DEFERRED TAX ASSET</b>		
Analysis of deferred tax assets:		
- Timing differences		
Leave Provisions	25,274	40,544
Audit accrual	6,432	6,898
Superannuation Payable	2,327	-
	34,033	47,442
- Tax losses	75,571	116,734
- Income Tax Installments	-	1,324
	<b>109,604</b>	<b>164,177</b>
<b>NOTE 11: OTHER ASSETS</b>		
Prepaid Expenses	5,563	4,134
Capital work in progress	4,125	-
	<b>9,688</b>	<b>4,134</b>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	2013	2012
<b>NOTE 12: PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>\$</b>	<b>\$</b>
Plant & Equipment at Cost - Club	55,502	55,502
Less accumulated depreciation	(48,045)	(46,400)
	7,457	9,102
Furniture & Fittings at Cost - Tabaret	198,672	196,142
Less accumulated depreciation	(118,557)	(83,933)
	80,115	112,209
Equipment at cost - Tabaret	257,298	235,763
Less accumulated depreciation	(235,860)	(212,513)
	21,438	23,250
<b>TOTAL WRITTEN DOWN VALUE</b>	<b>109,010</b>	<b>144,561</b>

(a) Movements in carrying amounts

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

2013	Plant & Equipment Club	Furniture & Fitting Tabaret	Equipment Tabaret	Total
	\$	\$	\$	\$
Balance at Beginning of the year	9,102	112,209	23,250	144,561
Additions	-	2,530	21,536	24,066
Depreciation Expense	(1,645)	(34,624)	(23,348)	(59,617)
<b>Carrying amount at the end of the year</b>	<b>7,457</b>	<b>80,115</b>	<b>21,438</b>	<b>109,010</b>

2012	Plant & Equipment Club	Furniture & Fitting Tabaret	Equipment Tabaret	Total
	\$	\$	\$	\$
Balance at Beginning of the year	10,800	148,085	50,439	209,324
Additions	364	-	2,792	3,156
Depreciation Expense	(2,062)	(35,876)	(29,981)	(67,919)
<b>Carrying amount at the end of the year</b>	<b>9,102</b>	<b>112,209</b>	<b>23,250</b>	<b>144,561</b>

VICTORIAN HARNESS RACING SPORTS CLUB Inc.

Reg No. A0009839S

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

<b>NOTE 13: INTANGIBLE ASSETS</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Gaming Licence Entitlements	1,810,606	99,703
Accumulated amortisation	(158,428)	-
	<b>1,652,178</b>	<b>99,703</b>

	<b>Gaming Licence Entitlements</b>
	<b>\$</b>
<b>Year ended 30 June 2013</b>	
At 1 July 2012 net of accumulated amortisation and impairment	<b>99,703</b>
Additions*	1,710,903
Amortisation	(158,428)
At 30 June 2013 net of accumulated amortisation and impairment	<b>1,652,178</b>
<b>At 30 June 2013</b>	
Cost (gross carrying amount)	1,810,606
Accumulated amortisation and impairment	(158,428)
<b>Net carrying amount</b>	<b>1,652,178</b>

<b>Year ended 30 June 2012</b>	
At 1 July 2011 net of accumulated amortisation and impairment	<b>99,703</b>
Additions	-
Amortisation	-
At 30 June 2012 net of accumulated amortisation and impairment	<b>99,703</b>
<b>At 30 June 2012 net of accumulated amortisation and impairment</b>	
Cost (gross carrying amount)	99,703
Accumulated amortisation and impairment	-
<b>Net carrying amount</b>	<b>99,703</b>

\* VHRSC has acquired 80 gaming machine entitlements to enable it to operate gaming machines at The Junction Club for a period of 10 years following the cessation of the previous arrangements on 15th August 2012. Gaming licence entitlements are amortised over the period of the entitlement, being 10 years.

VICTORIAN HARNESS RACING SPORTS CLUB Inc.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

	2013	2012
<b>NOTE 14: TRADE AND OTHER PAYABLES</b>	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Trade Payables	230,730	266,156
Accrued Expenses	234,236	59,581
PAYG Payable	-	2,282
GST Collected/Due	55,974	26,774
TGS Licence Grant	20,490	8,724
	<b>541,430</b>	<b>363,517</b>
<b>NON-CURRENT</b>		
TGS Licence Grant	166,486	90,979
	<b>166,486</b>	<b>90,979</b>
	<b>707,916</b>	<b>454,496</b>
<b>NOTE 15: PROVISIONS</b>		
<b>CURRENT</b>		
Employee Entitlements	64,570	129,655
Provisions related to Employee Entitlement on-costs	9,646	19,370
Bonus Points Liability (a)	6,625	802
	<b>80,841</b>	<b>149,827</b>
<b>NON-CURRENT</b>		
Employee Entitlements	8,725	6,758
Provisions related to Employee Entitlement on-costs	1,304	1,010
	<b>10,029</b>	<b>7,768</b>
	<b>90,870</b>	<b>157,595</b>
<b>(a) Movement In Provision</b>		
Opening Balance	802	19,329
Additional provisions recognised	49,644	17,396
Reductions arising from payments/other sacrifices of future economic benefits	(43,821)	(35,924)
Closing Balance	6,625	802

VICTORIAN HARNESS RACING SPORTS CLUB Inc.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

	2013	2012
	\$	\$
<b>NOTE 16: NON INTEREST BEARING LIABILITIES</b>		
<b>CURRENT</b>		
Gaming Licence Entitlements	335,238	-
	<b>335,238</b>	<b>-</b>
<b>NON-CURRENT</b>		
Gaming Licence Entitlements	1,031,816	-
	<b>1,031,816</b>	<b>-</b>
<b>NOTE 17: CAPITAL FUNDS</b>		
Schedule of Movements		
Opening Balance	396,414	396,414
	<b>396,414</b>	<b>396,414</b>
<b>NOTE 18: RETAINED PROFITS</b>		
Retained profits at the beginning of the financial year	102,598	142,132
Net surplus / (deficit) for the year	69,609	(39,534)
	<b>172,207</b>	<b>102,598</b>
<b>NOTE 19: COMMITMENTS FOR EXPENDITURE</b>		
<b>(a) Junction Tabaret Operating Lease Commitments</b>		
Payable:		
- not later than one year	52,582	614,024
- later than one year but not later than 5 years	-	-
- later than 5 years	-	-
	<b>52,582</b>	<b>614,024</b>
<b>(b) Gaming Machine Operating Lease Licence Entitlements</b>		
Payable:		
- not later than one year	409,811	398,812
- later than one year but not later than 5 years	1,126,981	1,495,544
- later than 5 years	-	-
	<b>1,536,792</b>	<b>1,894,355</b>

VICTORIAN HARNESS RACING SPORTS CLUB Inc.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

**NOTE 19: COMMITMENTS FOR EXPENDITURE (CONTINUED)**

**(c) Tabcorp Gaming Solutions (TGS) Operating Lease Service Agreement**

Payable:

- not later than one year	957,401	815,364
- later than one year but not later than 5 years	4,128,364	4,008,201
- later than 5 years	4,799,920	5,877,483
	<b>9,885,684</b>	<b>10,701,048</b>
	<b>11,475,058</b>	<b>13,209,428</b>

- (a) A lease for the ground floor at 740 Mount Alexander Road, Moonee Ponds (to 2 July 2013). New lease agreement to be negotiated in FY14.
- (b) The Victorian Harness Racing Sports Club maintains 80 gaming machine entitlements to enable it to operate gaming machines at The Junction Tabaret for a period of 10 years following the cessation of the previous gaming arrangements on 15<sup>th</sup> August 2012.
- (c) On commencement of the new gaming arrangements in August 2012, the infrastructure, services and functions currently supplied by Tabcorp become the responsibility of the gaming venues. The TGS ten year agreement entered into is an all-encompassing offering covering a range of services for a daily fee per machine

VICTORIAN HARNESS RACING SPORTS CLUB Inc.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

NOTE 20: SEGMENT REPORTING

	The Junction Tabaret		Club		Elimination		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
<b>Revenue</b>	\$	\$	\$	\$	\$	\$	\$	\$
Segment Revenue	5,353,552	2,931,485	225,714	194,630	(70,000)	-	5,509,266	3,126,115
<b>Result</b>								
Segment Result	75,477	28,206	(5,868)	(67,631)	-	-	69,609	(39,425)
<b>Assets</b>								
Segment Assets	2,551,260	864,086	541,303	566,493	(319,476)	(319,476)	2,773,087	1,111,103
<b>Liabilities</b>								
Segment Liabilities	2,472,789	899,719	12,525	31,847	(319,475)	(319,475)	2,165,839	612,091
<b>Other</b>								
Depreciation of Segment Assets	216,400	65,857	1,645	2,062	-	-	218,045	67,919

**Accounting Policies**

Segment revenues and expenses are those directly attributable to the segments. Segment assets include all assets used by the segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment net of allowances and accumulated depreciation and amortisation. Segment liabilities consist principally of accounts payable, accrued expenses, employee entitlements, and provisions.

**Business Segments**

The association has two business segments, the Junction Tabaret which operates as a gaming venue and the Club which provides services in the Harness Racing Industry to its members.



VICTORIAN HARNESS RACING SPORTS CLUB Inc.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

	2013	2012
<b>NOTE 21: CASH FLOW INFORMATION</b>	<b>\$</b>	<b>\$</b>
<b>(a) Reconciliation of Cash and Cash Equivalents</b>		
Cash on Hand	227,307	163,192
Cash at Bank	450,671	451,693
<b>Closing Cash and Cash Equivalents Balance</b>	<b>677,978</b>	<b>614,885</b>
<b>(b) Reconciliation of Net Cash provided by Operating Activities to results after Income Tax</b>		
<b>Net Result for the Year</b>	69,609	(39,534)
<b>Non-cash items</b>		
Depreciation	218,045	67,919
<b>Change in assets and liabilities</b>		
Decrease/(Increase) in receivables	(95,417)	(26,253)
Decrease/(Increase) in inventories	1,732	12,591
Decrease/(Increase) in prepayments and other current assets	50,343	9,484
Decrease/(Increase) in non current assets	(1,710,903)	-
Increase/(Decrease) in creditors and accruals	253,421	(46,854)
Increase/(Decrease) in provisions and current tax	(66,725)	6
Increase/(Decrease) in non-interest bearing liabilities	1,367,054	-
<b>Net Cash Provided from/(used in) Operating Activities</b>	<b>87,160</b>	<b>(22,641)</b>

**NOTE 22: FINANCIAL INSTRUMENTS**

**(a) Significant accounting policies**

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

VICTORIAN HARNESS RACING SPORTS CLUB

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

NOTE 22: FINANCIAL INSTRUMENTS (CONTINUED)

(b) Table 22.1: Categorisation of financial instruments

	Note	Category	(\$)	
			Carrying amount 2013	Carrying amount 2012
<b>Financial assets</b>				
Cash and cash equivalents	7	N/A	677,978	614,885
Trade Receivables <sup>(a)</sup>	8	Trade and other receivables	153,301	57,884
<b>Financial liabilities</b>				
Payables	15	Trade and Other Payables	541,430	363,517

Note:

(a) The amount of receivables disclosed here exclude statutory receivables (GST input tax credit recoverable).

**(c) Credit risk**

Credit risk arises from the financial assets of VHRSC, which comprise cash and cash equivalents, trade and other receivables. VHRSC's exposure to credit risk arises from the potential default of counter party on their contractual obligations resulting in financial loss to VHRSC. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with VHRSC's financial assets are considered minimal. VHRSC's main debtor at any given time is Tabcorp which is the licenced gaming operator.

Provision of impairment for financial assets is calculated based on past experience.

The carrying amount of financial assets recorded in the Financial Report, net of any allowances for losses, represents VHRSC's maximum exposure to credit risk without taking account of the value of any collateral obtained.

*Financial assets that are either past due or impaired*

Currently VHRSC does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

As at the reporting date, there is no event to indicate that any of the financial assets were impaired.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. The following table discloses the ageing only of financial assets that are past due but not impaired:

VICTORIAN HARNESS RACING SPORTS CLUB Inc.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

NOTE 22: FINANCIAL INSTRUMENTS (CONTINUED)

Table 22.2: Interest rate exposure and ageing analysis of financial assets (a)

(\$)

	Weighted average effective interest rate %	Carrying amount	Interest rate exposure			Not past due and not impaired	Past due but not impaired				Impaired financial assets
			Fixed interest rate	Variable interest rate	Non-interest bearing		31-60 Days	61-90 Days	91-120 Days	>121 Days	
<b>2013</b>											
Receivables:											
Trade Receivables	-	8,291	-	-	8,291	8,291	-	-	-	-	-
Accrued Income	-	111,828	-	-	111,828	111,828	-	-	-	-	-
Other Receivables	-	33,182	-	-	33,182	33,182	-	-	-	-	-
		<b>153,301</b>	-	-	<b>153,301</b>	<b>153,301</b>	-	-	-	-	-
<b>2012</b>											
Receivables:											
Trade Receivables	-	286	-	-	286	286	-	-	-	-	-
Accrued Income	-	22,857	-	-	22,857	22,857	-	-	-	-	-
Other Receivables	-	34,741	-	-	34,741	34,741	-	-	-	-	-
		<b>57,884</b>	-	-	<b>57,884</b>	<b>57,884</b>	-	-	-	-	-

Note:

(a) Ageing analysis of financial assets excludes statutory financial assets (i.e. GST input tax credit recoverable).

**(d) Liquidity risk**

Liquidity risk arises when VHRSC is unable to meet its financial obligations as they fall due. VHRSC's policy is to settle financial obligations within 30 days and in the event of a dispute, make payments within 30 days thereafter.

VHRSC's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from accumulated reserves.

VICTORIAN HARNESS RACING SPORTS CLUB Inc.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

NOTE 22: FINANCIAL INSTRUMENTS (CONTINUED)

Maximum exposure to liquidity risk is the carrying amounts of financial liabilities.

The following table discloses the contractual maturity analysis for VHRSC's financial liabilities:

Table 22.3: Interest rate exposure and maturity analysis of financial liabilities

		(\$)									
		Weighted average effective interest rate %	Carrying amount	Interest rate exposure			Nominal Amount	Maturity dates <sup>(a)</sup>			
				Fixed Interest Rate	Variable interest rate	Non- interest bearing		Less than 1 month	1-3 Months	3 months – 1 year	1-5 years
<b>2013</b>											
Payables:											
	Trade Creditors		230,730	-	-	230,730	230,730	230,730	-	-	-
	Other payables		310,700	-	-	310,700	310,700	290,210	20,490	-	-
			<b>541,430</b>	-	-	<b>541,430</b>	<b>541,430</b>	<b>520,940</b>	<b>20,490</b>	-	-
<b>2012</b>											
Payables:											
	Trade Creditors		266,156	-	-	266,156	266,156	266,156	-	-	-
	Other payables		97,361	-	-	97,361	97,361	88,637	8,724	-	-
			<b>363,517</b>	-	-	<b>363,517</b>	<b>363,517</b>	<b>354,793</b>	<b>8,724</b>	-	-

Note:

(a) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities

(e) Market risk

VHRSC's has minimal, if any, exposures to market risk in the form of interest rate risk or exposure to foreign currency and other price risks. Therefore, it has not been considered necessary to have detailed policies and processes to manage each of these risks. In the event that such risks arise in the future, management will develop the necessary policy objectives and detailed procedures to effectively manage the market risk exposure.

VHRSC considers that the carrying amount of financial assets and financial liabilities recorded in the financial report to be a fair approximation of their fair values, because of the precise and short term nature of the financial instruments as well as the expectation that they will be paid in full.

VICTORIAN HARNESS RACING SPORTS CLUB Inc.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

NOTE 22: FINANCIAL INSTRUMENTS (CONTINUED)

**Sensitivity disclosure analysis**

Table 21.4 discloses the impact on net operating result and equity for each category of financial instrument held by VHRSC at year-end if the below movements were to occur.

\* A parallel shift of +1 per cent and -1 per cent in market interest rates (AUD) from year-end rates;

\* Proportional market movement of -5 per cent (depreciation) and +5 per cent (appreciation) of redemption price in Unlisted Managed Fund Units

Table 22.4: Market risk exposure

	(\$)								
	Carrying amount	Interest rate risk				Price Risk			
		-1% (100 basis points)		1% (100 basis points)		-5% (100 basis points)		5% (100 basis points)	
	Net Result	Equity	Net Result	Equity	Net Result	Equity	Net Result	Equity	
<b>2013</b>									
<b>Financial assets:</b>									
Cash and cash equivalents	677,978	(6,780)	(6,780)	6,780	6,780	-	-	-	-
Trade Receivables	153,301	-	-	-	-	-	-	-	-
<b>Financial liabilities:</b>									
Payables	707,916	-	-	-	-	-	-	-	-
<b>Total increase/(decrease)</b>		<b>(6,780)</b>	<b>(6,780)</b>	<b>6,780</b>	<b>6,780</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**VICTORIAN HARNESS RACING SPORTS CLUB**

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

**NOTE 23: ASSOCIATION DETAILS**

The principal place of business of the association is:

Victorian Harness Racing Sports Club Inc.

2 Ferris Road,

Melton South VIC 3338.

Victorian Harness Racing Sports Club Inc is an Association incorporated under the Associations Incorporation Act that is incorporated and domiciled in Australia.

The principal activities of the entity during the year were to undertake licensed social, racing/sporting and recreational activities.

**NOTE 24: EVENTS SUBSEQUENT TO BALANCE DATE**

There were no subsequent events post balance date to report on.

**NOTE 25: KEY MANAGEMENT PERSONNEL COMPENSATION**

**2013**  
**\$**

**2012**  
**\$**

The following table discloses the aggregate of key management compensation

Short - term employee benefits	-	48,170
Post employment benefits – superannuation contributions	-	5,169
Termination benefits	14,822	-
<b>Total Remuneration</b>	<b>14,822</b>	<b>53,339</b>

**NOTE 26: RELATED PARTY TRANSACTIONS**

Directors who held office at any time during the year were:

Emilio Mazzetti (President)

John Hawke (Vice President) Resigned

Robert Merola (Vice President)

Neville Walker (Treasurer)

Carol Bass (Committee) Appointed 30th May 2013

Helen Dobson (Committee) Appointed December 2012 and Resigned 2nd April 2013

John Doherty (Committee)

Shane Gloury (Committee) Appointed 16th October 2012

Joe Ivisic (Committee)

Stephen Nash (Committee) Resigned 30th May 2013

Fiona Rosewarne (Committee) Resigned 2nd April 2013

**VICTORIAN HARNESS RACING SPORTS CLUB Inc.**

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

**NOTE 26: RELATED PARTY TRANSACTIONS (CONTINUED)**

Directors receive no remuneration or benefits from the Club. The directors pay membership fees and are involved in other transactions with the Club on the same terms and conditions as available to other club members.

During the year the Club acquired trophies and plaques from Supreme Silverware and Trophies Pty Ltd to the value of \$1,600 of which John Hawke (Committee Member) is a Director.

**VICTORIAN HARNESS RACING SPORTS CLUB Inc.**

**Reg No. A0009839S**

**STATEMENT BY MEMBERS OF THE COMMITTEE**

In the opinion of the committee the accompanying financial report :

1. Presents a true and fair view of the financial position of Victorian Harness Racing Sports Club Inc. as at 30 June 2013 and its performance for the year ended on that date in accordance with Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board.
2. At the date of this statement, there are reasonable grounds to believe that Victorian Harness Racing Sports Club Inc. will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Committee and is signed for and on behalf of the Committee by:

President:



Emilio Mazzetti

Director:



Shane Gloury

Dated this                      16th                      day of                      November                      2013



## INDEPENDENT AUDITOR'S REPORT

To the members of Victorian Harness Racing Sports Club Inc.,

We have audited the accompanying financial report of Victorian Harness Racing Sports Club Inc., which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by the members of the committee.

### **The Responsibility of the Members of the Committee for the Financial Report**

The Members of the Committee are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Associations Incorporation Reform Act 2012, and for such internal control as the members of the committee determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

### **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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 judgement, 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 members of 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 the Australian professional accounting bodies.



## Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Victorian Harness Racing Sports Club Inc. as at 30 June 2013, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards and the Associations Incorporation Reform Act 2012.

## BDO East Coast Partnership

A small, stylized version of the BDO logo, with the letters 'BDO' in a dark, handwritten-style font.

A handwritten signature in black ink, appearing to read 'James Mooney'. The signature is written in a cursive, flowing style.

Partner

Melbourne 16 November 2013

**VICTORIAN HARNESS RACING SPORTS CLUB INC.**

**DISCLAIMER**

**30 JUNE 2013**

The additional financial data presented on the following pages is in accordance with the books and records of the Victorian Harness Racing Sports Club Inc. ("the Club"), which have been subjected to auditing procedures applied in our statutory audit of the Club for the year ended 30 June 2013. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and no warranty of accuracy or of reliability is given. Neither the firm nor any member or employee of the firm undertakes responsibility of such data including any errors or omissions therein however caused.

**BDO East Coast Partnership**



  
James Mooney  
Partner

Melbourne, 16 November 2013

VICTORIAN HARNESS RACING SPORTS CLUB Inc.

Reg No. A0009839S

**INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2013**

	2013	2012
	\$	\$
<b>Club Activities</b>		
<b>Income</b>		
Subscriptions	122,204	143,886
Contribution from Junction Tabaret Operations	70,000	-
Interest	5,320	12,309
Sundries	28,189	38,435
	<b>225,713</b>	<b>194,630</b>
<b>Expenditure</b>		
<b>Harness Racing Meetings:</b>		
Bonus Races/Sponsorship/Trophies	125,828	117,372
	<b>125,828</b>	<b>117,372</b>
<b>Membership</b>		
Activities/Socials	19,092	32,217
Newsletter, Notices and Annual Report	11,313	8,396
	<b>30,405</b>	<b>40,613</b>
<b>Administration</b>		
Office Staff – Employment Cost	14,822	54,147
Bank Charges	743	921
Audit and Accounting Fees	3,917	6,700
Office Supplies	-	1,948
Telephone	397	3,853
Postage	3,435	7,611
Depreciation – Office Equipment	1,645	2,062
Motor Vehicle Expenses	-	91
Provision for Holiday Pay	-	(240)
Provision for Long Service Leave	-	9,056
Service Level Agreement - Membership Manager	50,000	-
General	390	18,237
<b>Total Administration Expenses</b>	<b>75,349</b>	<b>104,386</b>
<b>Total Expenses</b>	<b>231,582</b>	<b>262,371</b>
<b>Profit/(Loss) for the year</b>	<b>(5,869)</b>	<b>(67,741)</b>

VICTORIAN HARNESS RACING SPORTS CLUB Inc.

Reg No. A0009839S

**INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2013**

	2013	2012
	\$	\$
<b>Junction Tabaret Activities</b>		
<b>Revenue</b>		
Gaming Commission	4,320,978	1,822,906
Wagering Commission	197,865	189,029
Bar Sales	564,043	590,643
Bistro Meals	208,897	209,914
Study Reimbursements	3,480	76,370
EFTPOS Commission Income	18,744	22,603
TGS Licence Grant	17,929	-
Interest Revenue	6,479	8,452
Supplier Rewards Program	6,084	6,345
Keno/Barry Income	5,050	3,737
Vending Machine Income	4,001	1,487
<b>TOTAL INCOME</b>	<b>5,353,550</b>	<b>2,931,486</b>
<b>COGS</b>	291,226	289,704
<b>Gross Profit</b>	<b>5,062,324</b>	<b>2,641,782</b>
Gaming Variable Costs	1,893,718	-
Salaries and Wages	1,183,935	1,231,481
Rental	696,789	701,854
HRV Management Charge	135,000	60,000
Marketing General	8,172	63,558
Security	109,159	109,896
Light & Power	91,773	81,161
Members Discount Exp	14,853	33,666
Marketing - Bonus Points	74,622	18,248
Repairs & Maintenance	12,430	24,258
Audit Fees & Accounting Fees	9,934	19,508
Depreciation and Amortisation	216,400	65,857
Happy Hour Exp	20,639	20,335
Contracts - General	11,926	11,353
Pubtab Sky TV	1,508	(6,889)
Foxtel	19,791	18,781
Effective Interest of Gaming Machine Entitlements	68,712	-
Sponsorships	115,500	4,550

VICTORIAN HARNESS RACING SPORTS CLUB Inc.

Reg No. A0009839S

**INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2013**

	2013	2012
	\$	\$
<b>Junction Tabaret Activities (Continued)</b>		
Communication Costs	17,137	14,860
Water & Gas	9,173	7,026
Wagering Commission Expenses	17,610	17,762
Venue Cleaning	17,191	23,757
Computer expenses	10,874	8,492
Insurance	5,483	3,874
General Merchandise	7,030	4,516
Venue Supplies	7,095	6,278
Consultancies	17,455	-
Other Operating Expenditure	74,314	62,216
<b>Total Operating Expenses</b>	<b>4,868,223</b>	<b>2,606,398</b>
<b>Net Result before Income Tax</b>	<b>194,101</b>	<b>35,384</b>
Income Tax Expense	48,624	7,178
<b>Net Result after Income Tax</b>	<b>145,477</b>	<b>28,206</b>
Contribution to Club Activities	70,000	-
<b>Net Result after Contribution</b>	<b>75,477</b>	<b>28,206</b>