

TASRACING ANNUAL REPORT 2009 - 2010

Behind the scenes

*Events Marketing Race car
Administration Ground Care
Upgrades Infrastructure*



tasracing



ITS THE PEOPLE **BEHIND** THE SCENES
THAT HELP KEEP OUR **INDUSTRY**
RUNNING ON A DAILY BASIS

THIS IS AN IMPORTANT DOCUMENT AS IT
PROVIDES THE ORGANISATION AND THE INDUSTRY
WITH A DETAILED PLAN FOR THE FUTURE



THE CHAIRMAN

Brian Speers Chairman

The Board of Tasracing recently signed off on its five-year Corporate Plan (2010 – 2015)

This is an important document as it provides the organisation and the industry with a detailed plan for the future, with particular emphasis on generating new off-track wagering customer (interstate and overseas) revenue. This is vital as the industry's future viability depends on our ability to access this off-track customer base.

As noted in the previous Annual Report, Tasracing was established by a special act of Parliament in November 2008. At the time the then Minister for Racing, Michael Aird, outlined the need for the industry to change, stating that this was needed to meet the opportunities and threats from existing and emerging markets.

The Board's brief continues to be to develop a vision and plan to sell Tasmanian racing to new and emerging markets.

Since the establishment of Tasracing, competition in international wagering markets has intensified. Racing jurisdictions like Tasmania must maintain and grow market share which is a challenge amongst younger people who are increasingly attracted to many diverse forms of non-racing wagering activities.

Tasracing's Corporate Plan, which has been revised to take account of these and other local, national and global industry developments, sets a framework to develop a globally-competitive and sustainable racing industry.

It outlines five key tasks:

Generate additional revenue of \$5.25 million by 2015
At present the industry is virtually dependent on government funding. The industry needs to take urgent steps to generate more revenue from its racing product. The only way to do this is by attracting more off-track wagering customers who will generate additional revenue from the Tasmanian racing product.

Develop a racing product that is commercially-viable utilising outstanding and cost-effective infrastructure
Given Tasmania's limited population base, the only way to make Tasmania's racing product commercially-viable is to attract off-track wagering customers

interstate and overseas to generate additional revenue. Tasmania's racing product and its tracks need to be managed to best service customers via transmission of data and vision.

Focus on wagering customers to expand existing and emerging markets

The racing industry has developed beyond the original on-track customer focus and because of our population base, the Tasmanian industry will not have a sustainable future unless the data and vision broadcast off-track meets wagering market requirements. Provided this can be achieved, the industry in Tasmania can grow and expand into national and international markets.

Gain and retain the trust of industry participants as change is implemented

For the industry to function effectively and become commercially viable and sustainable in the long term, unity between the industry and Tasracing is vital.

Install innovative and leading technology for Tasracing's procedures and systems

To support the Corporate Plan and drive significant change, Tasracing must:

- Introduce an improved organisational structure with the appropriate commercial skills and experience.
- Develop a professional and commercial culture throughout staff and industry participants.

There are 14 major projects identified in the updated Corporate Plan.

Of these, we have already designed and introduced a revised Tasracing structure and management control system that will allow us to implement the Corporate Plan, prepared an infrastructure master plan and expanded night thoroughbred racing.

The last of these – the expansion of night thoroughbred racing – is particularly important and has enormous potential for the industry. A common theme throughout this message is the need to generate more revenue from our racing product by attracting more off-track wagering. Night racing provides the perfect platform to achieve this.



As widely reported at the time, Tasracing, in conjunction with the Tasmanian Turf Club, conducted the first thoroughbred race meeting under lights at The TOTE Racing Centre in Launceston in April 2010.

This initial success is exciting news for Tasmania. It will take time, but we are confident we can follow the trend that is emerging out of Victoria, in terms of the interest night racing is developing in Australia and overseas.

In closing my first Annual Report message as Tasracing Chairman, I would like to thank my fellow Directors for their respective contributions over the past financial year, Chief Executive Officer Gary Lottering and his senior management team, and all Tasracing employees.

I would also like to take this opportunity to thank our sponsors for their ongoing support and commitment to the Tasmanian racing industry.

Since Tasracing's inception in January 2009, there have been a number of issues and challenges that have required our collective attention. These have been managed professionally and at all times with the best interests of the industry in mind. There will be more challenges – and there will be change – but the Tasracing Board, management and employees will be focused on making the best decisions for the industry as a whole.

Auditor's Independence Declaration

The Auditor's Independence Declaration is included on page 24 of this Annual Report.

Finally I would like to thank former Racing Minister Michael Aird for his support of Tasracing and the broader industry during his time as Minister. I look forward to working with the new Racing Minister, Bryan Green, in a similar way, to grow a competitive and economically sustainable racing industry.

Brian Speers
Chairman

Operational Structure

BOARD OF DIRECTORS



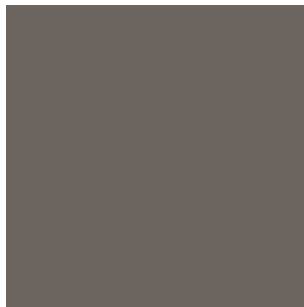
1. BRIAN SPEERS – CHAIRMAN

Experienced insurance broker. Most recently Chairman of the Tasmanian Board of Marsh P/L International Insurance Brokers. Director of various private companies. Former committee member of the Brighton Jockey Club, former Chairman, Treasurer and Committee member of the Tasmanian Racing Club, former Deputy Chairman and Board member of the Tasmanian Thoroughbred Racing Council and former TOTE Tasmania Director.



2. DEAN COOPER

Barrister and solicitor with Tasmanian firm Ogilvie Jennings. Long-standing interest in harness racing as an owner and administrator. Honorary Legal Counsel for Harness Racing Australia (HRA). Chairman HRA Rules Committee. Former Tasmanian Integrity and Assurance Board Chairman. Former Harness Racing Tasmania Chairman. Former TOTE Tasmania Director. Graduate of the Australian Institute of Company Directors.



3. DES GLEESON

Highly respected administrator and steward. Former Chairman of Stewards for Victoria Racing Club. Former Director Integrity Services and Chairman of Stewards for Racing Victoria. Australian delegate at numerous Asian Racing Conferences between 1997 and 2007. Appointed to a three-man panel with Hon. Judge Barry Thorley and Hon Ian Armstrong to appoint the Racing New South Wales Board.



Board
Dir

4. TANIA PRICE

Experienced communications professional. Former Vice President Media and Communications BHP Billiton. Former Manager Public Affairs WMC Resources. Former Director with Gavin Anderson issues management consultants. Former Public Affairs Manager Tourism Victoria. Former principal press secretary / media adviser to Victorian Premier Jeff Kennett. Director of Festival of Voices.

5. ROD THIRKELL-JOHNSTON AM

High profile pastoralist and superfine wool grower. Former president Tasmanian Farmers & Graziers Assoc. & Wool Council Australia. Past Chairman and honorary Life Member of the Tasmanian Turf Club. Former Chairman of the Tasmanian Thoroughbred Racing Council and Director of Racing Information Services Australia (RISA). Current Director of the Australian Racing Board and Chairman Racing Industry Standing committee of Agrifoodskills Australia.

6. GEOFF BAXTER

Employee, partner and director at the North Hobart Veterinary Hospital between 1970 and 2007. Hobart Greyhound Racing Club track veterinarian since 1970. Honorary Life Member of the Australian Veterinary Association and the Australian Greyhound Veterinary Association. Member of the Australian Institute of Company Directors.

7. TREVOR LEIS

Retired veterinarian with more than 30 years experience breeding and racing standardbred horses. Former Chairman of United Milk Tasmania, TT-Line Company Pty Ltd and Stanley Cool Stores. Former Director of Private Forests Tasmania. Past General Councillor Trust Bank, past Member Advisory Council Tasmania Trustees and past Fellow Australian Institute of Company Directors.

ectors

IT HAS BEEN NECESSARY TO PLACE TASRACING
IN THE BEST POSSIBLE POSITION TO ASSIST
THE INDUSTRY TO GROW AND DEVELOP



CHIEF EXECUTIVE OFFICER

Gary Lottering Chief Executive Officer

Following an initial 'business as usual' approach to ensure minimal disruption to Tasmanian racing industry stakeholders, and to allow the establishment of the new company, in 2009/10 Tasracing has continued to lay some important foundations for the industry's future.

This work has not always been highly visible. It has however, been necessary to place Tasracing in the best possible position to assist the industry to grow and develop.

Corporate Plan

As the Chairman notes in his Annual Report message, the Board of Tasracing has signed off on a new five-year Corporate Plan to assist with the development of a "...globally-competitive and sustainable industry..."

The importance of the Corporate Plan and the strategy it lays out should not be underestimated, as it is the key to growing a truly competitive racing industry that will be economically sustainable in the future.

Independent commercial viability can be achieved by successfully linking the Tasmanian racing calendar to off-track wagering customers, particularly in emerging Asian markets. These customers will ultimately deliver increased product fees for the industry's benefit, however, the challenge to be able to compete successfully in these markets cannot be over emphasised, particularly given the issues faced in Tasmania compared to its interstate counterparts.

It is for this reason that I was delighted to be at The TOTE Racing Centre in Launceston on 15 April 2010 when the Tasmanian Turf Club (TTC) hosted the state's first night thoroughbred meeting. It was an historic night for the industry and thoroughbred participants. There is enormous potential for night racing in Tasmania. I know the TTC shares Tasracing's enthusiasm for the product and we will continue to work collaboratively on its development.

The TOTE Racing Centre's track has performed well this year, providing for consistent racing. While the 2008/09 winter created some challenges in terms of track maintenance, the 2009/10 winter was worse, with clear skies resulting in some severe frosts. The track has coped well, confirmed by the fact that horse numbers are up 30 per cent compared to the same time last year.

Track Maintenance

New equipment to improve track infiltration rates at Tattersall's Park in Hobart was purchased in 2009/10. A specialised sand-slitting machine was imported from the United Kingdom to manage drainage issues on the back straight of the course proper. Following these acquisitions, new maintenance regimes were adopted in line with modern turf management practices and have resulted in there being a measured improvement in the drainage of the tracks at Tattersall's Park.

A major renovation was completed at Spreyton that allowed for consistent racing up to the winter break, while at Brighton the sand track was replaced and the centre rails removed to make one wide track. This has improved the quality and the safety of that track.

Tasracing also purchased a new track conditioner for Carrick Park in the second half of 2009/10 that has delivered a much-improved track for training.

Harness graders and the top dressing machines acquired for grass track maintenance work have been used on the greyhound tracks for topping up sand and light grading to keep the design cambers true between major grading works. Also, regular light dressings of sand can now be applied as required as part of these tracks' regular maintenance.

A program of equipment replacement for harness track maintenance was prepared in 2009/10 for implementation in 2010/11. The new equipment list includes two specialised harness track graders and one harness track conditioner. The equipment will be used for weekly preparation and during race meetings.

The new machines form an essential part of harness track maintenance and preparation and will keep the state's tracks in line with modern maintenance practices.

Consistent Quality

The new equipment has also been put to good use on the greyhound tracks. The purpose-designed precision grader at The TOTE Racing Centre in Launceston is being used to maintain the greyhound track.

Feasibility Study

Consultants Wise Lord and Ferguson were appointed to undertake a feasibility study regarding the development of racing for all three codes in the North West.

The study examined the future development of the Spreyton racecourse and took account of the views and requirements of all three codes. The three clubs annually conduct about 80 meetings. Thoroughbred training is also conducted at Spreyton, and harness and greyhound trials are held at the showgrounds.

Information gathered by Wise Lord and Ferguson will feed into Tasracing's overall strategy to provide the industry with the necessary tools and infrastructure.

The feasibility study was completed at the end of the 2009/10 financial year.

National Sprint and Distance Championships

The Hobart Greyhound Racing Club (HGRC) will conduct the National Sprint and Distance Championships in Tasmania in 2012. Greyhounds, owners, connections and club delegates from all over Australasia are expected to visit Tasmania for the event that will incorporate race meetings and social functions. The National Hall of Fame event will be held in February 2013.

In preparation for the championships, work commenced on the 710-metre start boxes at Tattersall's Park during 2009/10. At the time of publication, tender documents, drawings and specifications were with contractors for pricing. The boxes will be built specific to Tasracing / HGRC requirements and, when verified by HGRC and Racing Services Tasmania Stewards, the boxes will be manufactured. The earthworks and concrete slab will be prepared in readiness for the boxes arrival and installation in October / November 2010.

Racing Product Development

As has been reported previously, the racing industry in Tasmania employs an estimated 2500 people, and is an important contributor, both directly and indirectly, to the economy of the State.

Tasracing has consistently stated that it is important to develop and maintain a racing product of such quality as to meet or exceed customers' expectations.

A key part component is the further development of industry participant skills. Nationally there is a trend towards incorporating participant accreditation with licensing requirements. The three-year Racing Industry Skills Plan has been developed, in partnership with Skills Tasmania, with this outcome in mind.

Work on the plan progressed positively in the second half of 2009/10. At the time of writing, Tasracing was set to notify the industry of the availability of recognised training qualifications in accordance with the nationally recognised Racing Industry Training Packages.

Tasracing sought and obtained funding for industry training at Certificate III and IV level through the Commonwealth's Enterprise Based Productivity Places Program. It is expected that this money will fund training for up to 50 experienced people already employed in the industry.

Occupational Health and Safety

Last year I reported on the appointment of Rick Dorling to the position of OH&S Officer. Tasracing is progressing well through the development of an OH&S Management System to provide a safe working environment for all employees, racing industry participants and visitors to racing sites across the state.

The development and implementation of this system will ensure Tasracing complies with the Workplace Health and Safety Act 1995, Workplace Health and Safety Regulations 1998 and other Tasmanian legislation that may apply to the racing industry.

IT IS IMPORTANT TO DEVELOP A RACING
PRODUCT OF CONSISTENT QUALITY TO MEET OR
EXCEED CUSTOMERS' EXPECTATIONS



CHIEF EXECUTIVE OFFICER CONT

Race Dates

The race dates were finalised after extensive consultation with industry representatives, ensuring priority was given to meetings featuring Sky Channel coverage which is vital for national exposure to maximise wagering revenues and returns to Tasracing and the industry.

Club Funding

Tasracing advised all clubs at the end of 2009/10 on the progress to date of providing an appropriate model for allocation of funding to each of the three racing codes in Tasmania. Currently, the allocation of available funding is not linked to any performance measures, however, future funding will take into account such measures.

It is important that Tasracing provide funding to Codes and Clubs in an equitable manner in addition to promoting financial efficiency, improved performance and ensuring the overall financial stability of the industry.

Tasmanian Harness Carnival

V75 Tasmanian Harness Carnival was held in December. The carnival, which featured a new brand and theme – Harness the Energy, comprised a meeting on 13 December in Devonport, 20 December in Launceston and 27 December in Hobart. The new branding allowed the host clubs (Tasmanian Pacing Club, Devonport Harness Racing Club and Launceston Pacing Club) and Tasracing to take a unified approach to marketing the event.

The statewide nature of the carnival makes it perfect for visiting owners and trainers to enjoy an extended stay in Tasmania. While the carnival is obviously important to the local harness industry and places the national spotlight on Tasmania during December, it is also important to the broader economy given the number of visitors it attracts.

Yearling Sales

Davidson Cameron Board & Simmons and Tasracing managed the 2010 harness sale at Inveresk in Launceston with 37 lots grossing \$330,500 for an average of \$8,932. Interstate buyers were prominent and accounted for more than 22 per cent of the sale gross, which was in line with last year's result.

This year the catalogue was combined with the South Australian Yearling sale catalogue resulting in wider promotion of the Tasmanian horses.

Tasracing Structure

An effective staff structure is critical to the success of any business and has been a focus of the company during the past year. In this regard, Tasracing made a number of important senior appointments during 2009/10 – Damien Bones to the position of Financial Manager and Eliot Forbes to the newly created position of Chief Operating Officer.

Together with the Board of Tasracing, we are committed to working with the industry towards achieving our goals within the Corporate Plan.

Gary Lottering
Chief Executive Officer



*Stimulate
Interest*



THOROUGHBRED RACING

THREE MEETINGS WERE HELD UNDER LIGHTS IN LAUNCESTON, EACH ATTRACTING QUALITY FIELDS

There is no question that the highlight of the 2009/10 year was the successful start of night racing at The TOTE Racing Centre in April. Three meetings were held under lights in Launceston, each attracting quality fields, good on-course attendance and wagering, as well as considerable interstate interest.

On the track, many of the highlights were provided by Team Brunton, the training partnership of David and Scott Brunton.

The pair trained a record 78 winners during the season, preparing many topline winners including Life to the Full (Newmarket and George Adams Stakes), Obstinado (3YO Cup) and Assent (Summer Cup and Ingham Jockey Club Cup). Life to the Full also scored a feature race victory at Caulfield and was ultimately crowned Tasmanian Horse of the Year.

Brendon McCoull again dominated in the jockey ranks, winning his 11th title while Ronan Keogh claimed the apprentice's crown despite missing the first two months of the season.

Tasracing's second AAMI Tasmanian Summer Racing Carnival was once again a successful event.

The Carnival continues to attract a high quality interstate representation, with trainers such as David Hayes, Gai Waterhouse and Mick Price and jockeys of the calibre of Damien Oliver, Craig Newitt and Glen Boss participating. Their presence no doubt helps to achieve strong wagering interest on a national basis.

The 2010 Tasmanian Yearling Sale was the sixth sale conducted by Magic Millions under an agreement between Tasracing, Magic Millions and Tasbreeders.

After five years of solid growth, the 2009 sale saw a considerable decline in both the sale average and gross. This result was primarily attributed to the cancellation of a flight carrying many of the major buyers on sale day and the global economic crisis that impacted many industries in that year.

Accordingly, considerable time and effort was invested to ensure interstate buyers attending the 2010 sale arrived in the state on the day prior to the sale. As a result, the 2010 sale saw the largest number of interstate buyers ever assembled at a Tasmanian sale. Additionally, interstate buyers purchased approximately one third of the total yearlings sold. Both the sale gross and sale average experienced good growth.

The average price of \$9819 in 2009 was easily passed in 2010 reaching \$14,193, an increase of 44 per cent. The 2010 sale gross also increased compared to 2009 - \$1.5 million compared to \$893,000, an increase of 66 per cent.

Overall, the general comment from buyers was the 2010 sale was superior to previous sales in regard to the quality of the yearling's pedigrees and presentation.





*Superior
Sales*

TASBREEDERS AWARDS INCORPORATING

Leading Tasmanian-based Juvenile Stallion – West Quest

Leading Tasmanian-based Stallion – West Quest

Leading Broodmare – Queen's Own

Outstanding Filly or Mare – Lady Lynette

TASMANIAN PARTICIPANT AWARDS INCOPORATING

Leading Trainer (proudly sponsored by Derwent Park Developments) – David & Scott Brunton

Leading Jockey (proudly sponsored by Kevin Sharkie) – Brendon McCoull

Leading Apprentice (proudly sponsored by Tasmanian Racing Club) – Ronan Keogh

Leading Owner (proudly sponsored by Hermanos Equine Services) – Paul and Elizabeth Geard

TASMANIAN RACING HALL OF FAME INDUCTIONS

Trainer Inductees – Walter McShane

Jockey Inductee – Brendon McCoull

Horse Inductee – Sunny Lane

Associate Inductees – Max "Macka" Harris and Jim Osborne

Legend – Len Dixon (trainer)

TASRACING MEDIA AWARDS

Electronic Media Award – Brent Costelloe – Win Television

Print Media Award – Fran Voss – The Examiner

TASMANIAN HORSE OF THE YEAR AWARDS INCORPORATING

2YO of the Year (proudly sponsored by Veolia Environmental Services) – Strike the Tiger

3YO of the Year (proudly sponsored by Rotary International) – Gee Gees Blackflash

Horse of the Year (proudly sponsored by Launceston Mitsubishi) – Life to the Full

A pair of blue high-heeled shoes and a white dress are shown on a dark blue surface. The shoes are positioned on the right side of the image, and the dress is on the left. The background is a dark blue fabric or paper.

6



tasracing.com.au

HARNES RACING

THERE IS COMPELLING EVIDENCE THAT BREEDING INCENTIVES ARE IMPACTING POSITIVELY

The quality of Tasmanian harness breeding and the appearance of some of the nation's top racehorses at local race meetings were two highlights of another year of growth and development for harness racing in Tasmania.

Points of interest to note included:

- Several positive outcomes for Tasmanian breeding.
- The appearance of Bettors Strike, Lanercost and Mendelico in Tasmanian feature races.
- The continued success of young drivers in Tasmania.

Breeding related successes were numerous. Tasmanian horses continued the trend of recent seasons with top class efforts in some of the nation's best races. Villagem won the leading race for four-year-olds, the \$200,000 Chariots of Fire at Menangle (NSW), Shez Ryleymak was placed second in the \$100,000 4YO Vicbred Super Sires Final and Cullens Angel won two consecutive metropolitan class races at Melton (Victoria). Locally, Gedlee demonstrated his class with two strong performances resulting in seconds in the Tasmanian and Australian derbies.

The fifth Tasmanian Premier Harness Yearling Sale was conducted in January 2010 and the trend of recent years continued with another increase in the sale average - \$8,932 compared to \$8,650 the previous year. Interstate buyers again supported the sale.

There is compelling evidence that breeding incentives of recent years are impacting positively.

Since early 2006:

- The Tasbred Bonus has provided considerable savings for breeders.
- Foal notification fees and Tasbred series payments have been abolished which results in a saving to breeders.
- Additional funds has been added to stake money for Tasbred heats and finals for an annual total of \$276,000.
- Tasbred Breeders Coupon payments have increased significantly and are now in excess of \$100,000 annually.

A key indicator of breeding success is a steady growth in the number of foals registered over the past three years. The figures are 217 (2007), 226 (2008) and 243 (2009). Another is an increase in the number of Tasbreds racing this season, which is now higher than 50 per cent of race fields compared to 45 per cent in recent years.

Future broodmares were given every opportunity to experience racetrack success through increased racing opportunities for fillies and mares. The aim is twofold. Tasracing is programming races specifically for fillies and mares of varying ability to encourage owners to race them longer with a positive outcome for race numbers and field sizes. The second benefit is owners have more opportunities to assess the merits of breeding after racing, based on the racetrack performance of the mares.

The fourth V75 Tasmanian Harness Racing Carnival in December and the March/April race meetings, featuring the Tasmanian and Australian Derbies, attracted the best array of talent seen in Tasmania since the 2006 Inter Dominion. New Zealand's Bettors Strike, the winner of the \$125,000 Tasmania Cup, was a prominent Grand Circuit performer. Classy four-year-old Mendelico (Victoria) won both mare's features in December and star Queensland three-year-old Lanercost won both derbies.

Interstate trainers and owners established a new record during the 2009 V75 Carnival. There were 56 starts by interstate and New Zealand horses compared to 52 in 2008 and 37 in 2007. The outcome was a per race average turnover increase of 7.93% compared to 2008.

Young Tasmanian drivers continued to demonstrate their skills locally and nationally. Gareth Rattray won his fifth consecutive Tasmanian Leading Driver Award. Five young drivers aged 25 or younger were in the Tasmanian top 10 – Gareth Rattray (25), Nathan Ford (23) was second and the others were Erin Hollaway (25), Mark Yole (22) and Todd Rattray (20).

Gareth Rattray capped off an exceptional year by winning his second Australasian Young Drivers Championship. The series is conducted annually during the Inter Dominion with representatives from all states and New Zealand. Rattray's win was the fourth by a Tasmanian in the last eight years. His first was in 2003, followed by twin brother James Rattray in 2005 and James Austin in 2007.

Further programming initiatives were adopted in an endeavour to attract and retain the critical mass of racing stock required to produce good field sizes and competitive races. Race programs where lowest points horses are selected first and races are divided by points were well supported by trainers and owners during the season.

The harness stakes budget and feature race funding were reviewed at the start of the season, resulting in an increase in base level funding for Sky Channel meetings in 2009/10. The desired outcome of a wider distribution of stake money to average and lower class horses was achieved. At the same time, the quality of feature races was not affected.

The state premiership winners were:

- Leading Driver – Gareth Rattray
- Leading Trainer – Phillip Ford
- Leading Junior Driver – Nathan Ford
- Leading Female Driver – Erin Hollaway
- Leading Female Trainer – Brooke Hammond

Track supervisors and staff attended a Harness Racing Victoria Track Maintenance Seminar in November 2009 and the impact on Tasmanian harness racing has been positive with no races or race meetings cancelled or postponed due to track conditions. Furthermore, there appears to be a gradual improvement in sectional and overall times at the three major venues – Hobart, Launceston and Devonport.



Positive Outcomes



WITH THE APPROPRIATE LEVEL OF ADVERTISING AND PROMOTION, THE GREYHOUND CODE WILL CONTINUE TO DEVELOP

Tasracing and the clubs continued their commitment for communication with the Greyhound Reference Group meeting quarterly. This forum has allowed the communication of ideas and the finalisation of proposals with the overall improvement of the industry in mind.

It is pleasing to note TOTE Tasmania greyhound racing turnover figures increased by 10.6 per cent in 2009/10 to more than \$11 million.

With the appropriate level of advertising and promotion, the greyhound code will continue to develop.

This year Viv Berresford and George and Eileen Johnston, together with greyhounds Oak Queen, Social Dancer and Peace Gift, were inducted into the Tasmanian Hall of Fame.

Tasracing took responsibility for the Greyhound Adoption Program (GAP) in September 2009 and employed a Coordinator to facilitate the program. A network of foster carers was established and ten greyhounds have been re-homed during the year with a further six currently placed with the foster carers in preparation for re-homing.

On an operational front, 2009/10 has seen the finalisation of a number of projects:

- New digital weighing scales purchased and installed at each track.
- The Clubs agreed to produce and publish the Statewide formguide and racefield distribution.
- Approval of the installation of 710 metre starting boxes at Tattersall's Park.
- The formation of a Microchip Sub-Committee comprising of representatives from Tasracing, Racing Services Tasmania and the Greyhound Reference Group to oversee the introduction of microchipping of all greyhounds from 1 January 2011.
- Approval of the GAP records module through the greyhound database.
- Approval of the Watchdog system, an internet-based module developed by Greyhound Racing Victoria that incorporates online formguides and video replays.

It is expected that the GAP module and the Watchdog system will be operational early in the 2010/11 season.

The Hobart Thousand, Devonport Cup and Launceston Cup retained their major sponsors this year: Wrest Point, Dowling McCarthy Hankook Tyres and Country Club Tasmania respectively.

The winners of our Group Races were:

HOBARTTHOUSAND (GROUP 1)

Prankster trainer by Robert Britton in Victoria took out the final that saw only one Tasmanian trained greyhound contest the race.

DEVONPORT CUP (GROUP 3)

Victorian Robert Britton-trained Gardam Prince proved too strong to take out the Final by three lengths.

LAUNCESTON CUP (GROUP 2)

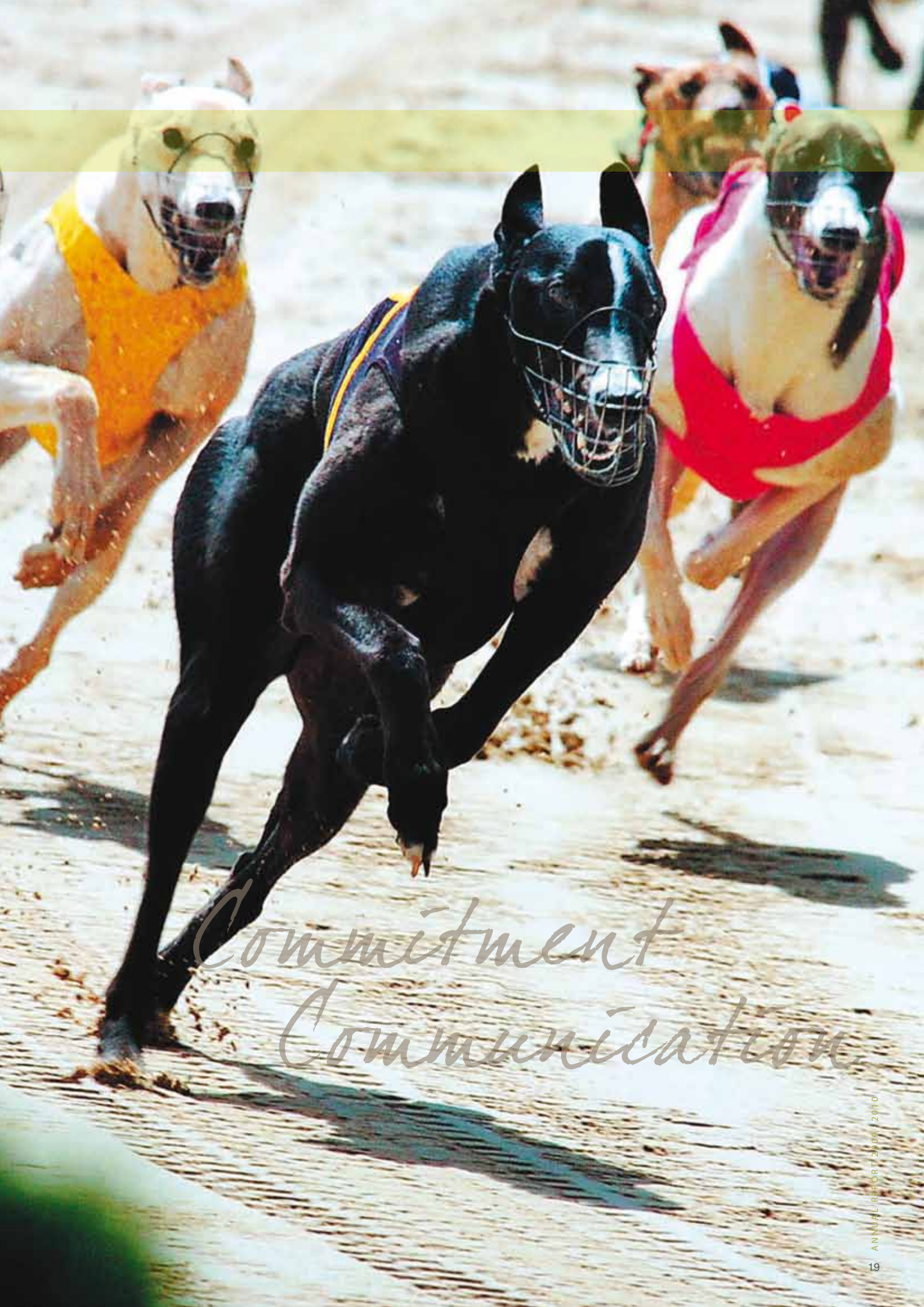
Gardam Prince made it a double for Victorian trainer Robert Britton winning by two lengths.

2009 ANNUAL AWARDS

On 13 February 2010 the 2009 Greyhound of the Year and Annual Awards presentations were held in conjunction with the Launceston Cup Dinner. The following industry achievers were recognised:

- **Leading Tasmanian Owner**
Robert Grubb
- **Leading Tasmanian Trainer**
Anthony Bullock
- **Tasmania's Leading Broodbitch**
Stylish Dotty
- **Tasmania's Leading Sire**
Where's Pedro
- **Tasmania's Most Consistent Greyhound**
Eagle Eye
- **Tasmanian Greyhound Of The Year**
Big Moose





*Commitment
Communication*

CONTENTS

Financial Statements

- 21** **Independent Audit Report**
- 23** **Directors' Declaration**
- 24** **Auditor's Independence Declaration**
- 25** **Statement of Comprehensive Income**
- 26** **Statement of Financial Position**
- 27** **Statement of Cashflows**
- 27** **Statement of Changes in Equity**
- 28** **Notes to the Financial Statements**

INDEPENDENT AUDIT REPORT



Tasmanian Audit Office

STRIVE | LEAD | EXCEL | TO MAKE A DIFFERENCE

INDEPENDENT AUDIT REPORT

To the Members of Tasracing Pty Ltd

Financial Statements for the Year Ended 30 June 2010

Report on the Financial Statements

I have audited the accompanying financial statements of Tasracing Pty Ltd (the Company), which comprise the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

The Responsibility of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate to the circumstances, but not for the

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
• Professionalism • Respect • Camaraderie • Continuous Improvement • Customer Focus •

Making a Difference

INDEPENDENT AUDIT REPORT (CONTINUED)

purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*. The *Audit Act 2008* further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of State Entities but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Tasmanian Audit Office are not compromised in their role by the possibility of losing clients or income.

I confirm that the independence declaration required by the *Corporations Act 2001*, was provided to the directors on the same day as this audit opinion and is included in the Directors' report.

Auditor's Opinion

In my opinion:

- (a) the financial statements of Tasracing Pty Ltd are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of Tasracing Pty Ltd as at 30 June 2010 and its financial performance for the year ended on that date, and
 - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

TASMANIAN AUDIT OFFICE



H M Blake
AUDITOR-GENERAL
HOBART
28 September 2010

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
• Professionalism • Respect • Camaraderie • Continuous Improvement • Customer Focus •

Making a Difference

DIRECTORS' DECLARATION



Directors' declaration

1. The directors declare that:
 - (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
 - (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and give a true and fair view of the financial position and performance of the company;
 - (c) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2 to the Financial Statements.
2. Whilst not a requirement, the directors have been given the declarations as set out in Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2010.

Signed in accordance with a resolution of the directors made pursuant to s.295 (5) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read "B Speers", written over a horizontal line.

B Speers
Chairman
Hobart, 24 September 2010

AUDITOR'S INDEPENDENCE DECLARATION



Tasmanian Audit Office

STRIVE | LEAD | EXCEL | TO MAKE A DIFFERENCE

28 September 2010

The Board of Directors
Tasracing Pty Ltd
6 Goodwood Road
Glenorchy TAS 7010

Level 4, Executive Building
15 Murray Street
Hobart Tasmania 7000

Postal Address:
GPO Box 851
Hobart Tasmania 7001

Phone: 05 6226 0800
Fax: 03 6226 0199
Email: admin@audit.tas.gov.au
Web: www.audit.tas.gov.au

Dear Board Members

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with section 307C of the *Corporations Act 2001*, I provide the following declaration of independence.

As the auditor of the financial report for the financial year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

Pursuant to section 298(1)(c) of the *Corporations Act 2001* a copy of this declaration must be included in the Directors' report.

Yours sincerely

H M Blake
AUDITOR-GENERAL

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector
• Professionalism • Respect • Camaraderie • Continuous Improvement • Customer Focus •

Making a Difference

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2010

	Note	2010 \$
Revenue and other income		
Revenue from Government and TOTE Tasmania	3	32,234,816
Interest Revenue		764,374
Other Income	4	2,377,731
Total Revenue		35,376,921
Expenses		
Employee Benefits Expense	10	4,925,696
Prizemoney, Benefits & Incentives		20,875,598
Depreciation & Amortisation Expense	5	2,285,561
Borrowing & Leasing Costs	6	374,112
Commission Expense		1,214,273
Raceday and Racing Expenses	7	3,585,879
Marketing Expenses		783,927
Other Expenses	8	1,746,095
Total Expenses		35,791,141
Loss before tax		(414,220)
Income tax expense	11	-
Loss for the year		(414,220)
Other comprehensive income		-
Total comprehensive loss for the year		(414,220)

STATEMENT OF FINANCIAL POSITION

for the year ended 30 June 2010

	Note	2010 \$
Current Assets		
Cash and Cash Equivalents	22 (a)	8,038,055
Trade and Other Receivables	12	606,633
Prepayments		267,845
Total Current Assets		8,912,533
Non-Current Assets		
Property, Plant & Equipment	13	50,851,449
Intangibles	14	10,979
Total Non-Current Assets		50,862,428
Total Assets		59,774,961
Current Liabilities		
Trade and Other Payables	15	1,154,308
Employee Benefits	18	422,817
Other Financial Liabilities	16	162,702
Total Current Liabilities		1,739,827
Non-Current Liabilities		
Borrowings	17	1,500,000
Employee Benefits	18	3,074,824
Total Non-Current Liabilities		4,574,824
Total Liabilities		6,314,651
Net Assets		53,460,310
Equity		
Contributed Equity	19	53,874,530
Accumulated Losses	20	(414,220)
Total Equity		53,460,310

Notes to the financial statements are included on pages 28 to 46

STATEMENT OF CASHFLOWS

for the year ended 30 June 2010

	Note	2010 \$
Cash Flows from Operating Activities		
Receipts from Customers		36,163,894
Payments to Suppliers & Employees		(34,179,677)
Interest Received		757,770
Interest & Other Costs of Finance Paid		(109,585)
Net Cash provided by Operating Activities	22 (b)	2,632,402
Cash Flows from Investing Activities		
Proceeds from Sales of Property, Plant & Equipment		19,387
Payments for Property, Plant & Equipment		(6,831,651)
Net Cash used in Investing Activities		(6,812,264)
Cash Flows from Financing Activities		
Proceeds from transfer from Tasmanian Racing Board	19	11,205,719
Equity transfer from Tasmanian Government	19	860,967
Proceeds of transfer from Racing Services Tasmania	19	151,231
Net Cash Provided by Financing Activities		12,217,917
Net Increase in Cash and Cash Equivalents		8,038,055
Cash and Cash Equivalents at 1 July 2009		-
Cash and Cash Equivalents at end of the year	22 (a)	8,038,055

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2010

	Note	Contributed Equity	Accumulated Losses	Total Equity
Balance at 1 July 2009		-	-	-
Loss for the Year		-	(414,220)	(414,220)
Transfer of Equity		53,013,563	-	53,013,563
Issue of Equity		860,967	-	860,967
Balance at 30 June 2010	19	53,874,530	(414,220)	53,460,310

Notes to the financial statements are included on pages 28 to 46

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Tasracing Pty Ltd (Tasracing) was incorporated on the 1st of July 2009 and domiciles in Tasmania, Australia. Tasracing became a state owned company under the Department of Infrastructure, Energy and Resources (DIER), after six months of trading as a Statutory Authority as The Tasmanian Racing Board, which was established on the 1st of January 2009.

Tasracing was established by the Racing (Tasracing Pty Ltd) Act 2009 and is governed by the Racing Regulation Amendment Act 2008. The Principle Act is the Racing Regulation Act 2004. The responsible Minister is the Minister for Racing. Section 11 of the Racing Regulation Act 2004 sets out Tasracing's responsibilities as follows:

1. Developing a vision for the racing industry;
2. Promoting Tasmanian racing locally, nationally and internationally;
3. Promoting the development of an efficient and effective racing industry;
4. Promoting the development of an efficient and effective horse and greyhound breeding industry;
5. Corporate governance, strategic direction and funding;
6. Providing advice to the Minister and making appropriate policy recommendations for the development of racing;
7. Attracting sponsorship income;
8. Allocating race dates;
9. Race programming;
10. Developing and maintaining racing and training venues under its control;
11. Making (by drawing up its own local rules and by adopting Australian Rules of racing) the Rules of Racing, having regard to the recommendations of the Director;
12. Setting licence and registration standards and criteria, having regard to the recommendations of the Director;
13. Monitoring, coordinating and setting standards, in consultation with the Director, for the training of people employed or otherwise engaged in the racing industry other than:
 - (1) Persons appointed under section 51; or
 - (2) persons employed in that industry appointed under the State Service Act 2000;
14. Representing the Tasmanian racing industry on national and international controlling bodies and in national and international forums;
15. Publishing industry journals;
16. Approving, in a manner not inconsistent with the Corporations Act, the operating budgets of racing clubs;
17. Assisting racing clubs with the promotion and marketing of major race meetings and race carnivals;
18. Determining a fee for race field information publication approval for each code of racing;
19. Developing a code of conduct to be complied with Tasracing and its employees;
20. Controlling race nominations, acceptances, field selections, handicapping, barrier draws and scratchings in thoroughbred racing;
21. Negotiating with broadcast providers scheduling and revenue-sharing arrangements for the broadcast of Tasmanian racing, both nationally and internationally;
22. Such other functions as may be conferred or imposed on it by or under this or any other Act.

Tasracing's registered office and principal place of business are as follows:

Registered Office

6 Goodwood Road Glenorchy TAS 7010

Principal Place of Business

6 Goodwood Road Glenorchy TAS 7010

Tasracing's principal activity is the governance, administration and provision of financial services for racing in Tasmania.

As the company was established on 1 July 2009, no comparative figures are provided.

2. Significant accounting policies

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations and comply with other requirements of the law.

The financial statements comply with International Financial Reporting Standards (IFRS) and Interpretations adopted by the International Accounting Standards Board (IASB).

The financial report was authorised for issue by the directors on 12 August 2010.

Basis of preparation

The financial report has 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. All amounts are presented in Australian dollars, unless otherwise noted.

2. Significant accounting policies [continued]

Critical accounting judgements and key sources of estimation uncertainty

In the application of Tasracing's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Refer to note 1(n) for a discussion of critical judgements in applying the entity's accounting policies, and key sources of estimation uncertainty.

Adoption of New and Revised Accounting Standards

The accounting policies adopted are consistent with those of the previous financial year except as follows:

Tasracing has adopted the following new and amended Australian Accounting Standards and AASB interpretations as of 1 July 2009:

Standards and Interpretations affecting amounts reported in the current period

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements.

- **AASB 101, "Presentation of Financial Statements (revised 2007)" (effective 1 January 2009)**

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. Tasracing has elected to present one statement.

- **AASB 123 Borrowing Costs (as revised in 2007) and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123**

The principal change to AASB 123 was to eliminate the option to expense all borrowing costs when incurred. This change has had no impact on these financial statements because it has always been the Tasracing's accounting policy to capitalise borrowing costs incurred on qualifying assets.

- **Amendments to AASB 120 Accounting for Government Grants and Disclosure of Government Assistance As part of AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project**

AASB 120 has been amended to require that the benefit of a government loan at a below-market rate of interest be treated as a government grant. This accounting treatment was not permitted prior to these amendments.

- **Interpretation 18, 'Transfers of Assets from Customers' (effective 1 July 2009)**

The new standard replaced AASB 114 "Segment Reporting" upon its effective date. The operating segment disclosure requirements of AASB 8 do not apply to Tasracing as it is unlisted, however the new standard is used when defining the maximum size of a cash generating unit for Tasracing's impairment testing.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

- **AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project** Effective for annual reporting periods beginning on or after 1 January 2010
- **AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9** Effective for annual reporting periods beginning on or after 1 January 2013
- **Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments** Effective for annual reporting periods beginning on or after 1 July 2010
- **AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements** Effective for annual reporting periods beginning on or after 1 July 2013
- **AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project** Effective for annual reporting periods beginning on or after 1 July 2010
- **AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project** Effective for annual reporting periods beginning on or after 1 January 2011

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Property, plant and equipment

Property, plant and equipment and leasehold improvements are stated at cost less accumulated depreciation, amortisation and impairment. Cost includes expenditure that is directly attributable to the acquisition or construction of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

2. Significant accounting policies [continued]

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are amortised over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation and amortisation methods are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following useful lives are used in the calculation of depreciation and amortisation:

Leasehold improvements	term of the lease or life of the asset
Plant and equipment	5 to 20 years
Racecourse plant and equipment	5 to 20 years

(b) Intangible assets

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The following useful lives are used in the calculation of amortisation:

Computer equipment and systems development	3 to 7 years
--------------------------------------------	--------------

(c) Impairment of tangible and intangible assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which it belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Management takes into consideration the nature of the business together with the government funding arrangements and cash neutral business strategy when determining impairment. As such the guaranteed funding streams are aimed at supporting the carrying amount of the company's assets.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit and loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(d) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2. Significant accounting policies [continued]

(e) Financial assets

All Financial Assets are recognised and derecognised on trade date where the purchase or sale of a financial asset 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 any transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified category: 'loans and receivables'. The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets

Tasracing derecognises a financial asset only when the contractual rights to the cash flows from the asset

expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Tasracing neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

(g) Financial Liabilities and Equity Instruments

Debt and equity instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual agreement. Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

Financial Liabilities

Financial Liabilities are classified as other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Tasracing derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

2. Significant accounting policies [continued]

(h) Revenue

Revenues are recognised in the Income Statement when it is probable that the inflow or other enhancement or saving in outflows of future economic benefits has occurred and can be measured reliably.

Tasracing's main source of income is in the form of government funding.

Government Grants

Government grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government assistance which does not have conditions attached specifically relating to the operating activities of the entity is recognised in the Income Statement as operating income when the grant becomes receivable and Tasracing gains control of the underlying assets.

Tasracing is funded by government appropriations provided each year, over a twenty year period and subject to the conditions of a funding deed.

Rental income

Revenue from operating leases is recognised in accordance with Tasracing's accounting policy outlined in note 2(k).

Interest

Interest revenue is recognised when it is probable that the economic benefits will flow to Tasracing and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(i) Borrowing Costs

Borrowing costs directly attributed to the acquisition, construction or production of qualifying assets which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such a time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

(j) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by Tasracing in respect of services provided by employees up to reporting date.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

Defined benefit plans

For defined benefit superannuation plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses are recognised in full in profit or loss in the period in which they occur.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The defined benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation, adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of the plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

(k) Leasing

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Tasracing as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. However, contingent rentals arising under operating leases are recognised as income in a manner consistent with the basis on which they are determined. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Tasracing as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2. Significant accounting policies [continued]

(l) Income tax equivalent

Tasracing as a state owned company is registered under the National Tax Equivalent Regime.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

Current Tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all deductible temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The income tax calculation is provided at note 11. As the company has reported a tax loss no income tax is payable. Deferred tax assets are not recognised on the basis that future taxable profits will not be available to offset existing temporary differences.

(m) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(n) Accounting estimates and judgements

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Defined benefit superannuation fund obligations

Various actuarial assumptions are utilised in the determination of Tasracing's defined benefit superannuation fund obligations. These assumptions are discussed in note 18.

Employee entitlements

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at reporting date;

- future increases in salaries and wages;
- future oncost rates; and
- experience of employee departures and periods of service.

2010
\$

3. Government Income

Operational Funding - Government Appropriation	27,088,333
Operational Funding - TOTE Tasmania	5,146,483
	32,234,816

A one off payment was received from TOTE Tasmania as race field fee substitution. Race field fees have been delayed due to litigation in NSW. Going forward management expect a satisfactory outcome pending changes to Tasmanian legislation.

4. Other Income

Other income from operating activities includes:

Rental Income	892,246
Sponsorship Income	634,570
Other Income	850,915
	2,377,731

2010

\$

5. Depreciation and Amortisation Expense

Depreciation of Non-Current Assets:

Plant and Equipment	468,415
	468,415

Amortisation of Non-Current Assets:

Racecourse Leasehold Improvements	1,813,486
Intangibles	3,660

1,817,146

2,285,561

6. Finance and Leasing Costs

Finance Costs

Interest Expense	109,585
------------------	---------

Leasing Costs

Occupancy Lease Rentals	169,936
Motor Vehicle Lease Rentals	74,584
Plant and Equipment Lease Rentals	20,007

264,527

374,112

7. Raceday and Racing Expenses

Training and Racing Facilities	2,511,552
Raceday and Other Racing Expenses	1,074,327

3,585,879

8. Other Expenses

Insurance	516,582
Other	1,229,513

1,746,095

9. Remuneration of Auditors

Auditing the Accounts (i)	
(i) The auditor is the Tasmanian Audit Office	30,000

30,000

2010
\$

10. Employee Benefit Expense

Wages and salaries	3,388,628
Other associated personnel expenses	695,959
Contributions to defined contribution superannuation funds	302,469
Increase in liability for defined benefit superannuation funds	463,724
Increase in liability for annual leave	46,367
Increase in liability for long service leave	28,550
	4,925,698

11. Income Tax Expense

Tax expense comprises:

Current tax expense/(income) in respect of the current year	(299,122)
Deferred tax expense relating to the origination and reversal of temporary differences	(319,004)
Total tax expense/(revenue) relating to continuing operations	(618,126)

The expense for the year can be reconciled to the accounting profit as follows:

Profit/(loss) from continuing operations	(414,220)
Income tax equivalent expense calculated at 30%	(124,266)
Effect of expenses that are not deductible in determining taxable profit	6,834
Effect of concessions and other allowances	(500,694)
Current Income tax benefit not recognised in profit or loss	(618,126)

Deferred tax assets are not recognised as it is currently anticipated that future taxable profits will not be available to offset existing temporary differences.

Deferred tax balances 2010	Balances Transferred from the Tasmanian Racing Board	Not recognised in profit and loss	Recognised directly in equity	Closing balance
Temporary differences				
Property, plant and equipment	1,609,860	176,184	-	1,786,044
Employee entitlements	909,105	140,187	-	1,049,292
Doubtful debts	4,031	2,633	-	6,664
	2,522,996	319,004	-	2,842,000
Unused tax losses and credits				
Tax losses	-	299,122	-	299,122
	2,522,996	618,126	-	3,141,122

Deferred tax assets not recognised

Deferred tax assets not recognised at the reporting date:	\$
Tax losses (revenue)	299,122
Temporary differences	2,842,000
	3,141,122

Deferred tax assets are not recognised as it is currently anticipated that future taxable profits will not be available to offset existing temporary differences.

2010
\$

12. Trade and Other Receivables

Trade Receivables (i)	615,943
Provision for Impairment	(22,210)
	593,733
Interest Receivable	12,900
	606,633

- (i) For receivables the average credit period on these items is 30 days with a large number of smaller debtors reducing the risk. No interest is charged on receivables. A provision for impairment has been made for estimated irrecoverable trade receivable amounts arising from past transactions, determined by reference to past default experience.

Ageing of Past due but not impaired

30-60 Days	83,108
60-90 Days	1,422
90-120 Days	5,246
120+ Days	86,104

Included in the trade receivables balance are debtors with a carrying amount of \$175,881 which are past due at the reporting date which the company has not impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable. Tasracing does not hold any collateral over these balances.

Movement in the allowance for impaired debts

Balance transferred	(13,435)
Impairment losses recognised on receivables	(8,775)
Amounts recovered during the year	-
Amounts written off as uncollectable	-
Balance at end of year	(22,210)

Ageing of impaired trade receivables

30-60 Days	978
60-90 Days	978
90-120 Days	978
120+ Days	19,276

	Note	Racecourse Leasehold Improvements (and work-in- progress)	Plant & Equipment	Property Under construction	TOTAL
		\$	\$	\$	\$
		Cost	Cost	Cost	

13. Property, Plant and Equipment

Gross Carrying Amount

Balance as at 1 July 2009		-	-	-	-
Amount transferred as at 1 July 2009	19	44,669,687	1,664,100	-	46,333,787
Additions		5,932,112	758,211	126,689	6,817,012
Disposals		-	(60,202)	-	(60,202)
Reclassified as under construction		(232,355)	-	232,355	-
Balance as at 30 June 2010		50,369,444	2,362,109	359,044	53,090,597

Accumulated Depreciation / Amortisation

Balance as at 1 July 2009		-	-	-	-
Depreciation and Amortisation		1,813,486	468,415	-	2,281,901
Disposals		-	(42,753)	-	(42,753)
Balance as at 30 June 2010		1,813,486	425,662	-	2,239,148

Net Book Value

As at 1 July 2009		44,669,687	1,664,100	-	46,333,787
As at 30 June 2010		48,555,958	1,936,447	359,044	50,851,449

	Computer Equipment and Software \$ Cost
--	-----------------------------------------------------

14. Intangibles

Gross Carrying Amount

Balance as at 1 July 2009	-
Additions	14,639
Disposals	-
Balance as at 30 June 2010	14,639

Accumulated Depreciation / Amortisation

Balance as at 1 July 2009	-
Depreciation and Amortisation	3,660
Disposals	-
Balance as at 30 June 2010	3,660

Net Book Value

As at 1 July 2009	-
As at 30 June 2010	10,979

2010

\$

15. Trade and Other Payables

- Trade Payables - unsecured (i)	1,154,308
----------------------------------	-----------

(i) The company has financial risk management policies in place to ensure that all payables are paid within credit timeframes

16. Other Financial Liabilities

- Bonds on Deposit	4,987
--------------------	-------

- Racing Industry Funds	6,484
-------------------------	-------

- Apprentice Beneficiary accounts	151,231
-----------------------------------	---------

162,702

17. Borrowings

This note provides information about the contractual terms of Tasracing's interest bearing loans and borrowings. For more information about the entity's exposure to interest rate risk, see note 21.

Unsecured - at amortised cost

Unsecured interest bearing loans	1,500,000
----------------------------------	-----------

1,500,000

This is a three year fixed rate loan with Tascorp. The maximum facility limit is \$1,500,000. The weighted average effective interest rate is 7%.

18. Employee Benefits**Current:**

- Annual Leave	273,203
----------------	---------

- Long Service Leave	98,614
----------------------	--------

- Superannuation	51,000
------------------	--------

422,817

Non-Current:

- Long Service Leave	32,824
----------------------	--------

- Superannuation	3,042,000
------------------	-----------

3,074,824

Total Employee Benefits

3,497,641

Liability for Defined benefit obligation:

Tasracing makes contributions to one defined benefit plan that provides pension benefits for employees upon retirement.

Actuarial gains and losses are recognised immediately in profit and loss in the year in which they occur. Defined benefit members receive lump sum benefits on resignation, and lump sum or pension benefits on retirement, death or invalidity. The defined benefit section of RBF is closed to new members. All new members receive accumulation only benefits.

18. Employee Benefits (continued)**Reconciliation of the Defined Benefit Obligation**

Present value of defined benefit obligations at beginning of the year	3,020,000
Current service cost	43,000
Interest cost	170,000
Estimated contributions by plan participants	11,000
Actuarial gains/losses	276,000
Estimated benefits paid	(85,000)
Estimated taxes, premiums and expenses paid	(3,000)
Present value of defined benefit obligations at end of the year	3,432,000

Reconciliation of the Fair Value of Scheme Assets

Fair value of plan assets at the beginning of the year	355,000
Expected return on plan assets	24,000
Actuarial gains/losses	(23,000)
Estimated employer contributions	59,000
Estimated contributions by plan participants	11,000
Estimated benefits paid	(85,000)
Estimated taxes, premiums and expenses paid	(3,000)
Fair value of plan assets at the end of the year	338,000

Reconciliation of the Assets and Liabilities Recognised in the Statement of Financial Position

Opening defined benefit obligation	3,432,000
Fair value of plan assets	(339,000)
Deficit/(surplus)	3,093,000
Net superannuation liability/(asset)	3,093,000
Current net liability	51,000
Non-current net liability	3,042,000

Expense recognised in Income Statement

Service cost	43,000
Interest cost	170,000
Expected return on assets	(24,000)
Actuarial gain/loss	298,000
Superannuation expense/(income)	487,000

The major categories of fund assets as a percentage of total fund assets are as follows:

Australian equities	26%
Overseas equities	22%
Fixed Income	12%
Property, infrastructure and other alternative assets	20%
Alternatives/Other	14%
Cash	6%

2010

\$

18. Employee Benefits (continued)

Principal actuarial assumptions at the Statement of Financial Position Date

Discount Rate	5.35%
Expected rate of return on plan assets	7.00%
Expected salary increase rate	4.50%
Expected rate of increase compulsory preserved amounts	4.50%
Expected pension increase rate	2.50%

Historical Information

Present value of defined benefit obligation	3,432,000
Fair value of plan assets	339,000
Surplus/deficit in plan	3,093,000
Experience adjustments (gain)/loss - plan assets	23,000
Experience adjustments (gain)/loss - plan liabilities	45,000

The company has an accumulated non-vested scheme for Sick Leave. As the Sick Leave taken is less than the entitlement accruing, no liability has been recorded in the accounts.

Defined Contribution Plans

The company makes contributions to various defined contribution plans. The amount recognised as expense was \$302,469 for the year ended 30 June 2010.

19. Equity Transfer

Pursuant to the Racing Regulation Amendment (Governance Reform) (Transitional and Consequential Provisions) Act 2008 the Tasmanian Racing Board ceased to be a statutory authority on 1 July 2009 and Tasracing Pty Ltd was formed as a state owned company under the Racing (Tasracing Pty Ltd) Act 2009. All assets, liabilities, employees and rights were transferred from the Tasmanian Racing Board to Tasracing Pty Ltd.

The following assets and the liabilities were transferred:

Current Assets

Cash and Cash Equivalents	11,205,719
Trade and Other Receivables	2,162,090
Prepayments	173,037

Total Current Assets	13,540,846
-----------------------------	-------------------

2010

\$

19. Equity Transfer (continued)**Non Current Assets**

Property Plant and Equipment	46,333,786
------------------------------	------------

Total Non-Current Assets	46,333,786
---------------------------------	-------------------

Total Assets	59,874,632
---------------------	-------------------

Current Liabilities

Trade and Other Payables	2,318,659
--------------------------	-----------

Employee Entitlements	383,806
-----------------------	---------

Other Financial Liabilities	12,059
-----------------------------	--------

Total Current Liabilities	2,714,524
----------------------------------	------------------

Non-Current Liabilities

Borrowings	1,500,000
------------	-----------

Employee Entitlements	2,646,545
-----------------------	-----------

Total Non-current Liabilities	4,146,545
--------------------------------------	------------------

Total Liabilities	6,861,069
--------------------------	------------------

Net Assets	53,013,563
-------------------	-------------------

Equity Injection

During the year \$860,967 was injected from the State Government as a contingency held over from the transfer of funds from TOTE Tasmania Pty Ltd for The TOTE Racing Centre lights project.	860,967
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------

Total Equity	53,874,530
---------------------	-------------------

In addition cash of \$151,237 was transferred from Racing Services Tasmania for apprentice bank accounts to be held in trust by Tasracing.

2010

\$

20. Accumulated Losses

Opening Balance as at 1 July 2009	-
Net Profit/Loss	(414,220)
Closing Balance as at 30 June 2010	(414,220)

21. Expenditure Commitments**(i) Lease Commitments**

Commitments relate to property, plant and equipment with terms between 1 and 5 years.

The company does not have the option to purchase assets at the expiry of the lease period.

Non-cancellable operating lease commitments were in place as follows:

- not later than 1 year	192,295
- later than 1 year but not later than 5 years	374,529
- later than 5 years	452,205
	1,019,029

Current leases in place are for IT equipment, motor vehicle fleet and leasehold properties and race tracks.

(ii) Capital Expenditure Commitments

Leasehold Improvements

Contractual commitments for the acquisition of Property, plant equipment:

- not later than one year	24,268
---------------------------	--------

(iii) Other Contractual Commitments

Non-cancellable contracts payable:

- not later than one year	309,976
- later than 1 year but not later than 5 years	532,509
- later than 5 years	8,700
	851,185

Commitments in place are for general property maintenance service agreements

2010
\$

22. Cash Flow

(a) Cash and Cash Equivalents

Cash on Hand and Balances with Banks	7,151,064
Investment - Perpetual Trustees	886,991

8,038,055

(b) Reconciliation of profit for the year to net cash flows from operating activities

Loss for the year	(414,220)
<i>Adjustments for:</i>	
Depreciation and Amortisation	2,285,561
Profit on Sale of Assets	(1,939)

Operating profit before changes in working capital and provisions, net of effects from transfer of assets: 1,869,402

- (increase)/decrease in Receivables	1,555,457
- (increase)/decrease in Prepayments	(94,809)
- increase/(decrease) Creditors and Accruals	(1,164,350)
- increase/(decrease) in Provisions	467,290
- increase/(decrease) Other Current Liabilities	(588)

Net cash from operating activities 2,632,402

23. Economic Dependency

A significant proportion of Tasracing's revenue is dependent on a 20 year funding deed with the State government which provides base funding of \$27M per annum plus CPI less 1% over the 20 years. In addition to this the deed allows for a \$40M debt facility with Tascorp of which Treasury will provide servicing in the form of principal and interest repayments, subject to certain conditions.

24. Financial Instruments

(a) Capital Risk Management

Tasracing manages its capital to ensure that it will be able to continue as a going concern through the optimisation of the debt and equity balance.

The capital structure of Tasracing consists of debt, which includes the borrowings disclosed in note 17, cash and cash equivalents and equity attributable to equity holders of the entity, comprising contributed equity and retained earnings as disclosed in notes 19 and 20 respectively.

Tasracing's policy is to endeavour to fund current and future activities through adequately maintained cash reserves. Where required the company borrows through the Tasmanian Public Finance Corporation, Tascorp.

	2010		
	Cash and cash equivalents \$	Loans and Receivables \$	Amortised Cost \$
24. Financial Instruments (continued)			
(b) Categories of financial instruments			
Financial Assets			
Cash and cash equivalents	8,038,055	-	-
Loans & Receivables	-	606,633	-
Total Financial Assets	8,038,055	606,633	-
Financial Liabilities			
Other Financial Liabilities	-	-	2,817,010
Total Financial Liabilities	-	-	2,817,010

Estimation of fair values

The Directors consider that the carrying values of financial assets and liabilities approximate their fair values. The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

(i) Borrowings

Fair value is calculated based on discounted expected future principle and interest cash flows.

(ii) Trade and other receivables / payables

For receivables / payables with a remaining life of less than one year, the nominal amount is deemed to reflect the fair value. All other receivable / payables are discounted to determine the fair value.

Financial risk management objectives

Tasracing has exposure to the following risks from the use of financial instruments:

- (i) Interest rate risk
- (ii) Credit risk, and
- (iii) Liquidity risk

(c) Interest rate risk management

Interest rate risk is limited to movements in "at call" and "short term fixed" interest rates on Investments. Accordingly, should the interest rates have been 1% higher over the financial year, Tasracing's profit would have increased by \$40,190 and equity reserves would have also risen by \$40,190. Conversely should the interest rates have been 1% lower the TRB's profit would have been \$40,190 lower and equity reserves would have also been down \$40,190. Tasracing's borrowings are at a fixed rate of interest. It is Tasracing's policy to borrow only at a fixed rate of interest to mitigate this risk.

(d) Credit risk management

Credit risk represents the loss that would be recognised if debtors failed to meet their obligations under a contract or arrangement. The major exposure to credit risk arises from receivables. Tasracing has a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk.

The average credit period on these items is 30 days with a large number of smaller debtors reducing the risk. No interest is charged on receivables. An allowance has been made for estimated irrecoverable trade receivable amounts arising from past transactions, determined by reference to past default experience. Further details are disclosed in note 10.

24. Financial Instruments (continued)

(e) Liquidity risk management.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of Tasracing's short, medium and long term funding and liquidity management requirements. Tasracing manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows.

The table below shows the contractual maturities of financial liabilities and expected maturities of financial assets.

	< 1 month \$	1 - 3 months \$	3 months - 1 yrs \$	1 - 5 yrs \$	> 5 yrs \$	TOTAL \$	Weighted Average Effective Interest Rate
30 June 2010							
Financial Assets							
Cash and cash equivalents	2,679,352	5,358,703	-	-	-	8,038,055	2%
Trade and Other Receivables	202,211	404,422	-	-	-	606,633	-
Total Financial Assets	2,881,563	5,763,125	-	-	-	8,644,688	2%
Financial Liabilities							
Other financial liabilities	939,003	1,878,007	-	-	-	2,817,010	-
Borrowings	-	-	-	1,500,000	-	1,500,000	7%
Total Financial Liabilities	939,003	1,878,007	-	1,500,000	-	4,317,010	7%

25. Contingent liability

An amount of \$26,937.50 is in dispute for professional services in respect to management of the conceptual tender process and insurance renewal placement for the 2009/2010 year.

26. Key management personnel compensation

The key management personnel of Tasracing Pty Ltd during the year were:

B Speers (Chairman, non-executive director)
 D Abell (Chairman, non-executive director) (retired Nov 09)
 D Gleeson (non-executive director) (appointed Jan 10)
 R Thrikell-Johnston AM (non-executive director)
 D Cooper (non-executive director) (appointed Jan 10)
 T Leis (non-executive director)
 G Baxter (non-executive director)
 T Price (non-executive director) (appointed Jan 10)
 T O'Meara (non-executive director) (retired Dec 09)
 S Hickey (non-executive director) (retired Dec 09)
 G Lottering (Chief Executive Officer)
 J Cameron (Chief Operating Officer)
 D Fisher (Chief Racing Officer)
 M Bone (Chief Financial Officer) (resigned Mar 10)
 D Bones (Manager-Finance) (appointed Mar 10)
 N Gardner (Asset Manager Tracks and Facilities)
 W Kennedy (Corporate Relations and Media Manager)
 G Marshall (Company Secretary)

The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

Short term employee benefits	926,558
Post employment benefits	78,875
Movement in annual leave liability	606
Movement in long service leave liability	(4,667)

1,001,372

27. Related party disclosures

(a) Key management personnel compensation

Details of key management personnel compensation are disclosed in note 26 to the financial statements

(b) Transactions with key management personnel

All transactions with key management personnel, including the payment of prizes, including payments to syndicates, were conducted on an arm's length basis in the ordinary course of business and on commercial terms and conditions.

28. Subsequent Events

A funding deed in negotiation at reporting date with the government for capital assistance of \$40 million, referred to at note 23, is unsigned at the date of signing the financial statements.

The TOTE

Multi Purpose



Tasracing Pty Ltd

ABN 62 269 303 946

Tattersall's Park
6 Goodwood Road
Elwick, Tasmania
Australia 7010

