

VICTORIAN HARNESS RACING SPORTS CLUB INC.

ANNUAL FINANCIAL REPORT

JUNE 30, 2017



Reg No. A00098395



VICTORIAN HARNESS RACING SPORTS CLUB

VICTORIAN HARNESS RACING SPORTS CLUB Inc.

Reg No. A0009839S

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 \$	2016 \$
REVENUE FROM CONTINUING OPERATIONS			
Subscriptions		83,329	77,803
Other revenue		20,500	16,461
Total Revenue from continuing operations	3	103,829	94,264
EXPENSES			
Depreciation and amortisation expense		(689)	(852)
Other expenses from operating activities		(175,416)	(140,695)
Total Expenses	4	(176,105)	(141,547)
(Loss) before income tax expense from continuing operations		(72,276)	(47,283)
Income Tax Expense		-	-
(Loss) after income tax from continuing operations		(72,276)	(47,283)
Profit/(Loss) after income tax from discontinued operations	5	1,508,854	(30,459)
Total Profit/(Loss) after income tax		1,436,578	(77,742)
Net Result		1,436,578	(77,742)
Other comprehensive income		-	-
Total comprehensive income for the period		1,436,578	(77,742)

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 2017

	Note	2017	2016
		\$	\$
Current Assets			
Cash and cash equivalents	8	2,231,516	156,731
Trade and other receivables	9	34,752	1,669
Deferred tax asset	10	4,758	-
Other assets	11	-	400
Assets of disposal groups classified as held for sale	12	-	1,606,892
Total Current Assets		2,271,026	1,765,692
Non-Current Assets			
Property, plant & equipment	13	3,543	4,232
Total Non-Current Assets		3,543	4,232
Total Assets		2,274,569	1,769,924
Current Liabilities			
Trade and other payables	14	88,419	2,416
Income tax payable	15	193,984	-
Liabilities directly associated with assets classified as held for sale	12	-	1,211,920
Total Current Liabilities		282,403	1,214,336
Total Liabilities		282,403	1,214,336
Net Assets		1,992,166	555,588
Equity			
Capital Funds	16	396,414	396,414
Accumulated surplus	17	1,595,752	159,174
Total Equity		1,992,166	555,588

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 2017

2017	Notes	Equity at 1-Jul-16	Changes due to		Equity at 30-Jun-17
			Total comprehensive income	Transactions with owner in its capacity as owner	
Total accumulated surplus	17	159,174	1,436,578	-	1,595,752
Total contribution by owners - contributed capital	16	396,414	-	-	396,414
Total equity at the end of the financial year		555,588	1,436,578	-	1,992,166

2016	Notes	Equity at 1-Jul-15	Changes due to		Equity at 30-Jun-16
			Total comprehensive income	Transactions with owner in its capacity as owner	
Total accumulated surplus	17	236,916	(77,742)	-	159,174
Total contribution by owners - contributed capital	16	396,414	-	-	396,414
Total equity at the end of the financial year		633,330	(77,742)	-	555,588

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 2017

	Note	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		\$	\$
Receipts from members and customers		4,784,000	5,567,528
Receipts from members subscriptions		83,329	77,803
Payments to suppliers and employees		(6,046,424)	(5,719,466)
Income tax paid to the ATO		(294)	(889)
Interest (paid)/received		(21)	1,085
Net cash used in operating activities	18e	(1,179,410)	(73,939)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant & equipment		(4,004)	(22,246)
Proceeds from sale of Junction Club	6a	2,955,000	-
Net cash provided by/(used in) investing activities		2,950,996	(22,246)
Net increase/(decrease) in cash and cash equivalents held		1,771,586	(96,185)
Cash and cash equivalents at the beginning of the financial year		459,930	556,115
Cash and cash equivalents at the end of the financial year	18d	2,231,516	459,930

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 2017

NOTE 1: INTRODUCTION

The financial report is for Victorian Harness Racing Sports Club Inc as an individual entity for the year ended 30 June 2017. 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. The gaming venue operated by Victorian Harness Racing Sports Club Inc. was sold during the year on the 15th May 2017.

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 2016 have been adopted by the entity.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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 2017

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 2017

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 Recognition

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 2017

NOTE 2: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

j. Trade and Other 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 2017

NOTE 2: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

o. Discontinued Operations

A discontinued operation is a component on the consolidated entity that has been disposed of or is classed as held for sale and that represents a separate major line of business. The results of the discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

p. 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

The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred. Applicable for annual reporting periods beginning on 1 Jan 2018. The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.

AASB 15 Revenue from Contracts with Customers

The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Applicable for annual reporting periods beginning on 1 Jan 2018. The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications. A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening returned earnings if there are no former performance obligations outstanding.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	2017	2016
NOTE 3: REVENUE FROM CONTINUING OPERATIONS	\$	\$
Subscriptions	83,329	77,803
Bonus Races	20,500	16,000
Other	-	79
	103,829	93,882
Other Revenue		
Interest received	-	382
	-	382
Total Revenue from continuing operations	103,829	94,264

NOTE 4: EXPENSES FROM CONTINUING OPERATIONS

Loss before income tax from continuing operations includes the following expenses:

Depreciation		
Depreciation of property, plant and equipment	689	852
	689	852
Other Expenses		
Audit and accounting fees	5,000	4,000
Marketing expenses	26,436	22,156
Bonus Race expense	69,000	52,500
Management service charge	50,000	50,000
Other	24,980	12,039
	175,416	140,695
Total Expenses from continuing operations	176,105	141,547

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 5: DISCONTINUED OPERATIONS

On the 22nd June 2016 the consolidated entity made the decision to sell the Junction Club, the gaming venue operated by Victorian Harness Racing Sports Club Inc. The venue was sold on 15th May 2017.

(a) Financial performance information

	2017	2016
	\$	\$
Gaming Commission	3,879,812	4,585,192
Gain on Sale of Junction Club	1,980,598	-
Other Revenue	780,473	987,150
Total Revenue	6,640,883	5,572,342
Gaming Costs	(1,987,494)	(2,298,323)
Cost of Goods Sold	(241,148)	(316,471)
Employment Costs	(962,516)	(1,090,662)
Communication Costs	(10,364)	(13,420)
Computer Costs	(7,885)	(8,852)
Property Costs	(905,432)	(994,168)
Marketing and Sponsorship Costs	(201,042)	(245,256)
Venue Costs	(83,052)	(86,899)
Management and Service Fee	(190,417)	(235,000)
Depreciation	(185,826)	(216,218)
Other Expenses	(123,903)	(108,174)
Total Expenses	(4,899,079)	(5,613,443)
Profit/(Loss) before income tax expense	1,741,804	(41,101)
Income Tax (expense) benefit	(232,950)	10,642
Profit/(Loss) after income tax expense from discontinued operations	1,508,854	(30,459)

(b) Cash flow information

	Note		
Net cash by/(used in) operating activities	18c	(1,372,318)	(67,002)
Net cash by/(used in) investing activities		(4,004)	(22,246)
Net increase/(decrease) in cash from discontinued operations		(1,376,322)	(89,248)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 6: SALE OF JUNCTION CLUB	2017	2016
	\$	\$
Gross proceeds from sale	3,000,000	-
Less Commission	(45,000)	-
Net proceeds from sale of Junction Club (a)	2,955,000	-
Less written down value of assets sold	(974,402)	-
Gain on sale of Junction Club (b)	1,980,598	-

NOTE 7: REMUNERATION OF AUDITORS

Remuneration of the auditors for:

- Audit of the financial report	16,800	17,900
- Other services		
- Community Benefit Statement audit	1,500	1,500
- Taxation compliances services	4,500	4,500
	22,800	23,900

NOTE 8: CASH AND CASH EQUIVALENTS

Cash at bank	2,231,516	156,731
	2,231,516	156,731

NOTE 9: TRADE AND OTHER RECEIVABLES

Accrued income	11,224	-
Trade receivables	15,213	-
GST Receivable	8,315	1,669
	34,752	1,669

NOTE 10: DEFERRED TAX ASSET

Analysis of deferred tax assets:

Timing differences		
Audit accrual	4,758	-
	4,758	-

NOTE 11: OTHER ASSETS

Prepaid Expenses	-	400
	-	400

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 12: ASSETS AND LIABILITES OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

	2017	2016
Assets	\$	\$
Cash and cash equivalents	-	303,199
Trade and other receivables	-	73,548
Inventories	-	26,790
Deferred tax asset	-	43,430
Property, plant & equipment	-	43,545
Intangible assets	-	1,112,680
Other assets	-	3,700
Total Assets	-	1,606,892
Liabilities		
Trade and other payables	-	714,963
Provisions	-	84,604
Non interest bearing liabilities	-	413,243
Income tax payable	-	(890)
Total Liabilities	-	1,211,920

The assets and liabilities identified above represent the assets and liabilities of Junction Club, the gaming venue operated by Victorian Harness Racing Sports Club Inc. On the 22nd June 2016 the consolidated entity made the decision to sell the Junction Club. The venue was sold on 14th May 2017.

NOTE 13: PROPERTY, PLANT & EQUIPMENT

Plant & Equipment at Cost	55,502	55,502
Less accumulated depreciation	(51,959)	(51,270)
TOTAL WRITTEN DOWN VALUE	3,543	4,232

(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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 13: PROPERTY, PLANT & EQUIPMENT (CONTINUED)

	Plant & Equipment	Total
2017	\$	\$
Balance at Beginning of the year	4,232	4,232
Depreciation Expense	(689)	(689)
Carrying amount at the end of the year	3,543	3,543

	Plant & Equipment	Total
2016	\$	\$
Balance at Beginning of the year	5,084	5,084
Depreciation Expense	(852)	(852)
Carrying amount at the end of the year	4,232	4,232

	2017	2016
NOTE 14: TRADE AND OTHER PAYABLES	\$	\$
CURRENT		
Trade Payables	33,318	(102)
Accrued Expenses	55,101	2,518
	88,419	2,416

NOTE 15: INCOME TAX PAYABLE		
Current Income Tax	193,984	-
	193,984	-

NOTE 16: CAPITAL FUNDS		
Schedule of Movements		
Opening Balance	396,414	396,414
	396,414	396,414

NOTE 17: ACCUMULATED SURPLUS		
Accumulated surplus at the beginning of the financial year	159,174	236,916
Net surplus for the year	1,436,578	(77,742)
	1,595,752	159,174

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	2017	2016
NOTE 18: CASH FLOW INFORMATION		
	\$	\$
(a) Reconciliation of Cash and Cash Equivalents from continuing operations		
Cash at Bank	2,231,519	156,731
Closing Cash and Cash Equivalents Balance	2,231,519	156,731
(b) Reconciliation of Net Cash provided by Operating Activities to results after Income Tax from continuing operations		
Net Result for the Year	(72,276)	22,717
Non-cash items		
Depreciation	689	852
Change in assets and liabilities		
Decrease/(Increase) in receivables	36,170	(29,635)
(Increase) in prepayments and other current assets	(4,358)	(400)
Increase/(Decrease) in creditors and accruals	38,699	(471)
Increase/(Decrease) in provisions and current tax	193,984	-
Net Cash Provided by/(used in) Operating Activities from continuing operations	192,908	(6,937)
(c) Reconciliation of Net Cash provided by Operating Activities to results after Income Tax from discontinued operations		
Net Result for the Year	1,508,854	(100,459)
Non-cash items		
Depreciation and Amortisation	185,826	216,218
Gain on sale of Junction Club	(1,980,598)	-
Change in assets and liabilities		
Decrease/(Increase) in receivables	105,544	(25,765)
Decrease in inventories	26,790	2,040
Decrease/(Increase) in prepayments and other current assets	47,130	(10,189)
(Decrease)/Increase in creditors and accruals	(768,907)	201,557
(Decrease) in provisions and current tax	(83,714)	(35,686)
(Decrease) in non-interest bearing liabilities	(413,243)	(314,718)
Net Cash used in Operating Activities from discontinued operations	(1,372,318)	(67,002)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	2017	2016
NOTE 18: CASH FLOW INFORMATION (CONTINUED)		
	\$	\$
(d) Reconciliation of Cash and Cash Equivalents from continued and discontinued operations		
Cash and cash equivalents from continuing operations	2,231,519	156,731
Cash and cash equivalents from discontinued operations	(3)	303,199
Closing Cash and Cash Equivalents Balance	2,231,516	459,930
(e) Reconciliation of Net Cash provided by Operating Activities to results after Income Tax from continued and discontinued operations		
Net Cash Provided by/(used in) Operating Activities from continued operations	192,908	(6,937)
Net Cash used in Operating Activities from discontinued operations	(1,372,318)	(67,002)
Net Cash used in Operating Activities from continued and discontinued operations	(1,179,410)	(73,939)

NOTE 19: 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

(b) Table 19.1: Categorisation of financial instruments			(\$)	
	Note	Category	Carrying amount	Carrying amount
Financial assets			2017	2016
Cash and cash equivalents	8	Cash and cash equivalents	2,231,513	459,930
Trade Receivables ^(a)	9	Trade and other receivables	26,437	73,548
Financial liabilities				
Payables	14	Trade and Other Payables	88,419	572,625

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 2017

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

Table 19.2: 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	
2017											
Cash and cash equivalents	2.12%	2,231,513		2,231,513	-	2,231,513					
Receivables:											
Trade Receivables	-	15,213	-	-	15,213	15,213	-	-	-	-	
Accrued Income	-	11,224	-	-	11,224	11,224	-	-	-	-	
Other Receivables	-	-	-	-	-	-	-	-	-	-	
Total		2,257,950		2,231,513	26,437	2,257,950					
2016											
Cash and cash equivalents	0.01%	459,930		335,997	123,933	459,930					
Receivables:											
Trade Receivables	-	-	-	-	-	-	-	-	-	-	
Accrued Income	-	51,563	-	-	51,563	51,563	-	-	-	-	
Other Receivables	-	21,985	-	-	21,985	21,985	-	-	-	-	
Total		533,478		335,997	197,481	533,478					
<p>Note:</p> <p>(a) Ageing analysis of financial assets excludes statutory financial assets (i.e. GST input tax credit recoverable).</p> <p>(d) Liquidity risk</p> <p>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.</p> <p>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.</p>											

VICTORIAN HARNESS RACING SPORTS CLUB Inc.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 19: 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 19.3: Interest rate exposure and maturity analysis of financial liabilities

		(\$)									
		Weighted average effective interest rate %	Carrying amount	Interest rate exposure			Nominal Amount	Maturity dates ^(a)			
				Fixed Interest Rate	Variable interest rate	Non- interest bearing		Less than 1 month	1-3 Months	3 months – 1 year	1-5 years
2017											
Payables:											
	Trade Creditors		33,318	-	-	33,318	33,318	33,318	-	-	
	Other payables		55,101	-	-	55,101	55,101	-	-	-	
	Total		88,419	-	-	88,419	88,419	88,419	-	-	
2016											
Payables:											
	Trade Creditors		481,658	-	-	481,658	481,658	319,641	126,931	35,086	
	Other payables		90,967	-	-	90,967	90,967	70,477	20,491	-	
	Total		572,625	-	-	572,625	572,625	390,118	147,422	35,086	

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

Sensitivity disclosure analysis

Table 19.4 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;

Table 19.4: 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	
2017									
Financial assets:									
Cash and cash equivalents	2,231,513	(22,315)	(22,315)	22,315	22,315	-	-	-	-
Trade Receivables	26,437	-	-	-	-	-	-	-	-
Financial liabilities:									
Payables	88,419	-	-	-	-	-	-	-	-
Total increase/(decrease)		(22,315)	(22,315)	22,315	22,315	-	-	-	-

VICTORIAN HARNESS RACING SPORTS CLUB

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 20: 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 21: COMMITMENTS FOR EXPENDITURE

There are no current commitments held by the Victorian Harness Racing Sports Club Inc. Prior year commitments were held by the Junction Club, the gaming venue operated by Victorian Harness Racing Sports Club Inc. The venue was sold on 15th May 2017.

	2017	2016
	\$	\$
(a) Junction Tabaret Operating Lease Commitments		
Payable:		
- not later than one year	-	49,316
- later than one year but not later than 5 years	-	-
- later than 5 years	-	-
	-	49,316
(b) Gaming Machine Operating Lease Licence Entitlements		
Payable:		
- not later than one year	-	348,339
- later than one year but not later than 5 years	-	81,966
- later than 5 years	-	-
	-	430,305
(c) Tabcorp Gaming Solutions (TGS) Operating Lease Service Agreement		
Payable:		
- not later than one year	-	996,356
- later than one year but not later than 5 years	-	4,296,428
- later than 5 years	-	1,301,154
	-	6,593,938
	-	7,073,559

VICTORIAN HARNESS RACING SPORTS CLUB Inc.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 21: COMMITMENTS FOR EXPENDITURE (CONTINUED)

- (a) 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.
- (b) 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

NOTE 22: EVENTS SUBSEQUENT TO BALANCE DATE

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

NOTE 23: KEY MANAGEMENT PERSONNEL COMPENSATION

There directors of the club are considered the key personnel and chief decision makers of the club. The directors receive no remuneration in respect of their position on the board.

NOTE 24: 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)

Elio Volpato (Committee)

Elizabeth Clarke (Committee)

Michael Taranto (Committee) Appointed 17th May 2017

David Martin (Committee) Appointed 17th May 2017

Tori Glenister (Committee) Appointed 17th May 2017

Joe Ivisic (Committee) Resigned 3rd March 2017

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.

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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 2017 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 19th day of October 2017

INDEPENDENT AUDITOR'S REPORT

To the members of Victorian Harness Racing Sports Club Inc.

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Victorian Harness Racing Sports Club Inc. (the association), which comprises the statement of financial position as at 30 June 2017, 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, and notes to the financial report, including a summary of significant accounting policies, and the statement by members of the committee.

In our opinion the accompanying financial report of Victorian Harness Racing Sports Club Inc., is in accordance with Associations Incorporation Reform Act 2012, including:

- (i) Giving a true and fair view of the association's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and Associations Incorporation Reform Act 2012.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Association in accordance with the auditor independence requirements of the Associations Incorporation Reform Act 2012 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of committee members for the Financial Report

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



In preparing the financial report, responsible entities are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible entities either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

The committee members are responsible for overseeing the association's financial reporting process.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

BDO East Coast Partnership

A small, stylized version of the BDO logo, consisting of the letters 'BDO' in a cursive, handwritten style.

A handwritten signature in black ink, appearing to read 'James Mooney'.

James Mooney
Partner

Melbourne, 19 October 2017

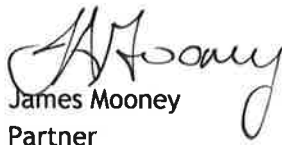
VICTORIAN HARNESS RACING SPORTS CLUB INC.

DISCLAIMER

30 JUNE 2017

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 2017. 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, 19 October 2017

VICTORIAN HARNESS RACING SPORTS CLUB Inc.

Reg No. A0009839S

INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
Club Activities		
Income		
Subscriptions	83,329	77,803
Contribution from Junction Club Operations	-	70,000
Interest	-	382
Sundries	20,500	16,079
	103,829	164,264
Expenditure		
Trophies	275	350
Bonus Races	69,000	52,500
Telephone	-	-
Software Support and Maintenance	2,400	2,000
Other Marketing	13,305	13,624
Sponsorship Expenses	895	1,800
External Sponsorship	1,500	-
Advertising	6,056	705
Prizes/Giveaway	1,630	3,089
Merchandise Expense	3,475	1,760
Postage	2,774	2,589
Audit Fees	5,000	4,000
Entertainment	-	150
Legal and Consulting	13,669	-
Depreciation – Office Equipment	689	852
Service Level Agreement - Membership Manager	50,000	50,000
Other Operating Expenditure	5,437	8,128
Total Expenses	176,105	141,547
(Loss)/Profit for the year	(72,276)	22,717

VICTORIAN HARNESS RACING SPORTS CLUB Inc.

Reg No. A0009839S

INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
Junction Club Activities		
Revenue		
Gaming Commission	3,879,812	4,585,192
Wagering Commission	156,251	181,634
Bar Sales	410,058	546,798
Bistro Meals	165,573	199,830
Gain on Sale of Junctoin Club	1,980,598	-
EFTPOS Commission Income	22,578	22,912
TGS Licence Grant	18,783	20,491
Interest Revenue	(21)	703
Supplier Rewards Program	(1,233)	5,973
Keno/Barry Income	6,778	8,809
Vending Machine Income	1,706	-
TOTAL INCOME	6,640,883	5,572,342
COGS	241,148	316,471
Gross Profit	6,399,735	5,255,871
Gaming Variable Costs	1,898,034	2,195,843
Salaries and Wages	962,516	1,090,662
Rental	609,030	694,948
HRV Management Charge	190,417	235,000
Marketing General	6,184	4,557
Security	103,533	119,017
Light & Power	75,407	81,217
Members Discount Exp	10,469	14,751
Marketing - Bonus Points	65,728	72,424
Repairs & Maintenance	40,560	22,790
Audit Fees & Accounting Fees	18,062	21,160
Depreciation and Amortisation	185,826	216,218
Happy Hour Exp	20,503	22,631
Contracts - General	10,540	9,339
Pubtab Sky TV	1,186	1,508
Foxtel	29,585	33,076
Effective Interest of Gaming Machine Entitlements	17,062	33,621
Sponsorships	95,833	121,500

VICTORIAN HARNESS RACING SPORTS CLUB Inc.

Reg No. A0009839S

INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
Junction Club Activities (Continued)		
Communication Costs	10,364	13,420
Water & Gas	10,257	9,296
Wagering Commission Expenses	15,282	17,292
Venue Cleaning	52,327	56,977
Computer expenses	7,885	8,852
Insurance	8,950	8,827
General Merchandise	1,622	9,635
Venue Supplies	5,742	11,542
Consultancies	58,477	11,440
Other Operating Expenditure	146,550	159,429
Total Operating Expenses	4,657,931	5,296,972
Net Result before Income Tax	1,741,804	(41,101)
Income Tax (Expense)/Benefit	(232,950)	10,642
Net Result after Income Tax	1,508,854	(30,459)
Contribution to Club Activities	-	(70,000)
Net Result after Contribution	1,508,854	(100,459)