



tasracing

ANNUAL REPORT 2014
LEVERAGING INNOVATION



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**LEVERAGING
INNOVATION**

CHAIRMAN'S REPORT



BRIAN SPEERS
Chairman

In December 2013 Tasracing released an economic impact study – Size and Scope of the Tasmanian Racing Industry – that found the Tasmanian racing industry contributes \$103.1 million in value added contributions to the state economy.

The independent report also found that the industry was directly responsible for sustaining about 1,000 full-time equivalent jobs – the majority in rural and regional Tasmania – and that more than 5,500 people are employed or are direct participants in the industry.

Further, it found owners invested more than \$40 million in the preparation of racehorses and greyhounds for racing, and that breeders invested more than \$13 million in the production of racehorses and greyhounds for racing.

Based on this information, which has largely been anecdotal until now, it is clear to see that racing plays a crucial role in Tasmania, particularly in its regional areas.

While economic benefits are obviously important, the study reaffirmed that racing is deeply woven into the social fabric of the State. The study demonstrated that one in 10 Tasmanians attended race meetings during the 12 month period examined and that racing patrons spent more than \$10.5 million on racing; retail, fashion and accommodation are particular beneficiaries of this spending.

As noted in the financial statements, Tasracing recorded a loss in 2013/14 of \$0.2 million, an improvement compared to last year's loss of \$0.5 million. This result represents a continuation of an improved net performance by Tasracing, thanks to ongoing disciplined and focused financial management and strong commercial growth.

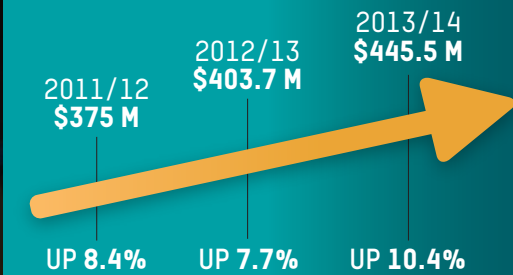
In considering the result, it is important to take into account some key factors;

Tasracing has maintained its reduced cost structures of the previous financial year while maintaining industry service levels, and has increased stakes and prize money by CPI (2.5 per cent or \$476,000.) Total industry funding was \$23.2 million in FY14.

In fact, Tasracing has increased stakes and prize money in line with the Tasmanian Government's funding deed every year since it was established in 2008/09, thus ensuring industry participants benefit from a secure and stable funding model.

The new race field fee arrangements and the increase in wagering turnover on Tasmanian racing have resulted in an increase in racefield fee revenue of 36 per cent or \$1.8 million in 2013/14 to \$6.8 million.

TOTAL WAGERING TURNOVER (\$Millions)



“RACEFIELD FEE REVENUE INCREASED 36% TO \$6.8 MILLION.”

CHAIRMAN'S REPORT

Wagering turnover on Tasmanian product grew by an impressive 10.4 per cent or \$41.9 million in 2013/14 to \$445.6 million, compared to last financial year (\$403.7 million).

This is an outstanding result and has been a major driver for racefield fee revenue growth that continues to form a critical income stream. It is even more significant when you consider that this double-digit percentage increase in wagering turnover followed 7.7 per cent growth last financial year and an 8.4 per cent increase the previous financial year.

Increasing wagering turnover on Tasmanian racing product is one of Tasracing's key responsibilities.

Tasracing is also responsible for the governance and administration of racing in the State, which includes oversight, maintenance and management of all assets, race club funding and the ongoing development of the breeding industries.

Tasracing's Corporate Plan has been regularly referred to in my previous Annual Report messages, and rightly so given its importance to the organisation and the broader racing industry as it provides a clear overview of priorities and strategies on which all Tasracing activities are based.

Our shareholder ministers – the Minister for Racing, Jeremy Rockliff, and the Treasurer, Peter Gutwein, who hold shares in the company in trust for the people of Tasmania – approve the five-year plan annually.

Industry sustainability continues to be a key priority of the Corporate Plan and the Board remains committed to delivering a long-term and financially sustainable industry.

Looking back on the period covered by this Annual Report, it is hard to ignore the outstanding performances of Tasmanian participants interstate.

Pacer Beautide, in winning the \$750,000 Group 1 Miracle Mile and the \$750,000 Group 1 Inter Dominion, and greyhound Buckle Up Wes, the winner of the \$250,000 Group 1 Australian Cup and numerous other Group 1 races, quite literally led the way for the State.

TASRACING CORPORATE PLAN GOALS

<p>01 PARTICIPANT GOAL</p> <p>GOAL: TO PARTNER WITH RACING PARTICIPANTS BY UNDERTAKING STRATEGIES TO ALIGN INTERESTS AS CHANGE IS IMPLEMENTED FOR LONG-TERM INDUSTRY VIABILITY.</p>	<p>02 PRODUCT GOAL</p> <p>GOAL: TO DEVELOP AND ENHANCE RACING PRODUCT THAT IS ALIGNED WITH CUSTOMER NEEDS, IS COMMERCIALY VIABLE AND UTILISES LEADING TECHNOLOGY AND EFFECTIVE INFRASTRUCTURE.</p>	<p>03 CUSTOMER GOAL</p> <p>GOAL: TO COMPETE EFFECTIVELY AND CREATE GROWTH BY UNDERSTANDING OUR CUSTOMERS' NEEDS, BUILDING RELATIONSHIPS AND CREATING VALUE.</p>	<p>04 FINANCE GOAL</p> <p>GOAL: TO CONTINUALLY IMPROVE FINANCIAL PERFORMANCE, FOCUSING ON COST CONTROL, INCOME GENERATION AND RESPONSIBLE ALLOCATION OF CAPITAL TO ACHIEVE A SUSTAINABLE BUSINESS.</p>
<p>05 ORGANISATIONAL GOAL</p> <p>GOAL: TO ENSURE THAT TASRACING'S BUSINESS OPERATIONS, ASSETS AND GOVERNANCE STRUCTURES AND SYSTEMS DELIVER EFFECTIVE AND EFFICIENT SUPPORT IN ORDER TO ACHIEVE THE PARTICIPANT, PRODUCT, CUSTOMER AND FINANCE GOALS.</p>			

OUTSTANDING PERFORMANCES

Looking back on the period covered by this Annual Report, it is hard to ignore the outstanding performances of Tasmanian participants.

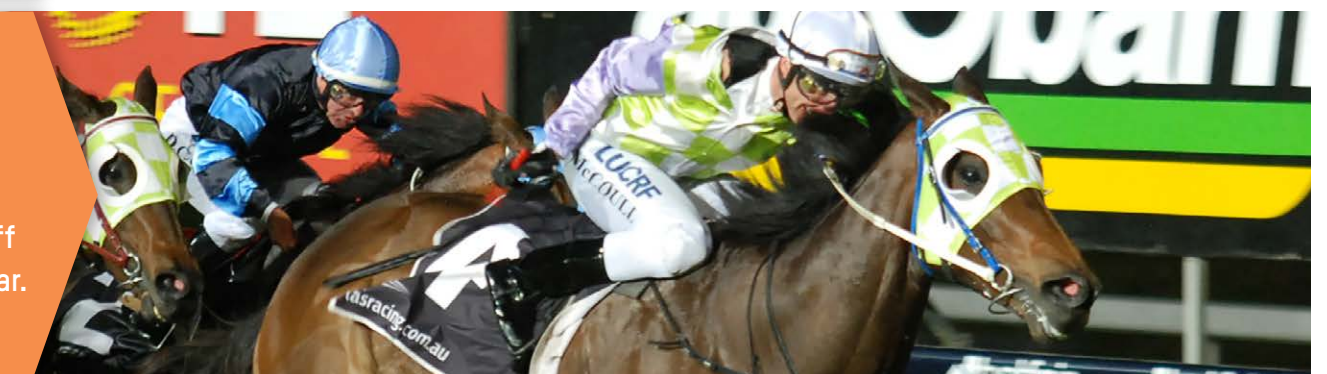
BEAUTIDE, winner of the \$750,000 Group 1 Miracle Mile and the \$750,000 Group 1 Inter Dominion.



BUCKLE UP WES, the winner of the \$250,000 Group 1 Australian Cup and numerous other Group 1 races, quite literally led the way for the State.



BLACK AND TOUGH, had a stella 12 months winning the Newmarket Handicap and the Kevin Sharkie Tasmanian Stakes, then capping it off by being named 2014 Horse of the Year.



CHAIRMAN'S REPORT

Epingle's performance to win both the Betfair Hobart and Betfair Launceston Cups in 2014 is also worthy of mention. Epingle, trained by prominent interstate trainer Mick Kent, was the first horse since 2004 to win both races in a single year, and in doing so was the first horse to win the \$100,000 TattsBet Cups Double Bonus for the trainer and mare's owners.

Tasracing benefits from strong industry partnerships, such as the relationship we have developed with TattsBet through the cups' double bonus.

Betfair's sponsorship of the Tasmanian Summer Racing Carnival and the Hobart and Launceston Cups is significant. Tasracing and the racing clubs could not stage events like the summer carnival without the support of our sponsors. Betfair has become a valued marketing partner, with joint promotions targeting wagering customers undertaken during the year. We look forward to the opportunities that this closer working relationship with one of the world's leading wagering brands can deliver in the future.

In closing I would like to thank my fellow Directors for their significant contributions at our monthly meetings, their ongoing engagement with industry stakeholders and the significant work they do with racing's national authorities. I would particularly like to highlight the contribution of inaugural

director Geoff Baxter who resigned from the Board effective 1 July 2014. He was a hard-working Director who represented greyhound racing and championed greyhound welfare initiatives in Tasmania and nationally.

I would also like to thank Chief Executive Officer Dr Eliot Forbes, his management team and all Tasracing employees for their hard work and commitment to the organisation and the industry.

And finally I would like to thank the previous Racing Minister, Bryan Green, for his support of Tasracing over many years in the portfolio.

A new Liberal Government was elected in mid-March 2014 and a new Minister for Racing, Jeremy Rockliff, appointed. The Board and I are looking forward to working with the company's two new shareholder ministers Mr Rockliff and Mr Gutwein as we continue to focus on the ongoing development of the industry and broader industry sustainability issues



BRIAN SPEERS
Chairman

TASRACING BENEFITS FROM STRONG PARTNERSHIPS WITH TATTSBET AND BETFAIR.

 **TattsBet**


POWER TO THE PUNTER



"A study demonstrated that

1 in 10

*Tasmanians attended
race meetings during the
12 month period and that
racing patrons spent*

**more than
\$10.5 million**

*on racing; retail, fashion and
accommodation are particular
beneficiaries of this spending."*

CEO MESSAGE



DR ELIOT FORBES
Chief Executive Officer

The Tasracing Chairman noted in his annual report message the pleasing net result and wagering and revenue growth.

Given their significance to the organisation and the broader racing industry, I think it is important that I also briefly reference the results for wagering and revenue growth.

Wagering turnover growth of \$41.9 million to \$445.6 million in 2013/14 represents an

increase of 10.4 per cent. When you add this on to the previous two financial years, the result is wagering turnover growth of \$100 million or nearly 29 per cent.

Breaking the 2013/14 year down code-by-code, turnover on the thoroughbred code grew by six per cent to \$191.1 million, harness by 11.5 per cent to \$78.7 million and greyhounds by 15 per cent to \$175.8 million.

These are impressive numbers by any measure.

The significant increase in turnover is good news for the Tasmanian racing industry, and is directly linked to commercial decisions made by Tasracing, particularly the continued focus on delivering racing product aligned to customer expectations, our increasing focus on digital distribution of information to customers and building strong relationships with wagering providers.

The performance of our assets, which enables us to deliver reliable racing product, has also been important and is a credit to the team of people that maintain and manage them. The investment in the all-weather thoroughbred surface at Tapeta Park at Spreyton has played an important role in providing a dependable training surface for local trainers and brings

surety to the thoroughbred calendar, given thoroughbred meetings can be relocated to Spreyton from both Hobart and Launceston if required.

As commented on in previous annual reports, Tasracing operates to a five-year corporate plan that is regularly updated and provides a “clear overview of priorities and strategies” for the ongoing development and improvement of the Tasmanian racing industry.

The plan outlines five corporate goals that provide the framework for all of Tasracing’s operations under the following headings – participant, product, customer, organisation and finance.

It also specifically acknowledges the importance of financial sustainability for the industry.

The increased turnover figures quoted earlier allows Tasracing to direct increased revenue towards meeting the financial challenges that the company faces. While this increased revenue goes some way to closing the funding gap, there is still more work to do to before Tasracing and the industry becomes financially sustainable.

The five year Corporate Plan is designed to enable Tasracing to build on the solid foundation that Tasracing and the industry have achieved together.

*“WAGERING
TURNOVER GREW
\$100 MILLION
OR NEARLY 29% IN
THE LAST 3 YEARS
(FY12 – FY14).”*

CEO MESSAGE

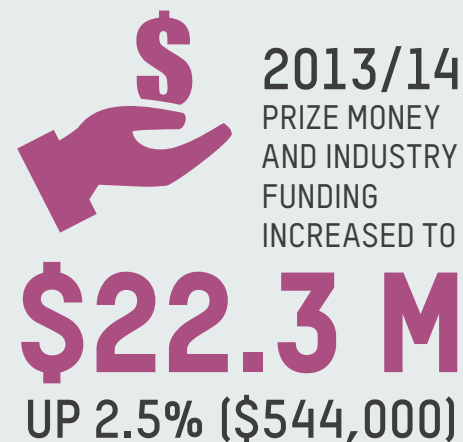
INDUSTRY FUNDING

The allocation for prize money and industry funding in 2013/14 increased by 2.5 per cent or \$544,000 to \$22.3 Million. This comprised:

- **Thoroughbreds - \$12.2 million**
- **Harness - \$5.9 million**
- **Greyhounds - \$4.2 million**

The code allocation was determined by a model developed by Tasracing in consultation with industry that recognises code-specific factors and the individual code's contribution to wagering performance.

A new model will be introduced in 2014/15.



RACING OVERVIEW

The 2014 Tasmanian Summer Racing Carnival (TSRC), for thoroughbreds was the first run under the Betfair banner thanks to a naming rights partnership negotiated by Tasracing. Under the arrangement, Betfair also became the naming rights partner of both the Hobart and Launceston Cups.

The Mick Kent-trained Epingle won both cups (the first horse to do so since Zacielo in 2004) and collected a \$100,000 bonus courtesy of TattsBet through its Cups Double Bonus. The bonus was a financial incentive for interstate trainers and owners to bring their horses to Tasmania for the cup races – nine of the 25 acceptors in 2014 across the two cups had interstate connections.

Tasmanian horses performed strongly against horses from interstate during the carnival. About \$1.4 million of stakes was won by Tasmania horses, or 70 per cent of the total \$1.99 million carnival prize pool, an excellent result for the local industry.

The Vamos Stakes for fillies and mares was conducted during the carnival for the first time at Group 3 level in 2014. The upgrade decision by the Australian Pattern Committee was welcomed by Tasracing and confirmed the overall strength of the TSRC.

Turnover on the Launceston Cup meeting was broadly in line with 2013, consolidating the 60 per cent growth achieved from 2012.

Turnover on the Betfair Hobart Cup meeting was impacted when bad weather forced the rescheduling of six races (including the Betfair Hobart Cup) from the scheduled Sunday meeting to a Friday twilight meeting. Devonport Cup meeting turnover increased by 4.2 per cent.

In November 2013, following consultation with industry, Tasracing introduced a new tiered thoroughbred stakes distribution scheme aimed at races Class 2 and above. The stakes distribution has provided greater reward and incentive for better performed horses to progress through their classes towards higher quality races.

In one weekend in late March, star greyhound Buckle Up Wes and pacer Beautide completed two fantastic performances interstate which assisted to raise the profile of Tasmanian racing nationally – Buckle Up Wes won the Group 1 \$350,000 Australian Cup at The Meadows in Victoria while less than 24-hours later Beautide won the \$750,000 Inter-Dominion final at Menangle.

As the chair of the Australian Racing Board's Racehorse Retirement Committee and a former practising veterinarian, I have an active interest in animal welfare issues, both here in Tasmania and nationally.



CEO MESSAGE

Animal welfare issues across all codes continues to be a top priority for Tasracing.

Former thoroughbred horses are generally highly sought after for equestrian disciplines. Through the Off The Track (OTT) program, Tasracing continued to support the promotion of OTT horses for use in other disciplines.

The OTT program promotes the welfare of retired racehorses by encouraging those involved in horse sports to consider a retired racehorse for hacking, show jumping, polo, dressage, eventing and as pony club all-rounders.

In the greyhound code, the Greyhound Adoption Program (GAP), supported by Tasracing, is an initiative to find homes and raise awareness of the gentle attributes of greyhounds and their suitability as a family pet.



DIGITAL AND CUSTOMER REACH

Tasracing's customer goal in the Corporate Plan states that the company will:

... focus on wagering customers by understanding their needs, building relationships and creating value to compete effectively and create growth."

Tasracing's digital presence is a key part of this work.

There was increased customer engagement with our website (tasracing.com.au) during the year.

About 80,000 customers visited the site during 2013/14, between them viewing web pages on the site more than 1 million times.

These numbers represent an 11 per cent increase over the previous financial year reflecting our continued focus on promoting the site as the key platform for distribution of digital products and engaging with the online customer.

The publication of a suite of digital products which are designed to enhance wagering customers' experience of Tasmanian racing continues to be popular. The products consist of free race replays,

Stridemaster (Tasmania's state of the art GPS performance monitoring and reporting system), expert tips for every race across every code, regular in-depth news and analysis, including interviews with trainers and jockeys, and weekly audio podcasts.

The quality of these products, the addition of new products and features, plus an increase in the quantity of promotion of these products via social media, have all contributed to increased customer engagement with the website.

There are now more than 10,000 race and trial replays available for customers to view on the website. These replays continue to be made available at no cost to customers, providing strong appeal for the wagering customer serious about studying form.



80,000
CUSTOMERS VISITED
TASRACING'S SITE
DURING 2013/14

Between them viewing web pages on the site more than 1 million times.

**STRIDEMASTER
CONTINUES TO PROVIDE
TASRACING WITH
A STRONG COMPETITIVE
ADVANTAGE.**

tasracing.com.au

CEO MESSAGE

During the year head-on views of the final straight were made available for thoroughbreds and harness. This feature utilises the stewards' camera angle previously not available to the public. This feature served to reinforce the appeal of the website to wagering customers.

A new weekly podcast product – Tasracing Talk – was introduced in April in partnership with Radio Sport National. This one-hour tri code podcast is hosted by Shane Yates and features a mix of in-depth analysis and tips from Tasmanian racing experts. Tasracing Talk has rounded out Tasracing's digital product suite and is designed to contribute to weekly customer engagement with www.tasracing.com.au.

Social media continued to be an important promotional tool for Tasracing. The number of people engaging with Tasracing via a Facebook Like increased by 93 per cent in 2013/14 compared to last financial year. Customer reach derived from Facebook now exceeds 4,000.



During the year, Tasracing added to its suite of highly popular digital products available on Tasracing.com.au

SALES AND MARKETING

Taking account of Tasracing's customer goal in the Corporate Plan, Tasracing updated its sales and marketing strategy which will underpin all of the company's engagement with wagering customers, wagering operators, sponsors and industry participants going forward.

In line with this strategy, Tasracing commenced transitioning its relationships with wagering operators from a typical "operator / principal racing authority" relationship to "marketing partnership". Tasracing's relationship with Betfair is a perfect example of this approach.

This enhanced engagement between Tasracing and Betfair, one of the world's leading betting exchanges, has seen Betfair increase its promotion of Tasracing's pre-race tips and the introduction of a Betfair "Tassie Top Up" promotion to national customers.

NIGHT THOROUGHBRED RACING

Thoroughbred night racing continues to be a revenue growth driver and is an important product for the Tasmanian racing industry, allowing Tasmanian racing to be featured in its own prominent broadcast timeslot for interstate and international markets.

There were 21 thoroughbred night racing meetings in 25 weeks between 1 October 2013 and 30 April 2014 at The TOTE Racing Centre in Launceston that featured 169 races and 1,714 starters.

The average number of starters per night race of 10.1 compares very favourably with a 9.7 average across all meetings in 2013/14.

The average turnover on each thoroughbred night meeting increased by 19.7 per cent – or \$494,000 – compared to last season. Our analysis of Wednesday night thoroughbred racing showed a positive turnover variance of \$501,000 or 19.4 per cent per meeting when compared to Sunday racing turnover.

Wednesday night thoroughbred racing allows the Tasmanian industry to reach important international markets in New

Zealand, South Africa and France at an appropriate time of day. Tasmania is Australia's biggest exporter of racing to the lucrative French market.



ASSETS AND INFRASTRUCTURE

The intense night racing schedule at The TOTE Racing Centre in Launceston requires an innovative track maintenance regime to allow the track to cope with the demands placed on it.

Very few cool season grass tracks in Australia are required to perform to the extent that this track has been able to successfully deliver.

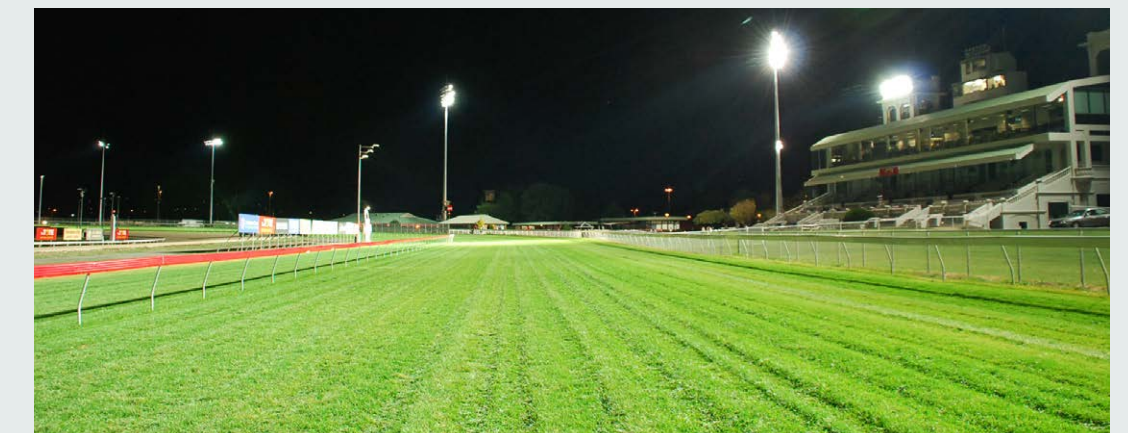
In Hobart at Tattersall's Park, the irrigation system is at the end of its useful life and will be upgraded. When the work is completed, the new irrigation system will be capable of watering the course proper and the Derwent track. The irrigation works have been designed to take account of future needs of the site and will ultimately improve the consistency and operational efficiency of the track. Works commenced after the 18 June 2014 thoroughbred meeting.

The Burnie Harness Racing Club (BHRC) ran its first race meeting under new lights at Wivenhoe in 2013/14. The project to install lights at the venue was supported by

Tasracing, the Tasmanian Government, the Burnie City Council and the BHRC.

The installation of training lights to improve participant safety at Longford now means all Tasracing training venues for thoroughbreds in the state have training lights. The project was designed and managed by Tasracing which delivered a significant cost saving to the organisation.

Race vision facilities and systems were upgraded in 2013/14 with the appointment of a new contractor. The work included upgrading the quality and functionality of the stewards' patrol film and review facilities.



Innovative maintenance regime allows intensive racing at the TOTE Racing Centre.

CEO MESSAGE

The implementation of the Strategic Asset Management and Information System (SAMIS) was a key project for the Assets team in 2013/14. The software is used to manage assets, forecast budgets and assist with compliance obligations for all racing industry assets in the state.

OTHER ASSET PROJECTS UNDERTAKEN IN 2013/14 INCLUDE:

Installation of a treadmill at Brighton.

New boxes and fences at the Brighton greyhound training facilities.

Stable upgrades at Tapeta Park.

New optic fibre installation at all main racing venues.

Greyhound safety rail at Devonport Showgrounds.

New fencing at Devonport Showgrounds.

Catching pen modifications at all greyhound tracks.

Increased frequency of topdressing of harness tracks (racing and training venues) to improve surface cushion and traction.

SAFETY

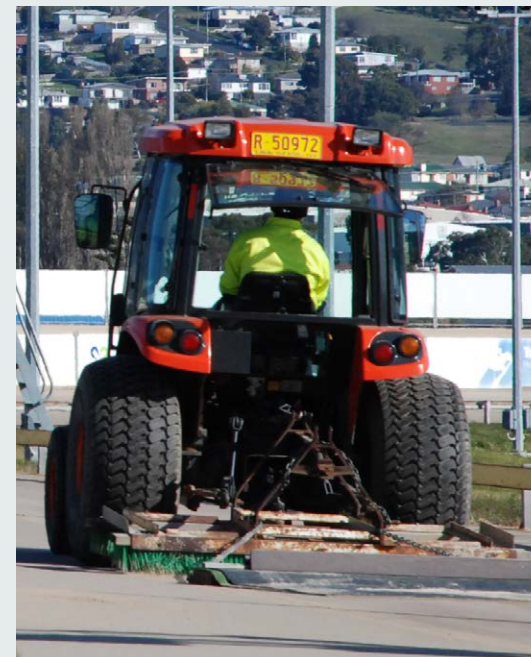
Tasracing is committed to delivering a best-practice approach to safety and during the year there was a continued focus on improving safety outcomes, mitigating risk and ensuring compliance obligations were continuously met.

A review and re-write of the workplace health and safety management system was completed in 2013/14. The review was conducted to ensure compliance with new workplace health and safety legislation introduced on 1 January 2013. The review has produced a user-friendly but comprehensive document that ensures Tasracing is well placed to identify and address emerging trends and help ensure industry participants are working safely.

The injury management system was also reviewed. Following the review a new system was introduced whereby injured staff, including jockeys, are actively managed throughout their engagement with the workers' compensation process.

This process ensures that all injured staff receive appropriate support and services to ensure a return to pre-injury duties in the shortest possible time. This approach is in-line with all Workcover guidelines and has resulted in improved outcomes for injured staff and jockeys.

Tasracing remains focused on increasing its engagement with industry participants on all matters associated with safety in the workplace. This increased engagement ensures that safety hazards and risks are identified and addressed in a consistent manner that is cost effective for participants while improving the safety record of the industry in Tasmania.



INTERNATIONAL

Tasmanian racing product's global footprint incorporates New Zealand, the USA, the UK, South Africa, Singapore, France, Indonesia, the Philippines, Papua New Guinea, Sri Lanka and the United Arab Emirates. Tasracing continues to generate revenue for the industry from these international jurisdictions.

INTERNATIONAL INCOME ON TASMANIAN RACING INCREASED BY 21 PER CENT IN 2013/14.

TASRACING'S GLOBAL EXPORT STRATEGY TAKES TASMANIAN RACING TO THE WORLD.

AUSTRALIA

NEW ZEALAND

PAPUA NEW GUINEA

INDONESIA

SINGAPORE

PHILIPPINES

UAE

SRI LANKA

SOUTH AFRICA

UNITED KINGDOM

FRANCE

UNITED STATES

In total, international income has increased by 137 per cent since 2011/12.

Key international markets include New Zealand at 37.5 per cent of total revenue, South Africa at 21.4 per cent and France at 19.7 per cent.

Tasmanian thoroughbred racing is the only Australian racing product regularly exported to France

Service initiatives that strengthened the acceptance of Tasmanian racing in France included the delivery of "Late Mail" tips and preview information translated into French prior to each meeting.

TASMANIAN THOROUGHbred RACING 
IS THE ONLY AUSTRALIAN RACING PRODUCT REGULARLY EXPORTED TO
FRANCE

CEO MESSAGE

FINANCIAL REVIEW

Statement of Comprehensive Income

Tasracing increased racing revenue by \$2.2 million in 2013/14 to \$9 million. This was driven by a 36 per cent increase in race field revenue to \$6.8 million. This growth was achieved by introducing new race field fee terms effective from 1 July 2014. The terms continued to be largely based on the revenue methodology although a minimum payment based on turnover was introduced. The new terms contributed to a 26 per cent increase in revenue. The 10.4 per cent increase in wagering turnover, previously discussed, accounted for the rest of the growth.

An impairment reversal of \$1 million was recognised as revenue in 2013/14 compared to \$2.4 million in 2012/13. The reversal reflected the improvement in the underlying business performance, the reduction in the carrying value of the property, plant and equipment and a reduction in the discount rate to 9.38 per cent (2012/13 – 9.95 per cent).

Prizemoney and industry funding increased by \$159,000 which included a \$476,000 increase in stakes equivalent to 2.53 per cent that was partially offset by a \$206,000 reduction in club payments

reflecting the full year impact of the restructure with the Tasmanian Racing Club and the Devonport Racing Club.

Depreciation has increased by \$767,000 to \$3.6 million following the introduction of the strategic asset management system (SAMIS). The SAMIS data has been compiled following a full physical inventory of the company's assets which included an assessment of each asset's condition and useful economic life. In aggregate, the remaining useful economic lives in SAMIS are shorter and hence has increased the depreciation charge for the year. This increased charge is expected to be sustained in 2014/15 and beyond (depending on capital expenditure). The alteration of depreciation has been effected from 1 July 2013 and does not impact the 2012/13 results.

Raceday insurance in Note 5 is workers' compensation for jockeys and harness personal accident and public liability. This has increased by \$246,000 to \$917,000 reflecting the expected cost of injuries incurred at year end.

Employee benefits expense has increased by \$215,000 mainly due to the \$253,000 increase for race day wages following the full year impact of the restructure with the Tasmanian Racing Club and the Devonport Racing Club. The expense for all other, non-

club salaries reduced by \$67,000 (includes casual, overtime and leave entitlements).

Administration costs (Note 9) reduced by \$87,000 which includes a \$30,000 reduction in consultant costs.

Other comprehensive income includes \$177,000 cost in 2013/14 for the actuarial losses arising from the RBF defined benefit scheme. An actuarial gain of \$363,000 was recognised in 2012/13 which was classified in Employee Benefits Expense in the 2012/13 Annual Report.

Statement of Financial Position

The cash balance for the company increased by \$2.5 million to \$7.9 million at 30 June 2014 as a result of positive operating cash flows of \$3.3 million partially offset by \$0.6 million of capital expenditure and \$0.1 million of financing cash outflows.

Non-current assets have decreased by \$1.9 million reflecting the additions of \$0.6 million offset by the depreciation charge of \$3.6 million in 2013/14. Non-current assets also reflect a \$1 million impairment reversal which increased the carrying value.

Borrowings have reduced \$0.5 million as principal repayments on the \$9.7 million loan commenced during 2013/14. These principal repayments, together with interest and guarantee fees, were reimbursed by

the Government under support provisions in the Funding Deed. The \$0.5 million reimbursement of principal has been treated as an equity contribution.

Statement of Cash Flows

Net cashflows from operating activities have improved from \$1.3 million in 2012/13 to \$3.3 million in 2013/14.

Capital expenditure of \$0.6 million reflected the minimum spend required to maintain the condition of the asset portfolio and was under budget as a significant project of \$0.6 million commenced during the year but will be largely recognised in 2014/15.

Sustainability

The company has successfully reduced its loss, however there is still a funding gap. The recognition of impairment reversal continues to introduce complexity into the results which makes it more difficult to establish the underlying trading loss and funding gap.

The table (right) adds back the impact of the impairment and associated amounts over the past two years.

The underlying loss has been improved by Tasracing increasing its commercial revenue stream, race field fees, by \$1.8 million or 36 per cent in 2013/14 offset by the

incremental depreciation expense of \$0.7 million (which is not reflected in 2012/13).

Tasracing reduced its cost base by over \$1 million in 2012/13 and this cost structure has been maintained in 2013/14.

By achieving the improvements identified in this report, the Board and management continue to do all they can to minimise the funding gap.



**COST STRUCTURES
MAINTAINED IN FY14 FOLLOWING
\$1 MILLION
SAVINGS ACHIEVED IN FY13**



Tasracing still faces significant financial risks in race field fees, workers' compensation costs and defined benefit obligations that are likely to influence profitability. Work continues with shareholders to make necessary changes to the business model in 2014/15 to bridge the funding gap.

SUMMARY OF UNDERLYING RESULTS (\$M)	FY14	FY13	FY12
Statutory loss	(0.2)	(0.5)	(10.4)
Add back impairment and related items	(1.0)	(1.8)	5.7
Non-statutory loss	(1.2)	(2.3)	(4.6)

CEO MESSAGE

CONCLUSION

In closing my annual report message, I would like to thank former Racing Minister Bryan Green, new Racing Minister Jeremy Rockliff, the Board and all Tasracing employees for their collective support, guidance and advice over the past 12 months. I would also like to acknowledge and thank the many industry participants who gave up their time to interact with Tasracing directly, particularly the members of the Thoroughbred Advisory Network, the Harness Industry Forum and the Greyhound Reference Group.

As noted under the financial report section above, Tasracing has successfully reduced its loss, however there is still a funding gap for us to bridge.

While we have made good progress over the past two financial years to achieve this, there is still much work for Tasracing and the industry to complete together.

I look forward to continuing this important work with industry participants and in partnership with the Tasmanian Government. For Tasracing's part, we will continue to maintain a disciplined commercial focus and remain committed to finding innovative solutions to challenges and to drive growth. Just as importantly, we will continue to engage proactively with our industry participants on our plans for the industry's future.

DR ELIOT FORBES
Chief Executive Officer



Tasracing Management Team. Left to right: Daron Heald – Business Analyst, Chris Brookwell – Chief Financial Officer (Seated), David Manshanden – Racing Manager, Neil Gardner – Asset and Facilities Manager, Dr Eliot Forbes – Chief Executive Officer (Seated), Sam Steven – Sales and Marketing Manger and Leanne Flood – Human Resources Manager.

*“WHILE WE HAVE
MADE GOOD PROGRESS,
THERE IS STILL MUCH WORK
FOR TASRACING AND THE
INDUSTRY TO COMPLETE
TOGETHER.”*

STATEMENT OF CORPORATE INTENT

Strategic Direction

Tasracing's principal purpose is to develop a competitive and sustainable Tasmanian racing industry both nationally and internationally. The strategic directions underpinning this principal purpose include:

- The support and promotion of the racing industry within Tasmania with the aim of ensuring a sustainable, robust and competitive industry in the long term;
- Presenting competitive and efficient racing products;
- Developing strategies and initiatives to address cost efficiencies, racing product enhancements and its approach to marketing racing products;
- To grow product fees as a source of revenue in the longer term;
- Manage the financial performance and business risk; and
- Maintain a culture of continuous improvement in business operations systems and processes.

Performance Statement

Table 1 presents the Performance Statement which has been included in accordance with guidelines issued by Government to improve transparency and accountability for state owned corporations. The Performance Statement captures the

TABLE 1	FY14 ACTUAL	FY15 FORECAST
Thoroughbred races	621	646
Average field size	9.7	10.1
Harness races	758	768
Average field size	8.4	9.4
Greyhound races	1,601	1,685
Average field size	7.7	7.8
Thoroughbred track performance		
Summer (percentage of tracks presented as Good 3 to Dead 5)	89%	85%
Winter (percentage of tracks presented as Good 3 to Dead 7)	75%	85%
Annual (combination of Summer and Winter)	82%	85%

relevant financial and non-financial targets of the business. Financial targets have been omitted from the table on the basis they are commercially sensitive.

Non-financial measures show the volume of races which is a key parameter.

In conjunction with the volume of racing, we have included track performance as the key indicator of the reliability and suitability of racing. Track performance is based on the industry standard track grading system as published by Racing Information Services



Australia. Track performance targets have been set to accommodate some disruption from environmental factors however inclement weather remains an ongoing risk to the achievement of these targets.

Commentary on the performance of the business in FY14 is included in the CEO's Message.

In adopting the forecast targets above, the Board of Tasracing Pty Limited commits to the targets proposed for FY15 on a best endeavours basis, subject to section 24 of the GBE Act. The Board of Tasracing Pty Limited agrees to provide the shareholder Ministers with information on progress against the targets in the Statement of Corporate Intent in accordance with the Reporting Guidelines.

Overseas Travel

During FY14, overseas travel by the Chairman, Directors and the CEO has been integral to Tasracing's customer and export goals.

Total number of overseas trips taken by Chairman, Directors and CEO: FY14 – 4 and FY13 – 3.

Total cost of overseas trips taken by Chairman, Directors and CEO: FY14 – \$44,401 FY13 – \$13,653.

BOARD OF DIRECTORS



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.



DEAN COOPER
Vice Chairman

Barrister and solicitor with Tasmanian firm Phillips Taglieri. 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.



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.



TREVOR LEIS

Chairman of the Major Project Sub-Committee. Member of the Racing Policy and Rules Sub-Committee. Attends Harness Industry Forum meetings. Retired veterinarian with over 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.



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.



GEOFF BAXTER (Resigned 1/7/14)

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.



DANNY MCCARTHY

Partner of Wise Lord & Ferguson since 1989. Specialising in audit and financial consulting. Experience in economic research, financial modelling and business risk assessments. Danny is a Director of the Motor Accidents Insurance Board.

THOROUGHBREDS



Wagering turnover in 2013/14 on Tasmanian thoroughbred racing increased by six per cent (from \$180.3 million to \$191.1 million). This builds on the exceptional wagering growth of 11.6 per cent in 2012/13 and 6.7 per cent in 2011/12.

The growth experienced by Tasmanian thoroughbreds confirms the attractiveness of Tasmanian racing to punters. It is a reflection of Tasracing programming strategies, the continuation of increased level of winter product and customer approval of the hybrid program consisting of benchmark and class-based races.

There were numerous highlights in 2013/14 to reflect on, including a severe weather event that forced the postponement of the Betfair Hobart Cup meeting midway through the program. The postponed races, including the cup race, were moved to a Friday twilight timeslot. This was a major operational undertaking for Tasracing, the Tasmanian Racing Club and industry participants, but was considered a success and was well attended by racegoers.

The 2014 Tasmanian Summer Racing Carnival (TSRC) marked a significant first as it was conducted with new naming rights sponsor, Betfair. The world's leading betting exchange was also the naming rights sponsor for the Betfair Hobart Cup and Betfair Launceston Cup.

The 2014 carnival was also the first time four Group 3 events had featured in the one carnival, with the Tasmanian Turf Club's Vamos Stakes, the WFA 1400m Fillies and Mare feature of the Launceston carnival, run for the first time at Group 3 level.

In another first, Star Victorian mare Epingle became the inaugural winner of the \$100,000 Tattsbet Cups Double Bonus. The Mick Kent-trained mare was ridden by one of the world's leading riders, Craig Williams. Zacielo was the last horse to win both cups in the one year in 2004.

While the two cups were won by interstate connections, the competitiveness of local horses meant the majority of TSRC feature races, more than 70 per cent, were won by Tasmanian horses. Between them they collected more than \$1.4 million in stakes.

The overall health of Tasmanian thoroughbred racing was boosted with the introduction of the tiered stakes distribution model. Aimed at races Class 2 and above, the new structure delivered significant increases in prize money of between 12 per cent and 28 per cent across each race. The tiered stakes distribution provides reward and incentive for better-performed horses to progress through their classes towards higher quality races.

The Wednesday night racing season at The TOTE Racing Centre in Launceston consolidated its position as a first-class product in a national and international context. Broadcast live on SKY 1 and Sky World, and featuring trackside interviews and pre-race mounting yard analysis, this assisted to grow the average turnover on each thoroughbred night racing meeting by 19.7 per cent – or \$494,000 – compared to last season. The average number of starters per night race of 10.1 also compares favourably with a 9.9 average across all meetings in 2013/14.

StrideMASTER, Tasmania's state of the art GPS tracking system, continued to provide sectional and biometric data to customers. The information collated by Tasracing since the introduction of StrideMaster in 2011 played a significant role in allowing the production of a range of pre-race digital products, including Speed Maps and Fast Finisher reports.

The 2014 Magic Millions Tasmanian Yearling Sale was the second to be conducted under the direction of the Yearling Sale Working Group. The group was established as a result of the development of a three-year agreement between Magic Millions, Tasbreeders and Tasracing.

*“THOROUGHBRED
WAGERING
INCREASED BY 6%
TO \$191 MILLION.”*

THOROUGHBREDS

With strong interest from around Australia and international representation from China, the sale delivered the equal highest lot ever sold at a Tasmanian Yearling Sale when a Teofilo Colt was sold to leading Victorian trainer Darren Weir for \$85,000. Seventy six lots were sold at a gross of \$1 million with a notable increase in the average price (\$13,158) and a record clearance rate of 87.4 per cent.



Complementing the Magic Millions Yearling Sale and reaffirming Tasracing's commitment to the breeding industry in Tasmania, the year marked the second season for the

tasBonus incentive scheme. There were more than \$280,000 in tasBonus payments paid to winners throughout the state, including prominent gallopers Iggimacool, Inner Warrior, Geegees Velvet and Grand Tycoon.

Tasracing, with the assistance of Victorian registered training organisation WorkCo and Racing Services Tasmania, continued the training of Tasmanian apprentices within the Certificate IV jockey program. Prominent senior rider Kelvin Sanderson, though sidelined by injury, worked as a mentor to the apprentices. This is the

second and final year of the training course with the apprentices set to graduate in November 2014.

The strength of the Tasmanian Summer Racing Carnival has once again been recognised in the Australian Pattern Committee Group and Listed race ratings. The Betfair Hobart Cup achieved its highest ever rating of 104 while the Betfair Launceston Cup in rating 103.5 equalled the highest ever rating.



THOROUGHBRED ADVISORY NETWORK (TAN)

Tasracing acknowledges the efforts of members of the Thoroughbred Advisory Network (TAN), who met with Tasracing on a quarterly basis. Led by TAN Chairman David Adams, Tasracing looks forward to continuing to work with TAN members to strengthen and improve thoroughbred racing in Tasmania.

Tasracing's Off the Track (OTT) program was launched at the Launceston Royal Agricultural Show. In consultation with equestrian groups, the program promotes the welfare of retired racehorses by encouraging those involved in horse sports to consider a retired racehorse for hacking, show jumping, polo, dressage, eventing and as pony club all-rounders.

Tasracing continued its operational responsibility of race day functions for the DRC and the TRC. The structure has delivered efficiencies across both venues and allows for a coordinated, centralised system that will complement Tasracing's ongoing statewide responsibility for tracks and assets.

The review of racing regulation and policies continued throughout the year, with particular attention paid to safety issues.

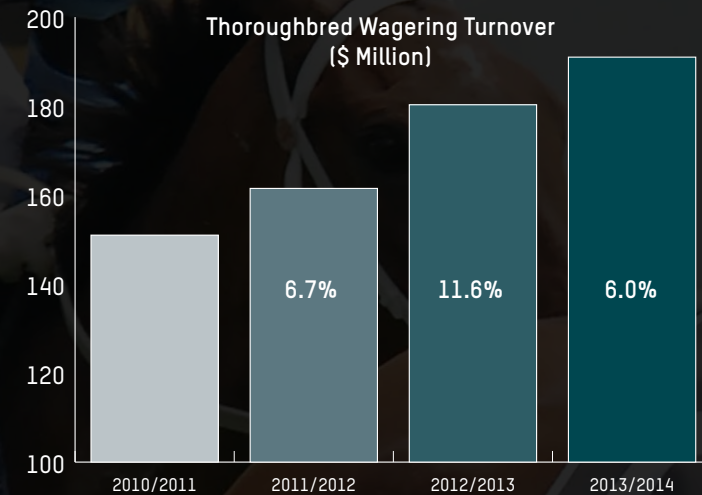
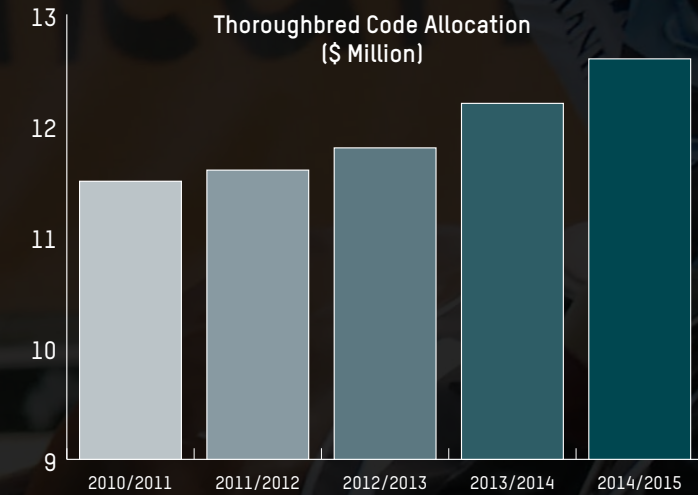


ANNUAL THOROUGHBRED AWARD WINNERS 2014

The annual racing awards recognised the outstanding year of Tasmanian racehorses on the local and national stage, as well as the achievements of the state's leading participants and breeders.

Tattsbet Horse of the Year Award 2013/14	Black'n'Tough
Armidale Stud "Needs Further " Tasbreeders Leading Race Filly or Mare	Isibaeva
Tasmanian Racehorse Owners Association 3Y0 Horse of the Year Award 2013/14	Iggimacool
Tasmanian Turf Club 2Y0 Horse of the Year Award 2013/14	Admiral
Tasbreeders Leading Stallion	Savoire Vivre
Tasbreeders Leading Juvenile Stallion	Wordsmith
Tasmanian Horse Transport Leading Broodmare	La Quita
Tasracing Leading Trainer Award 2013/14	David and Scott Brunton
Tasracing Leading Jockey Award 2013/14	Brendon McCoull
Workco Limited Leading Apprentice Award	Bulent Muhcu
Tattersall's Park Function Centre Leading Owner Award 2013/14	Paul and Elizabeth Geard
Tattsbet Industry Recognition Award for outstanding achievement 2013/14	Stephen Maskiell

THOROUGHBREDS



KEY RACING STATISTICS – THOROUGHBRED

	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Meetings	73	73	74	77	78	77
Races Held	600	588	625	626	622	621
Overall Starters	6,255	5,801	6,391	6,127	5,925	6,046
Average Starters/Race	10.4	9.9	10.2	9.8	9.5	9.7



HARNESS RACING



Tasmanian harness wagering increased by 11.5 per cent to \$78.7 million in 2013/14.

This impressive result was achieved despite a 13 per cent fall in starter numbers because of extreme weather conditions in late winter and early spring in northern Tasmania.

Importantly, the number of Tasmanian harness Sky meetings has increased over the past three years from 74 (2011/12) to 78 (2012/13) to 83 (2013/14).

Other highlights of the 2013/14 Tasmanian harness racing season included remarkable national performances and the announcement of further breeding incentives.

Beautide was the standout performer after winning the two big races of Australasian harness racing – the \$750,000 TAB.COM. AU Inter Dominion and the \$750,000 SEW Eurodrive Miracle Mile. No other Tasmanian horse has achieved this double.

Three-year-old Barynya was the other 2013/14 season standout winning the \$150,000 Nevele R Stud Victorian Oaks.

The depth of local harness racing was proven by the number of metropolitan class winners from Tasmania interstate this season. They included Bettor Draw, Delightful Christian, Hugo Play, Laterron, Lilbitachicknfried, Tessanzo, and Truly Blissfull.

Breeders welcomed the incentives offered by Tasracing for harness breeding in 2013/14. The Breeders Coupon is a key component and, after industry consultation, Tasracing extended the coupon to include all two and three-year-old earnings in Tasmania for Tasbred horses. Breeders are allocated 10 per cent on top of stakes money to be used for breeding-related activities.

A new breeding incentive developed in 2013/14 was the Tasbred Owners Breeding Incentive (TOBI). TOBI provides \$1,000 to the owners of every Tasbred winner in Tasmania aged four-years-old or older. The \$1,000 can be used for breeding-related activities or to assist with the purchase of Tasmanian yearlings.

Tasracing continued to support harness breeders in 2013/14 with:

- A Tasbred Bonus distribution of \$228,000.
- Payment of foal notification fees on behalf of breeders, saving them more than \$35,000.
- Allocation of \$300,000 to stakes for Tasbred heats and finals.
- Tasbred Breeders Coupon payments of more than \$115,000.



HARNESS INDUSTRY FORUM (HIF)

The Harness Industry Forum (HIF) met quarterly in 2013/14. Regular topics covered at HIF meetings include safety, ongoing breeding support, and race programming. Tasracing would like to thank all HIF participants for their time and contributions to this important forum that provides an opportunity for direct interaction and consultation between Tasracing and industry.

The harness training presence at the Brighton Training Centre continues to grow. Two years ago, following consultation with thoroughbred trainers, it was agreed that harness trainers could stable in and train from the thoroughbred barns. Harness trainers now occupy four of the 13 Brighton barns.

In May 2014, the Burnie Harness Racing Club (BHRC) held its first meeting under lights. The \$700,000 lights project was supported by the Burnie City Council, the Tasmanian Government, BHRC and Tasracing.

“HARNESS WAGERING INCREASED BY 11.5% TO \$78.7 MILLION.”

HARNESS RACING

The 2014 Tasmanian Premier Harness Yearling Sale was conducted at Inveresk in February. Thirty five horses were presented for sale with a colt reaching \$16,000 and the highest priced filly reaching \$13,500. The sale aggregate was \$227,000 for an average of \$6,485.

A review of the 2014 sale by the Harness Yearling Sale Working Group, which comprises top Tasmanian breeders and Tasracing, resulted in a change for 2015. A sale facility will be made available through Tasracing's website and be conducted through January and February

to reduce risks for breeders. The Tasbred Breeders Coupon and TOBI can be used to purchase yearlings.

The provision of high level form comments and analysis by Jamie Cockshutt continued to be very popular with punters. This enhanced form information was accessible through the Tasracing and Harness Racing Australia web sites and helped increase website traffic and wagering growth. A 10-minute harness preview was negotiated with RadioTAB on Sunday mornings. Social media channels have been utilised to increase form distribution and engagement with younger audiences.

There were 16 feature races in Tasmania in 2013/14 with stakes money of \$15,000 or more, including the \$40,000 Tasmania Cup and Easter Cup, and the \$25,000 Devonport Cup.

Barrie and Gareth Rattray continued their dominance of local training and driving titles. Barrie won his 16th training premiership while Gareth won his ninth consecutive driving award, putting him four behind Jack Stamford in the contest for the most Tasmanian driving titles.

Dylan Ford won his second Junior Driver award. Dylan also represented Tasmania in the 2014 Australasian Young Drivers Championship and finished second after winning three of the 10 heats.

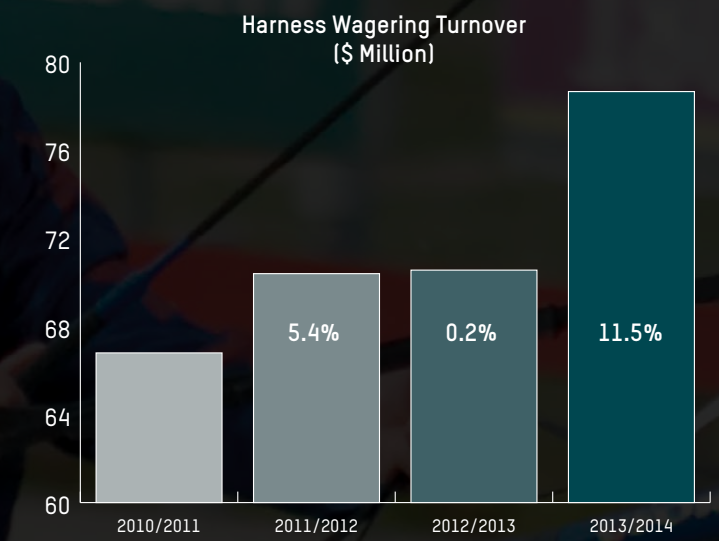
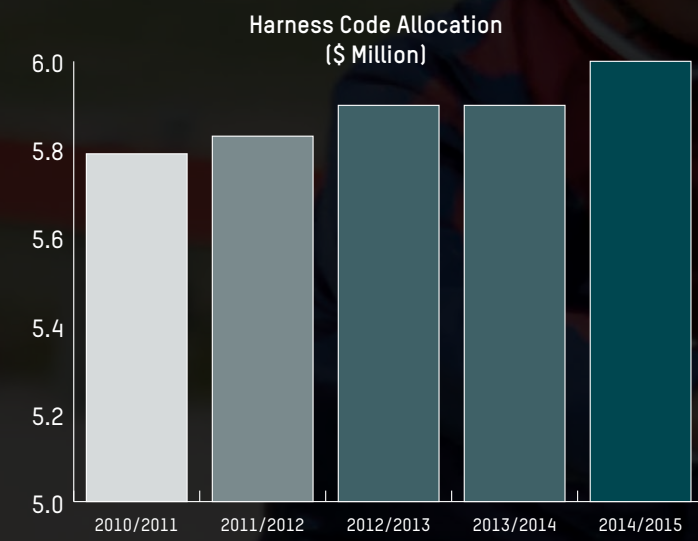
HARNESS AWARD WINNERS 2014

Leading female driver award	Natalee Emery, Erin Hollaway & Kate MacLeod
Leading female trainer award	Juanita McKenzie
Junior driver award	Dylan Ford
Leading driver award	Gareth Rattray
Leading trainer award	Barrie Rattray
2YO filly of the year award	Fawzia
2YO colt or gelding of the year	Jerrys Jet
3YO filly of the year award	Barynya
3YO colt or gelding of the year award	Resurgent Spirit

Tasmanian mare of the year award	Laterron
Tasmanian 4YO & older horse or gelding of the year award	Beautide
Tasmanian broodmare of the year award	Gorse Bush
Tasmanian horse of the year award	Beautide
Halwes medal (sponsored by Botra Tasmania and Jamie Cockshutt)	Ricky Duggan
Young achiever (sponsored by Botra Tasmania)	Todd Rattray
The Edgar Tatlow medal	Kevin Gillies



HARNESS RACING



KEY RACING STATISTICS – HARNESS						
	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Meetings	85	85	84	83	86	85
Races Held	738	733	765	778	773	758
Overall Starters	6,814	6,453	7,149	7,366	7,260	6,392
Average Starters/Race	9.2	8.8	9.3	9.5	9.4	8.4



GREYHOUNDS



Wagering turnover on Tasmanian greyhounds increased by 15.0 per cent in 2013/14 compared to the previous financial year. This was on top of a 6.9 per cent increase in 2012/13 and a 12.1 per cent increase in 2011/12.

There were a number of factors that contributed to the result – for example, an additional race at meetings where nominations allowed and publication of form comment and racebook information on the Tasracing website (tasracing.com.au) in the “Punter’s Corner” section.

In addition, the Tassie Greyhound Wrap radio show on Radio TAB on Sunday mornings, the new Tasracing Talk radio show on RSN Carnival on Wednesday evening and extensive social media engagement were also contributing factors.

All greyhound race replays continue to be made available on the website free of charge, a valued product for greyhound wagering customers.

Loop arm lure trials continued at Launceston during the year and a new loop arm was developed for the “bramich” system at Devonport and Hobart and is in use for trials.

Alterations to the catching pen gate at Devonport were necessary to cater for the loop arm lure and these changes, together

with a new safety rail and fencing, were installed. Alterations to the catching pen gate at Hobart were also undertaken.

Tasracing has negotiated a Personal Accident Policy covering handlers or catchers at a race meeting or official trial session.

Following consultation with the industry last year, lure driving policies were finalised and adopted in May 2014.



GREYHOUND REFERENCE GROUP (GRG)

The Greyhound Reference Group met quarterly to discuss industry issues and to make recommendations on rules and policies. In December 2013 the Greyhound Owners, Trainers & Breeders Association of Tasmania was invited to join the group as an observer. All clubs were represented at the meetings. Tasracing extends its thanks to all members for their time and contribution.

Animal Welfare is an essential facet of the racing industry and Tasracing takes its obligations in this area very seriously. Tasracing provided submissions in respect to the discussion paper on the proposed Animal Welfare Standards for Dogs.

Tasracing adopted the Joint Victorian/ New South Wales Animal Welfare Strategy which was subsequently adopted by Greyhounds Australasia and is working with all states to ensure the objectives of the strategy are implemented.

As part of Tasracing’s commitment to animal welfare, the greyhound industry funds the Greyhound Adoption Program (GAP) that rehomes greyhounds as pets in the community. subsequently, the strategy was adopted by Greyhounds Australia.

There continues to be a strong demand for GAP graduates that has been driven by GAP’s presence at a number of events including the Million Paws Walk, the GAP Christmas Party and Agfest 2014.

Two new events were organised – “Greyhounds on the Move” – at Bellerive in November 2013 and the second in Launceston in March 2014.

“GREYHOUND
WAGERING INCREASED
BY 15% TO
\$175.8 MILLION”

GREYHOUNDS

THERE WERE A NUMBER OF RACING HIGHLIGHTS TO NOTE IN 2013/14:

Victorian Paw Licking won the 2013 Group 1 TattsBet Hobart Thousand from Black Magic Opal with Tasmanian Yappin' Jack in third place.

The 2014 Group 3 Dowling & McCarthy Hankook Tyres Devonport Cup was won by Tasmanian trained and Queensland owned Are Ate from An That with Jeff The Tipster in third place.

The final group race for the season, the 2014 Group 2 Curtains & Blinds Launceston Cup, saw a change in format from recent years to include semi finals. The New South Wales-owned Varcoe for Tasmanian trainer Debbie Cannan won from Black Rip with Bain's Lane third.



Tasmanian bred and owned Buckle Up Wes was the most outstanding of the state's interstate campaigners, winning numerous

Group 1 races interstate, including the Group 1 \$350,000 Australian Cup at The Meadows in Victoria.

Wynburn Wizard, trained by north west coast trainer Scott Bryan for the Wynburn Racing Syndicate won a heat and the final of the Launching Pad (Group 2) at Sandown in April.

In distance racing, Tasmanian-owned Cheetah Zorro was the standout performer for owners Barry Heawood and Lucy Joseph.

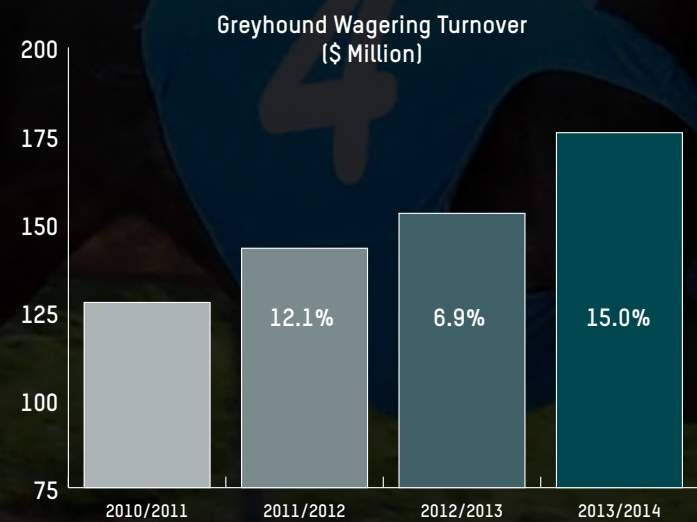
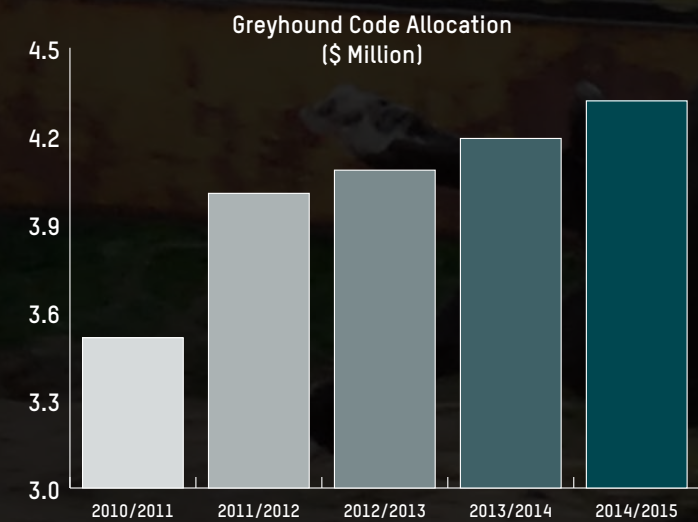
The Launceston Cup and Annual Awards dinner was held in February.

GREYHOUND AWARD WINNERS 2014

Greyhound of the Year	She's All Class
Leading Trainer	Michael Stringer
Leading Owner	William and Anne Witherden
Most Consistent Greyhound	Yappin' Jack
Leading Brood Bitch	Patsy Anne
Leading Sire	Collision



GREYHOUNDS



KEY RACING STATISTICS – GREYHOUND

	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Meetings	155	157	156	157	157	157
Races Held	1,547	1,567	1,567	1,628	1,637	1,601
Overall Starters	12,025	12,193	12,219	12,663	12,814	12,336
Average Starters/Race	7.8	7.8	7.8	7.8	7.8	7.7



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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Directors' Report

The directors present their report together with the financial report for the year ended 30 June 2014 and the independent auditor's report thereon.

Directors

The names of directors of the company in office during or since the end of the financial year are:

Brian Speers – Chairman
Geoff Baxter – resigned 1 July 2014
Dean Cooper
Des Gleeson
Trevor Leis
Danny McCarthy
Tania Price

Principal Activities

The principal activities during the course of the financial year were the administration, oversight and funding of racing in Tasmania.

Review of operations

For the year ended 30 June 2014, the company recorded a total comprehensive loss of \$252,395 (2013: loss of \$535,941). No dividends were paid to members during the year (2013: nil).

The company had no options or unissued shares during the current or previous year.

Significant changes in state of affairs during the year

There were no significant changes in the state of the company's affairs during the year.

Environmental regulations

The company is not subject to any environmental regulations under a law of the Commonwealth or the state of Tasmania.

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Future developments

Disclosure of information regarding likely developments in the operations of the company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to

the company. Accordingly this information has not been disclosed in this report.

Indemnification of officers and auditors

During the financial year the company paid a premium of \$6,836.96 (2013 - \$14,084.82) in respect of insurance for directors and officers liability.

The company has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or auditor of the company against a liability incurred as such an officer or auditor.

Auditor's independence declaration

The auditor's independence declaration is included on page 93 of the financial statements.



Signed in accordance with a resolution of the Board of Directors:

Mr Brian Speers
Chairman

13 August 2014

TASRACING PTY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	2014 \$	2013 \$
REVENUE AND OTHER INCOME			
Racing revenue	3	9,064,968	6,827,370
Government grant		30,169,344	29,223,342
Interest revenue		680,695	724,155
Impairment reversal	4	1,002,283	2,472,385
TOTAL REVENUE AND OTHER INCOME		40,917,290	39,247,251
EXPENSES			
Prizemoney and industry funding		23,174,749	23,015,942
Raceday and racing expenses	5	5,350,186	5,242,156
Depreciation and amortisation expense	6	3,663,543	2,896,331
Expenses for obsolete property, plant & equipment	13	-	672,313
Marketing		618,098	499,192
Employee benefits expense	7	5,657,880	5,442,215
Finance and leasing costs	8	1,185,530	1,076,863
Other expenses	9	1,342,698	1,301,182
TOTAL EXPENSES		40,992,686	40,146,193
Loss before tax		(75,395)	(898,941)
Income tax expense	11	-	-
Loss for the year after tax		(75,395)	(898,941)
Other comprehensive income	7	(177,000)	363,000
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(252,395)	(535,941)

This statement should be read in conjunction with the accompanying notes.

TASRACING PTY LIMITED

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	2014 \$	2013 \$
CURRENT ASSETS			
Cash and Cash Equivalents	23 (a)	7,962,863	5,420,610
Trade and Other Receivables	12	1,233,173	1,001,633
Prepayments		660,925	661,379
TOTAL CURRENT ASSETS		9,856,961	7,083,622
NON-CURRENT ASSETS			
Property, Plant and Equipment	13	49,100,692	51,064,606
Intangible Assets	14	126,208	189,059
Other Financial Assets	15	40,268	-
TOTAL NON-CURRENT ASSETS		49,267,168	51,253,665
TOTAL ASSETS		59,124,128	58,337,287
CURRENT LIABILITIES			
Trade and Other Payables	16	2,685,746	2,143,913
Borrowings	17	582,880	552,552
Other Financial Liabilities	18	126,223	149,166
Provisions	19	1,393,113	1,174,220
TOTAL CURRENT LIABILITIES		4,787,962	4,019,851
NON-CURRENT LIABILITIES			
Borrowings	17	11,442,283	12,025,163
Provisions	19	2,259,360	1,957,907
TOTAL NON-CURRENT LIABILITIES		13,701,643	13,983,070
TOTAL LIABILITIES		18,489,605	18,002,921
NET ASSETS		40,634,523	40,334,366
EQUITY			
Contributed Equity	20	55,835,867	55,283,315
Accumulated Losses	21	(15,201,345)	(14,948,949)
TOTAL EQUITY		40,634,523	40,334,366

This statement should be read in conjunction with the accompanying notes.

TASRACING PTY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	Contributed Equity	Accumulated Losses	Total
		\$	\$	\$
BALANCE AS AT 30 JUNE 2012		55,141,530	(14,413,008)	40,728,522
Equity contribution		141,785	-	141,785
Profit /(Loss) for the Year	21	-	(898,941)	(898,941)
Other comprehensive income	21	-	363,000	363,000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>-</u>	<u>(535,941)</u>	<u>(535,941)</u>
BALANCE AS AT 30 JUNE 2013		55,283,315	(14,948,949)	40,334,366
Equity contribution	20	552,552	-	552,552
Profit /(loss) for the year	21	-	(75,395)	(75,395)
Other comprehensive income	21	-	(177,000)	(177,000)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>-</u>	<u>(252,395)</u>	<u>(252,395)</u>
BALANCE AS AT 30 JUNE 2014		<u>55,835,867</u>	<u>(15,201,345)</u>	<u>40,634,523</u>

This statement should be read in conjunction with the accompanying notes.

TASRACING PTY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers		39,761,877	40,130,594
Payments to Suppliers & Employees		(36,200,457)	(38,616,688)
Interest Received		673,844	727,813
Interest & Other Costs of Finance Paid		(983,516)	(907,285)
NET CASH PROVIDED BY OPERATING ACTIVITIES	23 (b)	<u>3,251,749</u>	<u>1,334,434</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for non-current assets		(634,495)	(620,250)
NET CASH USED IN INVESTING ACTIVITIES		<u>(634,495)</u>	<u>(620,250)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings		(552,552)	(141,785)
Proceeds from Borrowings		-	471,512
Equity contribution	20	552,552	141,785
Loan	15	(75,000)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		<u>(75,000)</u>	<u>471,512</u>
Net Increase in Cash and Cash Equivalents		2,542,253	1,185,696
Cash and Cash Equivalents at the beginning of the year		5,420,610	4,234,914
Cash and Cash Equivalents at end of the year	23 (a)	<u>7,962,863</u>	<u>5,420,610</u>

This statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1. General Information

Tasracing Pty Ltd (Tasracing) was incorporated on 1 July 2009 and is domiciled in Tasmania, Australia. Tasracing is a state owned company.

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 the 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 of Racing;
12. Setting licence and registration standards and criteria, having regard to the recommendations of the Director of Racing;
13. Monitoring, coordinating and setting standards, in consultation with the Director of Racing, for the training of people employed or otherwise engaged in the racing industry other than:
 - (i) Persons appointed under section 51; or
 - (ii) 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 2001, 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;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

19. Developing a code of conduct to be complied with by 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; and
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 is 6 Goodwood Road, Glenorchy TAS 7010.

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

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 law. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company comply with International Financial Reporting Standards ("IFRS").

The financial report was authorised for issue by the directors on 13 August 2014.

Basis of preparation

The financial report has been prepared on the basis of historical cost. Historical 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.

Going concern

The financial statements have been prepared on the going concern basis. The improvement in the pre-impairment loss of the business together with the working capital improvements continue to place Tasracing in a position to be able to pay its debts as and when they fall due for the foreseeable future and hence be able to prepare the FY14 financial statements on the going concern basis.

These improvements have helped reduce the structural funding gap. However, a funding gap remains and still needs to be addressed to achieve sustainability (see note 13).

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Tasracing's accounting policies, management is required to make judgements, 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment review of property, plant and equipment

Estimates have been made in impairment calculations regarding forecast cash flows and discount rates. Note 13 includes disclosure on key assumptions.

Defined benefit superannuation fund obligations

Various actuarial assumptions are utilised in the determination of the Tasracing's defined benefit superannuation fund obligations. These assumptions are discussed in note 19.

Employee entitlements

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 on-cost rates; and
- experience of employee departures and periods of service.

tasBonus

The expected future bonus payments have been reviewed in the context of the level of nomination fees, the bonus structure and the empirical win percentages. The provision for future payments in relation to tasBonus is disclosed in Note 19.

Asset Economic Lives

As part of the introduction of the strategic assets management system, a set of default economic lives has been adopted. Depreciation in FY14 has been calculated using remaining economic lives which is the default life over the amount of time owned. The remaining economic lives have been assessed for each asset through a physical inspection of each asset's condition.

Changes in Accounting Policies

a) Impact of new and revised Accounting Standards:

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. These include:

AASB 13 Fair Value Measurement (AASB 2011 8 Amendments to Australian Accounting Standards arising from AASB 13) – This Standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. AASB 13 sets out a new definition of 'fair value' as well as new principles to be applied when determining the fair value of assets and liabilities. As property, plant and equipment and leasehold

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

improvements are stated at cost less accumulated depreciation, this standard has no or limited application.

AASB 119 Employee Benefits (2011 10 Amendments to Australian Accounting Standards arising from AASB 119) – This Standard supersedes AASB 119 Employee Benefits, introducing a number of changes to accounting treatments. The Standard was issued in September 2013. Under the revised AASB 119, the defined benefit actuarial gain/loss is now reported as Other comprehensive Income. The adoption has changed the Loss for the year by \$177,000. The 2013 figures have been restated in accordance with the following table.

2013 Comparative line items (\$)	Current	Prior	Difference
Employee expenses	5,442,215	5,070,215	372,000
Finance and leasing costs	1,076,863	1,085,863	(9,000)
Total expenses	40,146,193	39,783,193	363,000
Loss after tax	(898,941)	(535,941)	(363,000)
Other comprehensive income	363,000	-	363,000

2012 2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7, & AASB 132]] – This Standard makes amendments to AASB 7 and AASB 132 as a consequence of the issuance of amendments to IFRS 7 by the International Standards Board in December 2011. It is anticipated that there will not be any financial impact.

2012 6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, AASB 2009 11, AASB 2010 7, AASB 2011 7 & AASB 2011 8] – This Standard makes amendments to various standards as a consequence of the issuance of International Financial Reporting Standard Mandatory Effective Date and Transition Disclosures (Amendments to IFRS 9 and IFRS 7) by the International Accounting Standards Board in December 2011. It is anticipated that there will not be any financial impact.

(b) Impact of new and revised Accounting Standards yet to be applied

The following applicable Standards have been issued by the AASB and are yet to be applied:

AASB 9 Financial Instruments – This Standard deals with the classification and measurement of financial assets, financial liabilities and embedded derivatives. It also deals with the derecognition of financial assets and liabilities. The standard applies from January 2017. The application or potential impact of the Standard has not yet been determined

AASB 2012 3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132] – This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria, including clarifying the meaning of "currently has a legally enforceable right of set off" and that some gross settlement systems may be considered equivalent to net settlement. It is anticipated that there will not be any financial impact.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

AASB 2013 5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009 2011 Cycle [AASB 1, AASB 101, AASB 116, AASB 132 & AASB 134 and Interpretation 2] – This Standard makes amendments to the Australian Accounting Standards and Interpretations as a consequence of the annual improvements process. It is anticipated that there will not be any financial impact.

The amendment to AASB 119 removes the options for accounting for the liability, and requires that the liabilities arising from such plans are recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revised the method of calculating the return on plan assets.

The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. The amendments are not expected to have a material impact on the liability or the statement of comprehensive income.

Change in accounting estimates

During the year, the company introduced a strategic asset management system. As part of the implementation, the company physically verified all assets and assessed each assets' condition and remaining useful economic life. This has had the effect of increasing depreciation in FY14 by \$698,951 to \$3.6m. Depreciation in FY15 is expected to be similar to FY14.

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.

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 asset capitalisation threshold adopted by the company is \$1,000. Assets valued at less than \$1,000 are charged to the Statement of Comprehensive Income in the year of purchase (other than where they form part of a group of similar items which are material in total). 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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 with finite lives that are 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. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

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

Website and systems development	3 years
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(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.

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,

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

in which case the impairment loss is treated as a revaluation decrease. Impairment losses are allocated prorata across assets in the cash generating unit.

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. The impairment reversal is allocated prorata across assets in the cash generating unit.

(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.

A provision is recognised for the discounted, future cost of the tasBonus schemes. The future cost is based on empirical win ratios applied to current terms and race programming.

A provision is created for the expected future cost of injuries covered under the company's workers compensation policy. The cost of the policy to the company varies between a minimum and maximum premium each insurance year. The details are disclosed at note 22.

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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 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 uncollectable, 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 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

(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 statement of financial position 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.

(h) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. 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 Tasracing 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 Statement of Comprehensive Income 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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.

Race field Information Publication Fees

Revenue collected from Race field Information Publication Fees is recognised when the amount of revenue can be measured reliably.

Nomination fees for tasBonus scheme

Nomination fees for tasBonus schemes are deferred on receipt and recognised in the income statement as races nominated under the scheme are scheduled and run.

(i) Borrowing costs

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.

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 and long service 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.

Classification of employee benefits

An employee benefit liability is classified as a current liability if there is no unconditional right to defer settlement of the liability for at least 12 months after the end of the period. This would include all annual leave and unconditional long service leave entitlements.

Defined contribution plans

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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. 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. 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.

(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.

(m) Goods and services tax

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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 Statement of Cash Flows 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) Events after Balance Date

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
3. Racing revenue		
Racefield revenue	7,045,152	5,129,964
Sponsorship income	413,153	489,695
Rental income	223,323	276,189
Other income	1,383,340	931,522
	<u>9,064,968</u>	<u>6,827,370</u>
4. Impairment reversal	\$	\$
Racecourse Leasehold Improvements	996,537	2,408,327
Plant and equipment	5,746	64,058
	<u>1,002,283</u>	<u>2,472,385</u>
5. Raceday and Racing Expenses	\$	\$
Training and Racing Facilities	2,999,010	3,111,029
Race Day & Other Racing Expenses	1,433,551	1,459,532
Insurance	917,626	671,595
	<u>5,350,186</u>	<u>5,242,156</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
6. Depreciation & Amortisation Expense		
Plant & Equipment	317,228	358,689
Racecourse Leasehold Improvements	3,283,464	2,496,856
Intangibles	62,851	40,786
	<u>3,663,543</u>	<u>2,896,331</u>
7. Employee Benefit Expense	\$	\$
Recognised in profit/(loss) for the year		
Wages and salaries	4,754,244	4,491,716
Other associated personnel expenses	333,703	347,683
Contributions to defined contribution superannuation funds	418,819	378,000
Service cost of defined benefit scheme (excludes interest cost)	45,308	53,000
Increase in liability for annual leave	38,814	77,667
Increase in liability for long service leave	66,991	94,149
	<u>5,657,880</u>	<u>5,442,215</u>
Recognised in other comprehensive income for the year		
Actuarial (gains)/losses	174,000	(365,000)
Actual return on plan assets less interest income	3,000	2,000
Total measurement recognised in other comprehensive income	<u>177,000</u>	<u>(363,000)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
8. Finance and Leasing Costs		
Finance Costs		
Interest Cost in relation to Defined Benefit Obligation (see note 19)	78,000	73,000
Interest Expense	1,018,248	907,285
	<u>1,096,248</u>	<u>980,285</u>
Leasing Costs		
Occupancy Lease Rentals	79,666	79,605
Plant & Equipment Lease Rentals	9,616	16,973
	<u>89,282</u>	<u>96,578</u>
	<u>1,185,530</u>	<u>1,076,863</u>
9. Other Expenses	\$	\$
Insurance	426,934	378,509
Administration	657,943	745,402
Other	257,822	177,270
	<u>1,342,698</u>	<u>1,301,182</u>
10. Remuneration of Auditors		
External audit by Tasmanian Audit Office	<u>36,430</u>	<u>35,190</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
11. Income Tax Expense		
Tax expense comprises:		
Current tax expense/(income) in respect of the current year	-	-
Deferred tax expense relating to the origination and reversal of temporary differences	-	-
Total tax expense/(revenue) relating to continuing operations	<u>-</u>	<u>-</u>
<i>The expense for the year can be reconciled to the accounting profit as follows:</i>		
Profit/(loss) from continuing operations	(75,395)	(898,941)
Income tax equivalent expense calculated at 30%	(22,619)	(269,682)
Effect of expenses that are not deductible in determining taxable profit	3,494	5,336
Current Income tax benefit not recognised in profit or loss	19,125	264,346
Current income tax expense/(income) in respect of the current year	<u>-</u>	<u>-</u>
Deferred tax balances		
Deferred tax assets not recognised at the reporting date:		
Tax losses (revenue)	3,113,052	2,548,185
Temporary differences	6,179,153	4,431,212
	<u>9,292,205</u>	<u>6,979,397</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	Opening Balance	Not recognised in profit and loss	Recognised directly in equity	Closing balance
2014	\$	\$	\$	\$
TEMPORARY DIFFERENCES				
Property, plant and equipment	3,250,809	1,633,821	-	4,884,630
Employee entitlements	1,167,824	109,201	-	1,277,025
Doubtful debts	5,956	4,918	-	10,874
Accrued Audit Fees	6,623	-	-	6,623
	4,431,212	1,747,940	-	6,179,152
UNUSED TAX LOSSES AND CREDITS				
Tax losses	2,548,185	564,867	-	3,113,052
	6,979,397	2,312,807	-	9,292,204
2013	\$	\$	\$	\$
TEMPORARY DIFFERENCES				
Property, plant and equipment	4,133,529	(882,720)	-	3,250,809
Employee entitlements	1,240,552	(72,728)	-	1,167,824
Doubtful debts	16,885	(10,929)	-	5,956
Accrued Audit Fees	6,623	-	-	6,623
	5,397,589	(966,377)	-	4,431,212
UNUSED TAX LOSSES AND CREDITS				
Tax losses	1,983,318	564,867	-	2,548,185
	7,380,907	(401,510)	-	6,979,397

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	2014 \$	2013 \$
12. Trade and Other Receivables		
Trade Receivables (i)	1,249,406	1,008,325
Provision for Impairment	(36,241)	(19,849)
	1,213,165	988,476
Interest Receivable	20,008	13,157
	1,233,173	1,001,633
<i>(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.</i>		
Ageing of Past due but not impaired		
30-60 Days	21,071	18,599
60-90 Days	4,471	8,153
90-120 Days	1,923	6,418
120+ Days	230,500	148,761
Included in the trade receivables balance are debtors with a carrying amount of \$257,964 (30 June 2013: \$181,931) 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		
Opening balance	(19,848)	(56,278)
Impairment losses recognised on receivables	-	-
Amounts recovered during the year	-	-
Amounts written off as uncollectable	(16,392)	36,430
Balance at end of year	(36,240)	(19,848)
Ageing of impaired trade receivables		
30-60 Days	-	-
60-90 Days	-	-
90-120 Days	-	-
120+ Days	(36,240)	(19,848)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	Racecourse Leasehold Improvements	Plant & Equipment	Property Under construction	TOTAL
	\$	\$	\$	\$
13. Property, Plant and Equipment				
Gross Carrying Amount				
Balance as at 30 June 2012	70,850,198	4,757,887	720,202	76,328,287
Additions	(293,559)	96,631	584,245	387,317
Disposals	-	-	-	-
Reclassification	1,178,831	-	(1,178,831)	-
Balance as at 30 June 2013	71,735,470	4,854,518	125,616	76,715,604
Additions	-	-	634,495	634,495
Disposals	-	-	-	-
Reclassification	296,600	177,106	(473,707)	-
Balance as at 30 June 2014	72,032,070	5,031,624	286,405	77,350,099
Accumulated Depreciation / Amortisation				
Balance as at 30 June 2012	21,359,839	3,235,684	-	24,595,523
Depreciation & Amortisation	2,496,857	358,689	-	2,855,546
Expense for obsolete property, plant and equipment	672,313	-	-	672,313
Impairment reversal	(2,408,327)	(64,058)	-	(2,472,385)
Balance as at 30 June 2013	22,120,682	3,530,315	-	25,650,997
Depreciation & Amortisation	3,283,464	317,228	-	3,600,692
Impairment reversal	(996,537)	(5,746)	-	(1,002,283)
Balance as at 30 June 2014	24,407,609	3,841,797	-	28,249,406
Net Book Value				
Cost	70,850,198	4,757,887	720,202	76,328,287
Accumulated depreciation	(15,724,435)	(3,165,880)	-	(18,890,315)
Provision for impairment	(5,635,404)	(69,804)	-	(5,705,208)
As at 30 June 2012	49,490,359	1,522,203	720,202	51,732,764
Cost	71,735,470	4,854,518	125,616	76,715,604
Accumulated depreciation	(18,893,605)	(3,524,569)	-	(22,418,174)
Provision for impairment	(3,227,077)	(5,746)	-	(3,232,823)
As at 30 June 2013	49,614,788	1,324,203	125,616	51,064,607
Cost	72,032,070	5,031,624	286,405	77,350,099
Accumulated depreciation	(22,177,069)	(3,841,797)	-	(26,018,866)
Provision for impairment	(2,230,540)	-	-	(2,230,540)
As at 30 June 2014	47,624,461	1,189,827	286,405	49,100,693

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

Impairment review

Tasracing has experienced indicators of impairment including continued losses. An impairment calculation has been performed based on the Corporate Plan 2015-2019. The impairment calculation demonstrated that non-current assets were not impaired. An impairment charge of \$5,706,428 was recognised in FY12 and \$2,472,385 reversed in FY13. A further reversal of \$1,002,283 has been recognised in FY14. The company has one cash generating unit comprising the racing and training venues. The discount rate used was 9.38% (2013 - 9.95%). The terminal value of the cash flow in the final year of the forecast was derived using a perpetuity rate of 10.7% (2013 10.0%).

Implementation of Strategic Asset Management System

The company is undertaking the implementation of a strategic asset management plan. The implementation has included a comprehensive review and verification of all of the company's assets. During this process, the company identified assets which are obsolete or at the end of their useful lives and the carrying value of these assets of \$672,313 was reduced to nil in FY13. All assets have been assessed in relation to condition and remaining economic useful life in FY14. This has altered depreciation in FY14 having the effect of increasing the charge for the year by \$0.7m.

Sensitivity

The value in use calculations are sensitive to the discount factor. A 0.5% alteration in the discount factor varies the value in use by \$2.8m. A \$0.5m alteration in the key income or expenses such as race field revenue or workers compensation costs varies the value in use by \$4.7m.

The value in use calculations assume that the company adjusts its business model to achieve sustainability in FY15. If appropriate adjustments to the business model are not achieved, the company will be exposed to significant impairment on its non-current assets. The government has provided a letter of commitment to adjust the business model in order to place the business and industry on a financially sustainable footing going forward.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

14. Intangible Assets

	\$
Gross Carrying Amount	
Balance as at 30 June 2012	14,639
Additions	229,844
Balance as at 30 June 2013	244,483
Additions	-
Balance as at 30 June 2014	244,483
Accumulated Amortisation	
Balance as at 30 June 2012	14,639
Amortisation	40,785
Balance as at 30 June 2013	55,424
Amortisation	62,851
Balance as at 30 June 2014	118,275
Net Book Value	
As at 30 June 2012	-
As at 30 June 2013	189,059
As at 30 June 2014	126,207

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

15. Other Financial Assets

	2014 \$	2013 \$
Loan Principal	75,000	-
Less fair value adjustment on initial recognition	(34,732)	-
	<u>40,268</u>	<u>-</u>

Tasracing has provided a loan to a racing club. The loan is at a fixed interest rate plus relevant guarantee fee rates as published by the Tasmanian Department of Treasury and Finance which is currently 7.37%. The loan is provided for a maximum of 5 years and interest is payable on the outstanding loan balance. The loan is unsecured. The facility has a limit of \$100,000.

16. Trade & Other Payables

- Trade Payables - unsecured (i)	<u>2,685,746</u>	<u>2,143,913</u>
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(i) The company has financial risk management policies in place to ensure that all payables are paid within credit timeframes

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

		2014	2013
		\$	\$
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 25.			
Current			
Loan	(i)	159,550	150,405
Credit foncier loan	(ii)	423,330	402,147
		<u>582,880</u>	<u>552,552</u>
Non-Current			
Loan	(i)	2,544,601	2,704,150
Credit foncier loan	(ii)	8,897,683	9,321,013
		<u>11,442,283</u>	<u>12,025,163</u>

All loans are transacted through the Tasmanian Public Finance Corporation (Tascorp). The funding deed provides that the State Government will provide debt support in the form of principal and interest repayments subject to the conditions of the deed. This support applies to the bond, the overnight deposit and the credit foncier loan.

(i) Loan - principal and interest is payable every 6 months until a bullet repayment of \$2.46m on 30 June 2016. Interest is fixed at 5.99% per annum. The State Government has agreed to provide support for principal and interest repayments for the three years commencing 1 July 2012. The principal support is treated as an equity contribution.

(ii) Credit foncier - the overnight deposit and \$9m loan were refinanced into a credit foncier loan on 28 June 2013. Six monthly repayments of principal and interest will be made through to expiry (2029). Interest has been fixed for ten years at 5.13% per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
18. Other Financial Liabilities		
Rental Bonds	126,223	149,166
	<u>126,223</u>	<u>149,166</u>
19. Provisions		
Current		
Annual leave	374,028	333,611
Long service leave	301,361	266,227
Defined benefit liability	67,000	80,000
tasBonus scheme	297,385	295,173
Workers compensation	353,339	199,209
	<u>1,393,113</u>	<u>1,174,220</u>
Non-Current		
Long Service Leave	180,052	162,907
Defined benefit liability	2,079,308	1,795,000
	<u>2,259,360</u>	<u>1,957,907</u>
Total provisions	<u>3,652,473</u>	<u>3,132,127</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

Employee benefit disclosures

Liability for Defined benefit obligation

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

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 and employees receive accumulation only benefits.

The scheme operates under the Retirement Benefits Act 1993 and the Retirement Benefits Regulations 2005.

Although the scheme is not formally subject to the Superannuation Industry (Supervision) (SIS) legislation, the Tasmanian Government has undertaken (in a Heads of Government Agreement) to operate the scheme in accordance with the spirit of the SIS legislation.

As an exempt public sector superannuation scheme (as defined in the SIS legislation), the scheme is not subject to any minimum funding requirements.

RBF is a complying superannuation fund within the provisions of the Income Tax Assessment Act 1997 such that the fund's taxable income is taxed at a concessional rate of 15%. However RBF is also a public sector superannuation scheme which means that employer contributions may not be subject to the 15% tax (if the RBF Board elects) up to the amount of "untaxed" benefits paid to the members in the year.

The RBF Board is responsible for the governance of the Scheme. As Trustee, the RBF Board has a legal obligation to act solely in the best interests of Scheme beneficiaries. The RBF Board has the following roles:

- Administration of the Scheme and payment to the beneficiaries when required in accordance with the Scheme rules
- Management and investment of the Scheme Assets; and
- Compliance with the Heads of Government Agreement referred to above.

There are a number of risks to which the Scheme exposes Tasracing. The more significant risks relating to defined benefits are:

- **Investment risk** - the risk that investment returns will be lower than assumed and Tasracing will need to increase contributions to offset this shortfall.
- **Salary growth risk** - The risk that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than assumed, increasing defined benefit amounts and the associated employer contributions.
- **Inflation risk** - the risk that inflation is higher than anticipated, increasing pension payments and the associated employer contributions.
- **Benefits options risk** - the risk that a greater proportion of members who joined prior to 1 July 1994 will elect the pension option, which is generally more costly than the alternative lump sum option.
- **Pensioner mortality risk** - the risk that pensioner mortality will be lighter than expected, resulting in pensions being paid for a longer period.
- **Legislative risk** - The risk that legislation changes could be made which increase the cost of providing the defined benefits.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2014 by Dr David Knox, Fellow of the Institute of Actuaries of Australia.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
Reconciliation of the Defined Benefit Obligation		
Present value of defined benefit obligations at beginning of the year	2,142,000	2,429,000
Current service cost	46,000	53,000
Interest cost	89,000	82,000
Contributions by plan participants	12,000	12,000
Actuarial (gains)/losses arising from changes in demographic assumptions	100,000	-
Actuarial (gains)/losses arising from changes in financial assumptions	83,000	(291,000)
Actuarial (gains)/losses arising from liability experience	(9,000)	(74,000)
Benefits paid	(38,000)	(66,000)
Taxes, premiums & expenses paid	(3,000)	(3,000)
Present value of defined benefit obligations at end of the year	2,422,000	2,142,000
Reconciliation of the Fair Value of Scheme Assets		
Fair value of plan assets at the beginning of the year	267,000	264,000
Interest Income	11,000	9,000
Actual return on plan assets less interest income	(3,000)	(2,000)
Employer contributions	29,000	53,000
Contributions by plan participants	12,000	12,000
Benefits paid	(38,000)	(66,000)
Taxes, premiums & expenses paid	(2,000)	(3,000)
Fair value of plan assets at the end of the year	276,000	267,000
Reconciliation of the Net Defined Benefit Liability/(Asset)		
Defined benefit obligation	2,422,000	2,142,000
Fair value of plan assets	(276,000)	(267,000)
Net superannuation liability/(asset)	2,146,000	1,875,000
Current net liability	67,000	80,000
Non-current net liability	2,079,308	1,795,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

Fair Value of Scheme Assets

As at 30 June 2014[^]

Asset Category	Total (A\$'000)	Quoted prices in active markets for identical assets - Level 1 (A\$'000)	Significant observable inputs - Level 2 (A\$'000)	Unobservable inputs - Level 3 (A\$'000)
Cash and cash equivalents	38	38	-	-
Equity instruments	195	99	88	8
Debt instruments	38	11	16	11
Derivatives	(1)	-	(1)	-
Real estate	6	-	6	-
Investment funds	-	-	-	-
Asset-backed securities	-	-	-	-
Structured debt	-	-	-	-
Total	276	148	109	19

[^]Estimated based on assets allocated to Tasracing as at 30 June 2014 and the asset allocation of the RBF Scheme as at 30 June 2013.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

Fair Value of Entities Own Financial Instruments

- The fair value of Scheme assets includes no amounts relating to:
- any of Tasracing's own financial instruments
- any property occupied by, or other assets used by Tasracing

Assets are not held separately for each reporting entity but are held for the Fund as a whole. The fair value of Scheme assets for each reporting entity was estimated by allocating the total Fund assets in proportion to the value of each reporting entity's fund liabilities.

Significant Actuarial Assumptions at the Reporting Date

Financial year ended	30 June 2014	30 June 2013
Assumptions to determine defined benefit cost and start of year DBO		
Discount rate (active members)	4.25% p.a	3.45% p.a
Discount rate (pensioners)	4.25% p.a	3.45% p.a
Expected rate of increase of compulsory preserved amounts	3.75% p.a	3.50% p.a
Expected salary increase rate	3.00% p.a	3.75% p.a
Expected pension increase rate	2.50% p.a	2.50% p.a

Financial year ended	30 June 2014	30 June 2013
Assumptions to determine end of year DBO		
Discount rate (active members)	4.10% p.a	4.25% p.a
Discount rate (pensioners)	4.10% p.a	4.25% p.a
Expected salary increase rate	3.00% p.a	3.00% p.a
Expected rate of increase of compulsory preserved amounts	4.50% p.a	3.75% p.a
Expected pension increase rate	2.50% p.a	2.50% p.a

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

Sensitivity Analysis

The defined benefit obligation as at 30 June 2014 under several scenarios is presented below. Scenario A and B relate to discount rate sensitivity. Scenario C and D relate to expected pension increase rate sensitivity.

Scenario A: 0.5% p.a. lower discount rate assumption

Scenario B: 0.5% p.a. higher discount rate assumption

Scenario C: 0.5% p.a. lower expected pension increase rate assumption

Scenario D: 0.5% p.a. higher expected pension increase rate assumption

	Base Case	Scenario A	Scenario B	Scenario C	Scenario D
		-0.5% p.a. discount rate	+0.5% p.a. discount rate	-0.5% p.a. pension increase rate	+0.5% p.a. pension increase rate
Discount rate	4.10% pa	3.60% pa	4.60% pa	4.10% pa	4.10% pa
Pension increase rate	2.50% pa	2.50% pa	2.50% pa	2.00% pa	3.00% pa
Defined benefit obligation (A\$'000s)	2,422	2,590	2,270	2,337	2,514

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

Asset-Liability matching strategies

We are not aware of any asset and liability matching strategies adopted by the Fund

Funding arrangements

The employer contributes a percentage of each lump sum or pension benefit payment. This percentage may be amended by the Minister on the advice of the Actuary.

Expected contributions

Financial Year ending	30 June 2015 (A\$'000's)
Expected employer contributions	67

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation for Tasracing is 13.7 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
20. Issued Capital		
Fully paid shares (30 June 2014 and 30 June 2013: 2)	<u>55,835,867</u>	<u>55,283,315</u>
Tasracing is a state owned company. The company's share capital is held on behalf of the State of Tasmania by the Minister for Racing and the Treasurer.		
The support received for the loan in note 17(i) is treated as an equity contribution.		
21. Accumulated Losses		
Balance at the beginning of the year	(14,948,949)	(14,413,008)
Net Profit/Loss	(75,395)	(898,941)
Other comprehensive income	(177,000)	363,000
Balance at the end of the year	<u>(15,201,345)</u>	<u>(14,948,949)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
22. Expenditure Commitments		
(i) Lease Commitments		
Commitments relate to property, plant & 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	217,826	229,773
- later than 1 year but not later than 5 years	338,886	516,912
- later than 5 years	430,067	430,271
	<u>986,779</u>	<u>1,176,956</u>
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	<u>-</u>	<u>-</u>
(iii) Other Contractual Commitments		
Non-cancellable contracts payable:		
- not later than one year	969,278	1,041,734
- later than 1 year but not later than 5 years	2,980,701	3,428,988
- later than 5 years	13,413	71,000
Commitments in place are for general property maintenance service agreements.	<u>3,963,393</u>	<u>4,541,722</u>
(iv) Contingent Liabilities		
The company has a workers compensation insurance policy for the year ending 31 January 2015. The premium varies between a minimum of \$600,000 and a maximum of \$2,296,000 or 23.3% of annual wages, whichever is the higher. At 30 June 2014, the injuries incurred in the insurance year are less than the minimum premium. The company is exposed to a contingent liability of up to \$1,696,000 in the current insurance year being the difference between the maximum and minimum premiums and this is dependant upon the nature and extent of the injuries that occur. The company would be exposed to a similar contingent liability in the next insurance year commencing 1 Feb 2015.		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
23. Cash Flow		
(a) Cash and Cash Equivalents		
Cash on Hand and Balances with Banks	<u>7,962,863</u>	<u>5,420,610</u>
(b) Reconciliation of profit for the year to net cash flows from operating activities		
Loss for the year	(75,395)	(898,941)
Adjustments for:		
Depreciation & Amortisation	3,663,543	2,896,331
Impairment	(1,002,283)	(2,472,385)
Expense for obsolete property, plant & equipment	-	672,313
Amortisation of DRC loan	34,732	-
(Increase)/decrease in receivables	(231,539)	838,006
(Increase)/decrease in prepayments	454	(264,723)
Increase/(decrease) creditors & accruals	541,833	443,261
Increase/(decrease) in provisions	343,346	120,573
Increase/(decrease) other current liabilities	(22,943)	-
Net cash from operating activities	<u>3,251,747</u>	<u>1,334,434</u>
(c) Financing Facilities		
Credit and Stand By arrangements		
Business Cards		
- amount used	65,500	67,000
- amount unused	44,500	43,000
Facility Limit	<u>110,000</u>	<u>110,000</u>
Tascorp borrowing facilities		
- amount used	12,025,163	12,577,715
- amount unused	30,276,840	30,276,840
Facility Limit	<u>42,302,003</u>	<u>42,854,554</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

24. Economic Dependency

A significant proportion of Tasracing's revenue is dependent on a funding deed through to 2029 with the State government which provides base funding of \$28.7m increasing by CPI less 1% annually. In addition, the deed allows for a \$40M debt facility with Tascorp of which Treasury will provide support in the form of principal and interest reimbursements, subject to certain conditions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
25. 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 20 and 21 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.		
(b) Categories of financial instruments		
Financial Assets		
Cash and cash equivalents	7,962,863	5,420,610
Loans & Receivables	1,233,173	1,001,633
Other Financial Assets	<u>40,268</u>	<u>-</u>
Financial Liabilities		
Amortised Cost		
- Trade and Other Payables	2,685,746	2,143,913
- Other financial liabilities	126,223	149,166
- Borrowings	<u>12,025,163</u>	<u>12,577,715</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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. The majority of Tasracing's borrowings are at fixed rates of interest.

Interest Rate sensitivity analysis

	Impact on Profit/Loss		Impact on Equity	
	100 basis points increase	100 basis points decrease	100 basis points increase	100 basis points decrease
	\$	\$	\$	\$
30-Jun-14	187,000	(187,000)	187,000	(187,000)
30-Jun-13	188,000	(188,000)	188,000	(188,000)

(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 12.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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

	< 1 year	1-2 years	2-5 years	> 5 years	TOTAL	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	
30 June 2014						
Financial Assets						
Cash and cash equivalents	7,962,863	-	-	-	7,962,863	2.20%
Trade & Other Receivables	1,233,173	-	-	-	1,233,173	
Other Financial Assets	40,268	-	-	-	40,268	
Total Financial Assets	<u>9,236,304</u>	<u>-</u>	<u>-</u>	<u>-</u>	9,236,304	2.20%
Financial Liabilities						
Trade and other payables	2,685,746	-	-	-	2,685,746	
Other financial liabilities	126,223	-	-	-	126,223	
Borrowings	582,880	2,990,230	1,482,744	6,969,310	12,025,163	5.38%
Total Financial Liabilities	<u>3,394,849</u>	<u>2,990,230</u>	<u>1,482,744</u>	<u>6,969,310</u>	14,837,132	5.38%
30 June 2013						
Financial Assets						
Cash and cash equivalents	5,420,610	-	-	-	5,420,610	2.62%
Trade & Other Receivables	1,001,633	-	-	-	1,001,633	
Total Financial Assets	<u>6,422,243</u>	<u>-</u>	<u>-</u>	<u>-</u>	6,422,243	2.62%
Financial Liabilities						
Trade and other payables	2,143,913	-	-	-	2,143,913	
Other financial liabilities	149,166	-	-	-	149,166	
Borrowings	552,552	582,880	3,953,148	7,489,136	12,577,715	5.38%
Total Financial Liabilities	<u>2,845,631</u>	<u>582,880</u>	<u>3,953,148</u>	<u>7,489,136</u>	14,870,795	5.38%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

26. Key management personnel compensation

Key Management Personnel

Tasracing's remuneration policy has been designed to align key management personnel objectives with business objectives by providing a fixed remuneration component and offering specific incentives based on key performance areas where applicable. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Company, as well as create goal congruence between directors, executives, shareholders and other key stakeholders.

The Board's policy for determining the nature and amount of remuneration for the Company's key management personnel is as follows:

- Remuneration is approved by the remuneration committee and then approved by the Board after professional advice is sought from independent external consultants.
- All key management personnel receive a base salary (which is based on factors such as position, competency, length of service and experience), superannuation and other benefits.
- Performance incentives (if applicable) are generally only paid once predetermined key performance indicators have been met. No performance incentives exist for the current members of the executive.
- The remuneration committee reviews key management personnel packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors.

Consistent with legislated requirements, key management personnel receive a superannuation guarantee contribution, which is currently 9.25% (9.50% from 1 July 2014), and do not receive any other retirement benefits.

All remuneration paid to key management personnel is valued at the cost to the Company and expensed. 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.

Non-executive directors

The Board's policy is to remunerate non-executive directors in accordance with guidelines and sizing statements provided by The Department of Treasury and Finance and Department of Premier and Cabinet respectively.

Remuneration Details for the Year Ended 30 June 2014

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

Board of Directors

B. Speers	Chairman, non-executive director
D. Gleeson	non-executive director
D.Cooper	non-executive director
G.Baxter	non-executive director (resigned 1 July 2014)
T.Leis	non-executive director
T.Price	non-executive director
D. McCarthy	non-executive director

Executive Management

E. Forbes	Chief Executive Officer
C. Brookwell	Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

Table of Benefits and Payments for the Year Ended

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

30 June 2014

Board	Number of employees	CASH		Termination Payments	OTHER		Other Benefits	2014 Aggregate Remuneration
		Total Base Salaries	Bonuses		Superannuation	Vehicles		
> \$40,000	1	51,469	-	-	4,727	-	-	56,196
< \$40,000	6	174,630	-	-	12,819	-	-	187,449
Total	7	226,099	-	-	17,546	-	-	243,645

Executive Management	Number of employees	CASH		Termination Payments	OTHER		Other Benefits	2014 Aggregate Remuneration
		Total Base Salaries	Bonuses		Superannuation	Vehicles		
>\$150,000	2	351,536	-	-	35,335	17,314	17,465	421,650
Total	2	351,536	-	-	35,335	17,314	17,465	421,650

30 June 2013

Board	Number of employees	CASH		Termination Payments	OTHER		Other Benefits	2013 Aggregate Remuneration
		Total Base Salaries	Bonuses		Superannuation	Vehicles		
> \$40,000	1	49,901	-	-	4,491	-	-	54,392
< \$40,000	6	170,145	-	-	12,286	-	-	182,431
Total	7	220,046	-	-	16,777	-	-	236,823

Executive Management	Number of employees	CASH		Termination Payments	OTHER		Other Benefits	2013 Aggregate Remuneration
		Total Base Salaries	Bonuses		Superannuation	Vehicles		
> \$150,000	2	335,484	-	-	30,194	18,326	17,294	401,297
< \$150,000	1	58,042	-	54,969	10,171	4,445	-36,823	90,804
Total	3	393,526	-	54,969	40,365	22,771	-19,529	492,101

Other benefits relate solely to movement in annual and long service leave entitlements. The termination payment of \$54,969 includes contractual payments for accrued annual and long service leave only.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

27. Transactions or Balances relating to a trustee or agency arrangement

Account	Opening Balance	Net Transactions during 2013/14	Closing Balance
Tasmanian Perpetual Trustees - Apprentice Trust Accounts	243,698	(236,353)	7,345

TASRACING PTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

Directors' declaration

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.

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 2014.

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



B SPEERS
Chairman

Tasracing Pty Limited
Hobart, 13 August 2014

TASRACING PTY LIMITED

AUDITOR'S INDEPENDENCE DECLARATION

13 August 2014

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

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 of Tasracing Pty Ltd for the financial year ended 30 June 2014, 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.

In accordance with the *Corporations Act 2001* a copy of this declaration must be included in the Directors' report.

Yours sincerely



E R De Santi
Deputy Auditor-General
Delegate of the Auditor-General



Tasmanian
Audit Office

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

To the Members of Tasracing Pty Ltd

Financial Report for the Year Ended 30 June 2014

Report on the Financial Report

I have audited the accompanying financial report of Tasracing Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2014, the statements of comprehensive income, changes in equity and cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Auditor's Opinion

In my opinion:

- (a) the Company's financial report is in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of its financial position as at 30 June 2014 and its financial performance for the year ended on that date, and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.



Tasmanian
Audit Office

The Responsibility of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the Directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report 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 report is free of material misstatement.

INDEPENDENT AUDITOR'S REPORT

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

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 date as this audit opinion and is included in the Directors' report.

Tasmanian Audit Office

E R De Santi
Deputy Auditor-General
Delegate of the Auditor-General

HOBART
13 August 2014



Tasmanian
Audit Office



ANNUAL REPORT 2014
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