

Reg No. A00098395

Victorian Harness Racing Sports Club Inc.
ANNUAL FINANCIAL REPORT
June 30, 2014

VICTORIAN HARNESS RACING SPORTS CLUB Inc.

Reg No. A0009839S

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

CONTINUING OPERATIONS	Note	2014	2013
		\$	\$
REVENUE			
Gaming		4,472,492	4,320,978
Bar Sales		589,026	564,043
Subscriptions		81,172	122,204
Other revenue		534,438	502,041
Total Revenue	3	5,677,128	5,509,266
EXPENSES			
Employee benefits		(1,035,763)	(1,198,337)
Gaming variable costs		(2,078,612)	(1,893,718)
Depreciation and amortisation expense		(231,865)	(218,045)
Cost of sales		(316,106)	(291,226)
Operating lease expense		(632,057)	(614,024)
Other expenses from operating activities		(1,266,184)	(1,175,683)
Total Expenses	4	(5,560,587)	(5,391,033)
Net surplus before income tax		116,541	118,233
Income Tax Expense	5	(57,823)	(48,624)
Net surplus / (deficit) after income tax		58,718	69,609
Other comprehensive income		0	0
Total comprehensive income for the period		58,718	69,609

The accompanying notes form part of this financial report

VICTORIAN HARNESS RACING SPORTS CLUB Inc.

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	2014	2013
		\$	\$
Current Assets			
Cash and cash equivalents	7	697,110	677,978
Trade and other receivables	8	46,172	153,301
Inventories	9	22,110	22,703
Deferred tax asset	10	51,781	109,604
Other assets	11	14,134	9,689
Total Current Assets		831,307	973,275
Non-Current Assets			
Property, plant & equipment	12	70,869	109,010
Intangible assets	13	1,471,117	1,652,178
Total Non-Current Assets		1,541,986	1,761,188
Total Assets		2,373,293	2,734,462
Current Liabilities			
Trade and other payables	14	466,070	541,430
Provisions	15	93,267	80,841
Non interest bearing liabilities	16	308,219	335,238
Total Current Liabilities		867,556	957,509
Non-Current Liabilities			
Trade and other payables	14	145,996	166,486
Provisions	15	8,805	10,029
Non interest bearing liabilities	16	723,597	1,031,816
Total Non-Current Liabilities		878,398	1,208,331
Total Liabilities		1,745,954	2,165,840
Net Assets		627,339	568,621
Equity			
Capital Funds	17	396,414	396,414
Accumulated surplus	18	230,925	172,207
Total Equity		627,339	568,621

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 2014

2014	Notes	Equity at 1-Jul-13	Changes due to		Equity at 30-Jun-14
			Total comprehensive income	Transactions with owner in its capacity as owner	
Total accumulated surplus/(deficit)	18	172,207	58,718	-	230,925
Total contribution by owners - contributed capital	17	396,414	-	-	396,414
Total equity at the end of the financial year		568,621	58,718	-	627,339

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
Total equity at the end of the financial year		499,012	69,609	-	568,621

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 2014

	Note	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		\$	\$
Receipts from members and customers		5,690,634	5,350,146
Receipts from members subscriptions		81,172	122,204
Payments to suppliers and employees		(5,747,667)	(5,402,924)
Income Tax (paid to) / received from the ATO		-	5,935
Interest Received		7,657	11,799
Net cash provided by / (used in) operating activities	20b	31,796	87,160
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant & equipment		(12,664)	(24,067)
Net cash used in investing activities		(12,664)	(24,067)
Net increase/(decrease) in cash and cash equivalents held		19,132	63,093
Cash and cash equivalents at the beginning of the financial year		677,978	614,885
Cash and cash equivalents at the end of the financial year	20a	697,110	677,978

The accompanying notes form part of this financial report

VICTORIAN HARNESS RACING SPORTS CLUB Inc.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

NOTE 1: INTRODUCTION

The financial report is for Victorian Harness Racing Sports Club Inc as an individual entity for the year ended 30 June 2014. 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 2013 have been adopted by the entity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

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 2014

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 2014

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 2014

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 2014

NOTE 2: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

o. New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

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 are applicable to annual reporting periods beginning on or after 1 January 2015 and 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.

AASB 10 Consolidated Financial Statements

The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns 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 that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has 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.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

The consolidated entity has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

The consolidated entity has applied AASB 119 and its consequential amendments from 1 July 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	2014	2013
NOTE 3: REVENUE	\$	\$
Gaming Commission	4,472,492	4,320,978
Wagering Commission	202,235	197,865
Bar Sales	589,026	564,043
Subscriptions	81,172	122,204
Bistro Food Sales	226,405	208,897
Vending Machine Income	1,182	4,003
ATM Commission	20,536	18,744
Keno Income	6,577	5,050
TGS Licence Grant	20,491	17,929
Study Reimbursements	21,000	3,480
Supplier Rewards Program	6,835	6,084
Bonus Races	21,500	28,000
Other	21	190
	5,669,472	5,497,467
Other Revenue		
Interest received	7,656	11,799
	7,656	11,799
Total Revenue	5,677,128	5,509,266

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	2014	2013
NOTE 4: NET SURPLUS / (DEFICIT) BEFORE INCOME TAX	\$	\$
Net Surplus / (Deficit) before income tax expense has been determined after		
Employee Benefits Expense		
Salary and wages plus on costs	953,752	1,107,500
Defined contribution superannuation plan expenses	82,011	90,837
	1,035,763	1,198,337
Depreciation of property, plant and equipment	50,804	59,617
Amortisation of Gaming Machine Entitlements	181,061	158,428
Gaming variable costs	2,078,612	1,893,718
Cost of sales	316,106	291,226
Rental expense on operating leases	632,057	614,024
	3,258,640	3,017,013
Other Expenses		
Audit and accounting fees	21,204	13,851
Utilities and property expenses	253,294	225,258
Discounted sales	53,367	42,522
Marketing expenses	238,910	233,169
Bonus Race expense	72,000	97,500
Security	100,492	109,159
Management service charge	235,000	135,000
Membership expenses	-	16,538
Communication costs	18,379	17,137
Foxtel and Sky Channel	29,893	21,299
Wagering and Keno costs	27,798	25,656
Effective interest	74,574	68,712
Other	141,273	169,882
	1,266,184	1,175,683
Total Expenses	5,560,587	5,391,033

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	2014	2013
NOTE 5: INCOME TAX EXPENSE	\$	\$
a. The components of tax expense comprise:		
Current tax	60,740	42,487
Deferred tax relating to temporary differences	(2,917)	12,647
Under/(over) Provision in respect to Prior years	-	(6,510)
	57,823	48,624
b. Income Tax expense before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on surplus / deficit before income tax at 30%	34,962	35,470
Add:		
Tax effect of:		
Net Adjustment for Mutual Income / Expense	22,842	19,093
Permanent Differences	19	571
Less:		
Tax effect of:		
- Under/(over) Provision in respect to Prior Years	-	(6,510)
	57,823	48,624
Income tax attributable to association	57,823	48,624
NOTE 6: REMUNERATION OF AUDITORS		
Remuneration of the auditors for:		
- Audit of the financial report	15,500	14,842
- Other services		
- Community Benefit Statement audit	1,500	1,500
- Taxation compliances services	4,250	4,009
	21,250	20,351
NOTE 7: CASH AND CASH EQUIVALENTS		
Cash on hand	96,492	227,307
Cash at bank	600,618	450,671
	697,110	677,978

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	2014	2013
NOTE 8: TRADE AND OTHER RECEIVABLES	\$	\$
Accrued income	23,382	111,828
Trade receivables	9,360	8,291
Sundry receivables	13,430	33,182
	46,172	153,301
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NOTE 9: INVENTORIES		
Bar & Bistro Stock	22,110	22,703
	22,110	22,703
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NOTE 10: DEFERRED TAX ASSET		
Analysis of deferred tax assets:		
- Timing differences		
Leave Provisions	28,096	25,274
Audit accrual	6,375	6,432
Superannuation Payable	2,479	2,327
	36,950	34,033
- Tax losses	14,831	75,571
- Income Tax Installments	-	-
	51,781	109,604
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NOTE 11: OTHER ASSETS		
Prepaid Expenses	5,634	5,563
Capital work in progress	8,500	4,125
	14,134	9,688
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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	2014	2013
NOTE 12: PROPERTY, PLANT & EQUIPMENT	\$	\$
Plant & Equipment at Cost - Club	55,502	55,502
Less accumulated depreciation	(49,361)	(48,045)
	6,141	7,457
Furniture & Fittings at Cost - Tabaret	198,672	198,672
Less accumulated depreciation	(153,397)	(118,557)
	45,275	80,115
Equipment at cost - Tabaret	269,962	257,298
Less accumulated depreciation	(250,509)	(235,860)
	19,453	21,438
TOTAL WRITTEN DOWN VALUE	70,869	109,010

(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.

2014	Plant & Equipment Club	Furniture & Fitting Tabaret	Equipment Tabaret	Total
	\$	\$	\$	\$
Balance at Beginning of the year	7,457	80,115	21,438	109,010
Additions			12,664	12,664
Depreciation Expense	(1,316)	(34,840)	(14,649)	(50,804)
Carrying amount at the end of the year	6,141	45,275	19,453	70,869
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)
Carrying amount at the end of the year	7,457	80,115	21,438	109,010

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

NOTE 13: INTANGIBLE ASSETS	2014 \$	2013 \$
Gaming Licence Entitlements	1,810,606	1,810,606
Accumulated amortisation	(339,489)	(158,428)
	1,471,117	1,652,178

	Gaming Licence Entitlements \$
Year ended 30 June 2014	\$
At 1 July 2013 net of accumulated amortisation and impairment	1,652,178
Additions	-
Amortisation	(181,061)
At 30 June 2014 net of accumulated amortisation and impairment	1,471,117
At 30 June 2014	
Cost (gross carrying amount)	1,810,606
Accumulated amortisation and impairment	(339,489)
Net carrying amount	1,471,117

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

* 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	2014	2013
NOTE 14: TRADE AND OTHER PAYABLES	\$	\$
CURRENT		
Trade Payables	228,669	230,730
Accrued Expenses	160,600	234,236
GST Collected/Due	56,311	55,974
TGS Licence Grant	20,490	20,490
	466,070	541,430
NON-CURRENT		
TGS Licence Grant	145,996	166,486
	145,996	166,486
	612,067	707,916
NOTE 15: PROVISIONS		
CURRENT		
Employee Entitlements	72,317	64,570
Provisions related to Employee Entitlement on-costs	12,530	9,646
Bonus Points Liability (a)	8,420	6,625
	93,267	80,841
NON-CURRENT		
Employee Entitlements	7,505	8,725
Provisions related to Employee Entitlement on-costs	1,300	1,304
	8,805	10,029
	102,072	90,870
(a) Movement In Provision		
Opening Balance	6,625	802
Additional provisions recognised	13,150	49,644
Reductions arising from payments/other sacrifices of future economic benefits	(11,355)	(43,821)
Closing Balance	8,420	6,625

VICTORIAN HARNESS RACING SPORTS CLUB Inc.

Reg No. A0009839S

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	2014	2013
NOTE 16: NON INTEREST BEARING LIABILITIES	\$	\$
CURRENT		
Gaming Licence Entitlements	308,219	335,238
	308,219	335,238
NON-CURRENT		
Gaming Licence Entitlements	723,597	1,031,816
	723,597	1,031,816
NOTE 17: CAPITAL FUNDS		
Schedule of Movements		
Opening Balance	396,414	396,414
	396,414	396,414
NOTE 18: RETAINED PROFITS		
Retained profits at the beginning of the financial year	172,207	102,598
Net surplus / (deficit) for the year	58,718	69,609
	230,925	172,207
NOTE 19: COMMITMENTS FOR EXPENDITURE		
(a) Junction Tabaret Operating Lease Commitments		
Payable:		
- not later than one year	54,813	52,582
- later than one year but not later than 5 years	-	-
- later than 5 years	-	-
	54,813	52,582
(b) Gaming Machine Operating Lease Licence Entitlements		
Payable:		
- not later than one year	348,339	409,811
- later than one year but not later than 5 years	778,644	1,126,981
- later than 5 years	-	-
	1,126,983	1,536,792

VICTORIAN HARNESS RACING SPORTS CLUB Inc.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

NOTE 19: COMMITMENTS FOR EXPENDITURE (CONTINUED)

	2014	2013
(c) Tabcorp Gaming Solutions (TGS) Operating Lease Service Agreement	\$	\$
Payable:		
- not later than one year	989,033	957,401
- later than one year but not later than 5 years	4,232,943	4,128,364
- later than 5 years	3,673,378	4,799,920
	8,895,354	9,885,684
	10,077,150	11,475,058

- (a) A lease for the ground floor at 740 Mount Alexander Road, Moonee Ponds (to 1 August 2014) between Harness Racing Victoria and Victorian Harness Racing Sports Club. New lease agreement has yet to be negotiated. Currently operating on a month by month basis.
- (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 15th 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 2014

	2014	2013
NOTE 20: CASH FLOW INFORMATION	\$	\$
(a) Reconciliation of Cash and Cash Equivalents		
Cash on Hand	96,492	227,307
Cash at Bank	600,618	450,671
Closing Cash and Cash Equivalents Balance	697,110	677,978
(b) Reconciliation of Net Cash provided by Operating Activities to results after Income Tax		
Net Result for the Year	58,718	69,609
Non-cash items		
Depreciation	231,865	218,045
Change in assets and liabilities		
Decrease/(Increase) in receivables	107,129	(95,417)
Decrease/(Increase) in inventories	593	1,732
Decrease/(Increase) in prepayments and other current assets	53,377	50,343
Decrease/(Increase) in non current assets	(0)	(1,710,903)
Increase/(Decrease) in creditors and accruals	(95,850)	253,421
Increase/(Decrease) in provisions and current tax	11,202	(66,725)
Increase/(Decrease) in non-interest bearing liabilities	(335,238)	1,367,054
Net Cash Provided from/(used in) Operating Activities	31,796	87,160

NOTE 21: 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 2014

NOTE 21: FINANCIAL INSTRUMENTS (CONTINUED)

(b) Table 21.1: Categorisation of financial instruments			(\$)	
	Note	Category	Carrying amount	Carrying amount
Financial assets			2014	2013
Cash and cash equivalents	7	N/A	697,110	677,978
Trade Receivables ^(a)	8	Trade and other receivables	46,172	153,301
Financial liabilities				
Payables	14	Trade and Other Payables	466,071	541,430

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.

Reg No. A0009839S

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

NOTE 21: FINANCIAL INSTRUMENTS (CONTINUED)

	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	
2014											
Receivables:											
Trade Receivables	-	9,360	-	-	9,360	9,360	-	-	-	-	-
Accrued Income	-	23,382	-	-	23,382	23,382	-	-	-	-	-
Other Receivables	-	13,430	-	-	13,430	13,430	-	-	-	-	-
		46,172	-	-	46,172	46,172	-	-	-	-	-
2013											
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	-	-	-	-	-
		153,301	-	-	153,301	153,301	-	-	-	-	-

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 2014

NOTE 21: 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 21.3: Interest rate exposure and maturity analysis of financial liabilities

		(\$)								
		Weighted average effective interest rate %	Carrying amount	Interest rate exposure			Maturity dates ^(a)			
				Fixed Interest Rate	Variable interest rate	Non-interest bearing	Nominal Amount	Less than 1 month	1-3 Months	3 months – 1 year
2014										
Payables:										
	Trade Creditors		228,669	-	-	228,669	228,669	228,669	-	-
	Other payables		237,401	-	-	237,401	216,912	20,490	-	-
			466,070	-	-	466,070	445,581	20,490	-	-
2013										
Payables:										
	Trade Creditors		230,730	-	-	230,730	230,730		-	-
	Other payables		310,700	-	-	310,700	290,210	20,490	-	-
			541,430	-	-	541,430	520,940	20,490	-	-

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 development 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 2014

NOTE 21: 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 21.4: 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	
2014									
Financial assets:									
Cash and cash equivalents	697,110	(6,971)	(6,971)	6,971	6,971	-	-	-	-
Trade Receivables	46,172	-	-	-	-	-	-	-	-
Financial liabilities:									
Payables	612,067	-	-	-	-	-	-	-	-
Total increase/(decrease)		(6,971)	(6,971)	6,971	6,971	-	-	-	-

VICTORIAN HARNESS RACING SPORTS CLUB

Reg No. A0009839S

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

NOTE 22: 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 Reform Act 2012 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 23: EVENTS SUBSEQUENT TO BALANCE DATE

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

NOTE 24: KEY MANAGEMENT PERSONNEL COMPENSATION

2014
\$

2013
\$

The following table discloses the aggregate of key management compensation

Short - term employee benefits	-	-
Post employment benefits – superannuation contributions	-	-
Termination benefits	-	14,822
Total Remuneration	-	14,822

NOTE 25: RELATED PARTY TRANSACTIONS

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

Emilio Mazzetti (President)

Robert Merola (Vice President)

Neville Walker (Treasurer)

Carol Bass (Committee)

John Doherty (Committee) Resigned 6th June 2014

Shane Gloury (Committee) Resigned 10th February 2014

Joe Ivisic (Committee)

Elio Volpato (Committee) Assigned 30th November 2013

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.

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 2014 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

Treasurer:



Neville Walker

Dated this 23rd day of October 2014

INDEPENDENT AUDITOR'S REPORT

To the members of Victorian Harness Racing Sports Club Inc.

Report on the Financial Report

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 2014, the statement of profit or loss and other 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 members of the committee.

Committee Members' Responsibility for the Financial Report

Committee members are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Associations Incorporation Reform Act 2012*, and for such internal control as the committee members 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 committee members, 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 of Victorian Harness Racing Sports Club Inc. is in accordance with the Associations Incorporation Reform Act 2012 including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (b) complying with Accounting Standards in Australia and the Associations Incorporation Reform Act 2012.

BDO East Coast Partnership

A handwritten signature in blue ink, consisting of the letters 'BDO' in a stylized, cursive font above a more fluid, cursive signature.

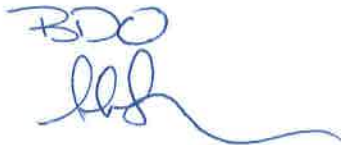
Alex Swansson
Partner

Melbourne, 23 October 2014

**VICTORIAN HARNESS RACING SPORTS CLUB INC.
DISCLAIMER
30 JUNE 2014**

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 2014. 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



Alex Swansson
Partner

Melbourne, 23 October 2014

VICTORIAN HARNESS RACING SPORTS CLUB Inc.

Reg No. A0009839S

INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
Club Activities		
Income		
Subscriptions	81,172	122,204
Contribution from Junction Tabaret Operations	70,000	70,000
Interest	4,341	5,320
Sundries	21,521	28,189
	177,034	225,713
Expenditure		
Harness Racing Meetings:		
Bonus Races/Sponsorship/Trophies	97,482	125,828
	97,482	125,828
Membership		
Activities/Socials	155	19,092
Newsletter, Notices and Annual Report	5,827	11,313
	5,982	30,405
Administration		
Office Staff – Employment Cost	-	14,822
Bank Charges	210	743
Audit and Accounting Fees	4,000	3,917
Office Supplies	-	-
Telephone	1,827	397
Postage	1,816	3,435
Depreciation – Office Equipment	1,316	1,645
Motor Vehicle Expenses	-	-
Provision for Holiday Pay	-	-
Provision for Long Service Leave	-	-
Service Level Agreement - Membership Manager	50,000	50,000
General	11,594	390
Total Administration Expenses	70,763	75,349
Total Expenses	174,227	231,582
Profit/(Loss) for the year	2,807	(5,869)

VICTORIAN HARNESS RACING SPORTS CLUB Inc.

Reg No. A0009839S

INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
Junction Tabaret Activities		
Revenue		
Gaming Commission	4,472,492	4,320,978
Wagering Commission	202,235	197,865
Bar Sales	589,026	564,043
Bistro Meals	226,405	208,897
Study Reimbursements	21,000	3,480
EFTPOS Commission Income	20,536	18,744
TGS Licence Grant	20,491	17,929
Interest Revenue	3,315	6,479
Supplier Rewards Program	6,835	6,084
Keno/Barry Income	6,577	5,050
Vending Machine Income	1,182	4,001
TOTAL INCOME	5,570,094	5,353,550
COGS	316,106	291,226
Gross Profit	5,253,988	5,062,324
Gaming Variable Costs	2,078,612	1,893,718
Salaries and Wages	1,037,358	1,183,935
Rental	706,010	696,789
HRV Management Charge	235,000	135,000
Marketing General	7,818	8,172
Security	100,492	109,159
Light & Power	97,297	91,773
Members Discount Exp	17,643	14,853
Marketing - Bonus Points	74,627	74,622
Repairs & Maintenance	25,614	12,430
Audit Fees & Accounting Fees	17,204	9,934
Depreciation and Amortisation	230,549	216,400
Happy Hour Exp	22,616	20,639
Contracts - General	12,311	11,926
Pubtab Sky TV	1,508	1,508
Foxtel	28,385	19,791
Effective Interest of Gaming Machine Entitlements	74,574	68,712
Sponsorships	122,182	115,500

VICTORIAN HARNESS RACING SPORTS CLUB Inc.

Reg No. A0009839S

INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
Junction Tabaret Activities (Continued)		
Communication Costs	18,379	17,137
Water & Gas	9,304	9,173
Wagering Commission Expenses	17,205	17,610
Venue Cleaning	34,815	17,191
Computer expenses	11,287	10,874
Insurance	5,104	5,483
General Merchandise	13,109	7,030
Venue Supplies	8,330	7,095
Consultancies	10,835	17,455
Other Operating Expenditure	52,084	74,314
Total Operating Expenses	5,070,252	4,868,223
Net Result before Income Tax	183,736	194,101
Income Tax Expense	57,823	48,624
Net Result after Income Tax	125,913	145,477
Contribution to Club Activities	70,000	70,000
Net Result after Contribution	55,913	75,477