

# ANNUAL REPORT

2017-18



THE WESTERN AUSTRALIAN TURF CLUB WAS CONSTITUTED BY AN ACT OF THE WESTERN AUSTRALIAN PARLIAMENT IN 1892.

## BOARD

### Chair

C W Brown

### Vice Chair

P Sullivan

J V Yovich  
P M Gangemi  
R Lukatelich  
B Barnes  
G Chalkley  
C Wharton

(Board current as at 20 September 2018)

## EXECUTIVE

### Managing Director

J V Yovich

### Chief Financial Officer

Y Tahoune

### General Manager Hospitality & Operations

A Favazzo

### Commercial & Marketing General Manager

L Ardagh

### Racing & Wagering Manager

M Worwood

### People & Culture Manager

J Rowe

### Racecourse Manager

C Nation

## BUSINESS

1. To confirm the minutes of the Annual General Meeting of Monday, 23 October 2017. Minutes of the meeting will be available at the AGM, or earlier by request.
2. To receive and consider the Financial Statements and the reports of the Board and Auditor in respect of the year ended 31 July 2018.
3. To declare the election of three members of the Board in accordance with By-law 10.
4. General Business

By Order of the Board

Prof John V Yovich AM  
**Managing Director**  
22 October 2018

## CORRESPONDENCE SHOULD BE ADDRESSED TO THE WESTERN AUSTRALIAN TURF CLUB

PO Box 222, Belmont WA 6984  
Telephone: (08) 9277 0777  
Facsimile Administration: (08) 9277 0740

Website: [www.perthracing.com.au](http://www.perthracing.com.au)  
Email: [perthracing@perthracing.com.au](mailto:perthracing@perthracing.com.au)  
Address: 70 Grandstand Road, Ascot WA 6104

Perth Racing is a registered business name of the Western Australian Turf Club ABN 82 227 231 356

# Contents

Chair's Report	4
Managing Director's Report	6
Perth Racing Statistics	
• Five-Year Statistical Summary	12
• Feature Race Winners	14
• Champions of the Year	15
Financial Statements	
• Independent Auditor's Report	17
• Board's Declaration	19



## Board of Directors

### FROM LEFT TO RIGHT

John Yovich, Trevor Nisbett (resigned 27/6/18), Matt Birney (resigned 16/8/18), Neil Pinner (resigned 27/6/18), Peter Gangemi, Paula Sullivan, Rod Lukatelich, Colin Brown.

### DIRECTORS' MEETING ATTENDANCE

N J Pinner	11	P Sullivan	13
P M Gangemi	13	M J Birney	12
J V Yovich	13	T J Nisbett	11
C W Brown	13	R Lukatelich	13



*As Chair of the Board of Perth Racing it is my pleasure to report to members on the activities and achievements of Perth Racing in the 2017-18 season.*

**Colin Brown**

# Chair's Report

It is my pleasure to report to Members on the results of the Club in the 2017-2018 period, a time in which many achievements were realised.

Most pleasing is the 2017-18 financial results for the Club, which have been sometime in the making, but show that we can operate the Club in a way that produces a profit before depreciation, even at a time when there are a number of challenges facing the Club and the industry. My full congratulations to the Managing Director (John Yovich) and his Executive Team who, along with my fellow Board members, have worked hard and made some difficult decisions over the year to deliver this result.

Certainly, a significant contributor to the year's financial success has been the growing success of the Ascot Racing Carnival, including the TABtouch Masters which has gone from strength to strength.

In 2017-18 Perth Racing received a \$200k sponsorship investment from Tourism WA. The State Government's recognition of Perth Racing's leadership in creating the opportunity for interstate involvement was encouraging and in 2017-18 the interstate visitation for The Masters grew. In WA, where tourism is a major growth industry, it is great that the Club is playing a significant role in the State's future.

In 2017-18 the Board spent considerable time finalising the Board Governance review which began in 2016. This process included forming the Governance Review Committee which undertook a full revision of the current Club By-Laws, a review and update of the Board Code of Conduct, and, a review and revision of Board Governance policies and procedures. The Board's focus will continue to be on best practice Governance to ensure the Club's sustainability and relevance into the future.

Of course a major issue for the Board this year has been the development of Belmont Park Racecourse. Over many years the opportunity to advance Belmont has been reliant on the approval of development applications, funding proposals and often the progress of Golden River Developments (WA) Pty Ltd (GRDWA), who are the owners of the land surrounding Belmont Park Racecourse.

With limited funding available to Perth Racing, the ability to rebuild the Belmont Park Racecourse Grandstand is challenged. The Board has been working through a number of scenarios to ensure that we remain sustainable, while we seek solutions to a Belmont Park Racecourse facility that will provide the best outcome for Members.

As you can appreciate, in the context of decisions that have to be made by a number of commercial partners, the declining state of the Belmont Park infrastructure and the State's slower economy, a solution to sustaining and funding the Belmont Park redevelopment is not straightforward. I would like to thank my fellow Board Directors for their commitment and focus in putting our Club first and reflecting the views of Members in making these tough decisions.

Over the coming months as GRDWA advance their development, we will continue to update Members on options and changes at Belmont.

Finally, on behalf of the Board, Executives and Members, I would like to extend a sincere thank you to outgoing Board Directors; namely the former Chair, Neil Pinner, and the two foundation Appointed Directors, Trevor Nisbett and Matt Birney. They each contributed to the Club with passion and enthusiasm, for which we are very grateful.

Colin Brown  
Chair of Perth Racing



# Managing Director's Report

*The past year has been a significant turnaround in the Club's performance.*

**John Yovich**



Perth Racing has had a successful year following the extensive operational review undertaken in the second half of 2017. I am pleased to report that the Club has achieved EBITDA (earnings before interest, tax, depreciation and amortisation) profit for the first time since 2013. EBITDA was \$1.1 million profit, up by \$2.6 million on 2017, with an increase in revenue of \$4 million (6%). Stabilisation of the financial position has been a priority whilst assessing long term strategic options for the Club.

These results have been achieved in an environment of a broader trend

of decline in race day attendances nationally, as well as a sustained decline in the oncourse wagering from the increased shift to mobile wagering. The improvement in the performance has largely been driven by strategic initiatives implemented by the Executive Team, in particular, cost savings and the development of competitive high margin products.

Food and beverage net profit has improved by 42% on last year. This has been achieved by reviewing all product offerings, as well as focusing on fixed infrastructure products when selling events. Sales

of hospitality packages increased by 8% year on year for The Masters Carnival. Pleasingly, feedback from customers on race day has improved year on year with nett promoter score (NPS) rising from +27 NPS in 2016 to +30 NPS in 2017. Profit from other non-racing events has increased by 4% year on year, which has been achieved by securing events such as the 96fm concert and Seasons concert, as well as the Belmont Parking operation. We continue to outsource security staff to events all across WA. From concerts to regional race day events, we have generated alternative revenue streams for the Club.





# Managing Director's Report cont'd

Development options for Belmont Park remain as a significant decision for the Club. In the past year Golden River Developments (WA) Pty Ltd (GRDWA) have progressed its development approvals with the Town of Victoria Park. Perth Racing has been working through the impacts of GRDWA commencing roadworks and construction on the land it purchased. It is anticipated that GRDWA will proceed with demolition of the existing horse stalls and earthworks in the Members' and float car parks at the end of the 2018 Belmont Racing Season. Accordingly, construction of new horse stalls, jockey and stewards' facilities and float parking will be undertaken at the western end of the existing grandstand. Racing and Wagering Western Australia (RWWA) have engaged GHD Advisory to undertake a review of future asset planning for thoroughbred training and racing. This includes reviewing the plans for the redevelopment of Belmont Park. The outcome of this review will inform decisions RWWA will make in allocating funding to Belmont Park and other infrastructure projects supporting thoroughbred racing.

Perth Racing has invested \$2 million in infrastructure upgrades at Ascot including installing decking around the Pavilion Bar and Sky Villa; upgrading the main electrical switchboard and installing a new lift. New shade has been installed through public areas, the mounting yard expanded and LED lighting has been installed throughout the course. RWWA has contributed funding towards these projects

and has recently committed to funding a new big screen at Ascot, which should be installed by early 2019. Old and failing track maintenance equipment has been replaced including new tractors and mowers.

As discussed in last year's annual report, the challenges facing the Australian wagering landscape continue for all thoroughbred racing clubs due to the rise of off-course corporate bookmakers and on-course punters not only migrating from tote products to fixed odds bets, but also using mobile devices to place their wagers. Perth Racing made significant improvements in the wagering part of its business over the last year. Wagering operations revenue increased by more than \$276,000 on last year, a rise of more than 7%. So while Perth Racing's on-course totaliser sales declined yet again last season, the increases in on-course fixed odds wagering, attribution of geospatially identified on-course mobile wagering to the Club, and trailing commissions associated with Club-affiliated accounts, meant wagering operations revenue went up for the second consecutive season and significantly more than last season.

The 2017 TABtouch Masters Carnival was highly successful. Perth Racing's Equine All Stars Incentive Scheme, the like of which no other Australian thoroughbred racing club operates, resulted in a record number of interstate and international runners in not only the James Boag's Premium-Railway Stakes but also the



## Managing Director's Report cont'd

Club's three Group One races overall. Crucial to the health and development of the overarching Ascot Racing Carnival is the participation of visiting gallopers in the non-Group One races and it was pleasing to see that number grow for the second season in a row. The Equine All Stars Incentive Scheme, which receives generous financial support from the Government of Western Australia through Tourism WA, has earned praise from the likes of David Hayes, Chris Waller and Darren Weir and the Club expects them and other leading trainers to once again bring horses to compete in the 2018 TABtouch Masters races.

Perth Racing conducted its second Good Friday race meeting with nearly 10,000 people attending. The TABtouch Masters and Good Friday racing are two history-making initiatives that Perth Racing has introduced in recent seasons and the Club is working with other thoroughbred racing stakeholders to bring more new ideas to life.

Through the People and Culture Department, Perth Racing continued to provide human resource, work health and safety leadership and expertise that promotes excellence and builds on our core values. During the year the Department introduced a number of initiatives to support and engage employees, while helping Perth Racing achieve its strategic vision, and goals.

With a continued focus to identify ways to leverage and develop technology as a means to cut costs and improve internal efficiencies, an employee user friendly interface was implemented as part of the Perth Racing time and attendance

platform. This has streamlined and automated operations while providing greater visibility and mobile access for management and employees around rostering, timesheets and employee availability.

The Department's work on health and safety outcomes continue to show good progress with the introduction of a number of initiatives. A new injury management process has been implemented to enable early return to work and reduce the likelihood of matters progressing to claims for workers' compensation. Staff "Safety Champions" across the business units who are passionate about safety now take an active role on safety committees and lead by example among their peers. Monthly safety toolbox meetings are held to explore and educate on the risks of specific and relevant health and safety issues and have employees think about ways to deal with them. We undertook a complete review of our fire and evacuation procedures and coordinated staff training and appointment of fire wardens and first aiders.

The past year has been a significant turnaround in the Club's performance. I commend the Executive Team and the staff for their commitment and unwavering enthusiasm in achieving positive outcomes for Perth Racing.



**Professor John Yovich AM**  
Managing Director





# Perth Racing Statistics

## Five-Year Statistical Summary

	2014	2015	2016	2017	2018
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>On-course totaliser sales</b>	\$31,636	\$30,120	\$22,924	\$20,163	\$19,086
<b>RWWA Net distribution</b>	\$37,313	\$40,231	\$41,729	\$40,566	\$44,491
<b>Stakes &amp; subsidies</b>	\$38,277	\$41,216	\$42,708	\$41,685	\$45,440
<b>Operating Revenue</b>	\$69,035	\$70,460	\$71,787	\$69,802	\$74,904
<b>Operating Expenditure</b>	\$71,248	\$74,449	\$78,564	\$75,647	\$77,650
<b>Operating profit/(loss)</b>	(\$2,213)	(\$3,989)	(\$6,777)	(\$5,845)	(\$2,746)



## Five-Year Statistical Summary continued



# Statistics *cont'd*

## Feature Race Winners

GROUP ONE		
James Boag's Premium-Railway Stakes	\$1,000,000	Great Shot
Crown Perth-Winterbottom Stakes	\$1,000,000	Viddora
Magic Millions-Kingston Town Classic	\$1,000,000	Pounamu
GROUP TWO		
WAROA-Lee Steere Stakes	\$250,000	Silverstream
Sky Racing-WA Guineas	\$500,000	Perfect Jewel
Ted van Heemst Stakes	\$400,000	Pounamu
TABtouch-Perth Cup	\$500,000	Material Man
Amelia Park-Karrakatta Plate	\$500,000	Valour Road
Schweppes-WATC Derby	\$400,000	Action
GROUP THREE		
Crown Perth-Northerly Stakes	\$150,000	Silverstream
Asian Beau Stakes	\$150,000	Pounamu
Prince Of Wales Stakes	\$150,000	Dainty Tess
David Grays Aglink-WA Champion Fillies Stakes	\$200,000	Art Series
Breast Cancer Care WA-Colonel Reeves Stakes	\$150,000	State Solicitor
RJ Peters Stakes	\$150,000	Properantes
Seacorp-AJ Scahill Stakes	\$250,000	Silverstream
La Trice Classic	\$150,000	I'm Feeling Lucky
Montague Partners-Gimcrack Stakes	\$150,000	Agent Pippa
Kirin Megumi-WA Oaks	\$250,000	Special Alert
WA Sires' Produce Stakes	\$200,000	Lordhelpmerun
D'Orsogna-Roma Cup	\$150,000	Rock Magic
Belmont Sprint	\$150,000	Material Man
Hyperion Stakes	\$150,000	Material Man
Strickland Stakes	\$150,000	Material Man

# Statistics *cont'd*

## Champions of the Year

**The Gate Bar & Bistro leading rider**

William Pike

**WA Bookmakers Association leading apprentice**

Tayla Stone

**Inglis Insurance Brokers leading trainer**

Adam Durrant



# Financial Statements



Central Park, Level 43  
152-158 St Georges Terrace  
Perth WA 6000

Correspondence to:  
PO Box 7757  
Cloisters Square  
Perth WA 6850

T +61 8 9480 2000  
F +61 8 9480 2050  
E [info.wa@au.gt.com](mailto:info.wa@au.gt.com)  
W [www.granthornton.com.au](http://www.granthornton.com.au)

## Independent Auditor's Report to the Board of The Western Australian Turf Club

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of The Western Australian Turf Club (the 'Club'), which comprises the statement of financial position as at 31 July 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and comprising notes to the financial statements, including a summary of significant accounting policies and the Board's declaration of the consolidated entity comprising the Club and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion, the accompanying financial report of The Western Australian Turf Club:

- a presents fairly, in all material respects, the entity's financial position as at 31 July 2018 and of its performance and cash flows for the year then ended; and
- b complies with Australian Accounting Standards – Reduced Disclosure Requirements and the requirements of the Club's Constitution.

#### Basis for Opinion

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

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

#### Information Other than the Financial Report and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Club's annual report for the year ended 31 July 2018, but does not include the financial report and our auditor's report thereon.

Grant Thornton Audit Pty Ltd ACN 130 913 594  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation.



Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the Board for the Financial Report**

The Board of the Club is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the requirements of the Club’s Constitution. This responsibility includes such internal controls as management determines is necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Club’s financial reporting process.

#### **Auditor’s Responsibilities for the Audit of the Financial Report**

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor’s report.

A stylized, handwritten signature in black ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A handwritten signature in black ink, appearing to be "M J Hillgrove".

M J Hillgrove  
Partner - Audit & Assurance

Perth, 20 September 2018

The Western Australian Turf Club  
ABN 82 227 231 356

## Board's declaration

The Board declares that:

1. The financial statements and notes, as set out on pages 20 to 37, are in accordance with the Constitution, comply with Accounting Standards as described in Note 1, and give a true and fair view of the financial position as at 31 July 2018 and of the performance for the year ended on that date;
2. In the Board's opinion there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

For and on behalf of the Board.

A handwritten signature in black ink, appearing to be the initials 'CB' with a stylized flourish.

**Colin Brown**  
Chairman

Dated this 20th September 2018

## Statement of comprehensive income

For the year ended 31 July 2018

		CONSOLIDATED	
	Note	2018 \$	2017 \$
<b>REVENUE</b>			
Revenue	2	74,903,827	69,802,021
Other Income	2	1,356,550	2,388,838
<b>Total Revenue</b>		<b>76,260,377</b>	<b>72,190,859</b>
<b>EXPENDITURE</b>			
Stakes & Subsidies		45,440,111	41,685,411
Race Meeting Expenses		7,263,548	7,063,197
Food & Beverage		7,894,827	7,847,167
Racecourse Maintenance		5,896,979	5,904,733
Administration		5,537,710	6,445,245
Marketing		2,516,521	3,811,708
Loss on disposal/write off assets		18,953	-
Finance Costs		78,555	77,683
Depreciation		3,002,435	2,812,327
Reorganisation Costs		65,684	288,566
<b>Total Expenditure</b>		<b>77,715,323</b>	<b>75,936,037</b>
<b>LOSS FOR THE YEAR</b>		<b>(1,454,946)</b>	<b>(3,745,178)</b>
Other Comprehensive Income for the year		-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>(1,454,946)</b>	<b>(3,745,178)</b>

The Western Australian Turf Club  
ABN 82 227 231 356

## Statement of financial position

As at 31 July 2018

		CONSOLIDATED	
	Note	2018 \$	2017 \$
<b>Current assets</b>			
Cash and cash equivalents	4	20,054,820	20,060,874
Trade and other receivables	5	2,028,232	3,026,891
Inventories	6	389,633	392,317
Other current assets	7	547,493	102,576
<b>Total current assets</b>		<b>23,020,178</b>	<b>23,582,658</b>
<b>Non-current assets</b>			
Development work in progress	8	4,471,882	4,039,194
Property, plant and equipment	9	23,977,764	25,441,365
<b>Total non-current assets</b>		<b>28,449,646</b>	<b>29,480,559</b>
<b>Total assets</b>		<b>51,469,824</b>	<b>53,063,217</b>
<b>Current liabilities</b>			
Trade and other payables	10	3,185,213	2,804,830
Deferred revenue	11	1,313,228	1,589,281
Provisions	12	1,053,808	1,079,517
<b>Total current liabilities</b>		<b>5,552,249</b>	<b>5,473,628</b>
<b>Non-current liabilities</b>			
Provisions	12	118,798	85,866
Deferred revenue	11	750,000	1,000,000
<b>Total non-current liabilities</b>		<b>868,798</b>	<b>1,085,866</b>
<b>Total liabilities</b>		<b>6,421,047</b>	<b>6,559,494</b>
<b>NET ASSETS</b>		<b>45,048,777</b>	<b>46,503,723</b>
<b>Equity</b>			
Reserves	13	6,454,500	6,454,500
Retained earnings		38,594,277	40,049,223
<b>TOTAL EQUITY</b>		<b>45,048,777</b>	<b>46,503,723</b>

These financial statements should be read in conjunction with the accompanying notes.

The Western Australian Turf Club  
ABN 82 227 231 356

## Statement of changes in equity

**For the year ended 31 July 2018**

	CONSOLIDATED			
	Accumulated Funds \$	Capital Expenditure Reserve \$	Asset Revaluation Reserve \$	Total \$
Balance at 31 July 2016	43,794,401	433,000	6,021,500	50,248,901
Total comprehensive loss for the year	(3,745,178)	-	-	(3,745,178)
Sub-total	(3,745,178)	-	-	(3,745,178)
Balance at 31 July 2017	40,049,223	433,000	6,021,500	46,503,723
Total comprehensive loss for the year	(1,454,946)	-	-	(1,454,946)
Sub-total	(1,454,946)	-	-	(1,454,946)
Balance at 31 July 2018	38,594,277	433,000	6,021,500	45,048,777

These financial statements should be read in conjunction with the accompanying notes.

The Western Australian Turf Club  
ABN 82 227 231 356

## Statement of cash flows

For the year ended 31 July 2018

		CONSOLIDATED	
	Note	2018 \$	2017 \$
<b>Cash flows from operating activities</b>			
Receipts from RWWA distribution		48,368,656	41,456,263
Receipts from customers		21,398,391	24,266,126
Payments for stakes & subsidies		(46,174,948)	(39,555,638)
Payments to suppliers and employees		(22,345,465)	(26,787,971)
Interest received		690,358	300,636
Net cash used in operating activities	4a	1,936,992	(320,584)
<b>Cash flows from investing activities</b>			
Proceeds from sale of plant and equipment		909	132,727
Proceeds from insurance claims		47,428	6,612
Belmont Irrigation System		-	(1,763,475)
Belmont Redevelopment		(432,688)	(396,761)
Ascot Refurbishment		(514,515)	(976,883)
Purchase of property, plant and equipment		(1,044,180)	(1,783,602)
Net cash used in investing activities		(1,934,046)	(4,781,382)
<b>Cash flows from financing activities</b>			
Net cash used in financing activities		-	-
Net change in cash and cash equivalents held		(6,054)	(5,101,966)
Cash and cash equivalents at beginning of financial year		20,060,874	25,162,840
Cash and cash equivalents at end of financial year	4	20,054,820	20,060,874

These financial statements should be read in conjunction with the accompanying notes.

# Notes to the financial statements

## For the year ended 31 July 2018

### 1 Statement of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with the requirements of the Constitution of the Club, Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board. A statement of compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) cannot be made due to the Club applying not-for-profit specific requirements contained in the Australian Accounting Standards.

The financial statements were authorised for issue by the Board on 20th September 2018.

#### Basis of preparation

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets and financial instruments for which the fair value basis of accounting has been applied.

### SIGNIFICANT ACCOUNTING POLICIES

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

#### a. **Going Concern Basis**

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

#### b. **Income Tax**

In accordance with the Income Tax Assessment Act, as a non-profit club for the encouragement of animal racing, the Club is exempt from income tax.

#### c. **Inventories**

Inventories are measured at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

#### d. **Development Work in Progress**

Development Work in Progress relates to costs incurred in relation to the Belmont Park developments. Development Work in Progress is valued at cost less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to these developments, and those costs that are attributable to the development activity in general and that can be allocated on a reasonable basis.

The Western Australian Turf Club  
Notes to the financial statements for the year ended 31 July 2018

**e. Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Land is recorded at cost. Buildings, plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition 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

The depreciable amount of all fixed assets including building and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the Club commencing from the time the asset is held ready for use. Leased assets are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the assets.

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

<u>Class of Fixed Asset</u>	<u>Useful Lives</u>
Buildings	10 – 50 years
Plant and equipment	2.5 – 100 years
Tracks	20 – 50 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Comprehensive Income.

When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

**f. Capital Work in Progress**

Capital Work in Progress is recognised at cost when paid. The asset is transferred when the work is completed and depreciation is charged from the date of transfer.

**g. Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the Club are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

The Western Australian Turf Club  
Notes to the financial statements for the year ended 31 July 2018

**h. Financial Instruments**

Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

*Effective interest rate method*

The effective interest rate 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 through the expected life of the financial assets, 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'.

Classification and subsequent measurement

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

*Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment of financial assets

At each reporting date, the Club assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the Statement of Comprehensive Income.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in the financial assets reserve in other comprehensive income.

Financial Guarantees

Where material, financial guarantees are issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118 Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The Western Australian Turf Club  
Notes to the financial statements for the year ended 31 July 2018

**h. Financial instruments (continued)**

The fair value of financial guarantee contracts has been assessed using the probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a 12 month period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised when the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

**i. Impairment**

At the end of each reporting date, the Club reviews the carrying amounts of its tangible and intangible assets to determine whether there is any 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 Club estimates the recoverable amount of the cash-generating unit to which the asset 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.

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 (cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at revalued value, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, 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.

**j. Employee Benefits**

A provision is made for the Club's liability for employee benefits arising from services rendered by employees to balance sheet date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

The Western Australian Turf Club  
Notes to the financial statements for the year ended 31 July 2018

**k. Provisions**

Provisions are recognised when the Club has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of amounts required to settle the obligation at the end of the reporting period.

**l. 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 and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

**m. Revenue**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

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.

All revenue is stated net of the amount of goods and services tax (GST).

**n. Borrowing Costs**

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

All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

**o. Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**p. Deferred Income**

The liability for deferred income is the unutilised amounts of any amounts received (grants, members' dues in advance, etc.) on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions are usually fulfilled within 12 months of receipt of the funds. Where the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date or the conditions will only be satisfied more than 12 months after the reporting date, the liability is discounted and presented as non-current.

**q. Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

The Western Australian Turf Club  
Notes to the financial statements for the year ended 31 July 2018

r. **Critical accounting estimates and judgements**

The Board evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Club. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key estimates - Impairment

The Club assesses impairment at each reporting date by evaluating conditions specific to the Club that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. No impairment of property, plant and equipment was recognised for the year ended 31st July 2018 (2017: Nil).

Key judgements

Management judgement is applied in determining the following key assumptions used at balance date:

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Long Service Leave

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

New and revised standards that are effective for these financial statements

A number of new and revised standards became effective for annual periods beginning on or after 1 July 2017. Information on the more significant standard(s) is presented below.

- ✓ AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure initiative: Amendments to AASB 107*
- ✓ AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15*
- ✓ AASB 2017-2 *Amendments to Australian Accounting Standards – Further Annual Improvements to Australian Accounting Standards 2012–2016 Cycle*
- ✓ AASB 2016-7 *Amendments to Australian Accounting Standards – Deferral of AAS 15 for Not-for-Profit Entities (until January 2019)*

The adoption of the amendments has not had a material impact on the Group.

The Group has reviewed the new and revised standards issued during the period which are not yet effective and has determined that there are no material impacts on the accounts.

Standards and Interpretations with an effective date post 30 June 2018

- ✓ AASB 15 *Revenue from Contracts with Customers*- applicable to financial year ending 31 July 2019: Replaces AASB 118 Revenue, AASB 111 *Construction Contracts* and some revenue-related Interpretations:
  - Establishes a new revenue recognition model
  - Changes the basis for deciding whether revenue is to be recognised over time or at a point in time

The Club has undertaken preliminary assessment of the impact of AASB 15 and has determined that when this standard is first adopted for the year ending 31 July 2019, there will be no material impact on the transactions and balances recognised in the financial statements.

The Western Australian Turf Club  
Notes to the financial statements for the year ended 31 July 2018

- ✓ AASB 16 *Leases*- applicable to financial year ending 31 July 2019: Replaces AASB 117 and some lease related Interpretations:
  - Requires all leases to be accounted for 'on-balance sheet' by leases, other than short-term and low value asset leases
  - Largely retains the existing lessor accounting requirements in AASB 117
  - Provides new guidance on the application of the definition of lease and on sale and lease back accounting

The Club has undertaken preliminary assessment of the impact of AASB 16 and has determined that when this standard is first adopted for the year ending 31 July 2019, there will be no material impact on the transactions and balances recognised in the financial statements.

**s. Basis of consolidation**

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 31 July 2018. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 31 July.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Western Australian Turf Club  
Notes to the financial statements for the year ended 31 July 2018

## 2 Revenue

	Note	2018 \$	2017 \$
<b>Operating activities</b>			
Racing & Wagering Western Australia Distribution		50,680,017	46,538,645
Sponsorships		2,268,566	1,816,632
Wagering Operations		4,195,551	3,918,969
Admissions		840,426	981,479
Membership		1,016,469	1,020,648
Nominations & Acceptances		948,960	1,030,150
Food & Beverage Sales		9,610,440	9,059,436
Vision Export Income & Broadcast Rights		2,899,424	2,713,593
Other Revenue		1,838,932	2,181,514
Outsourced Security Income		374,907	303,138
Training		230,135	237,817
<b>Total Revenue</b>		<b>74,903,827</b>	<b>69,802,021</b>
<b>Non-operating activities</b>			
Profit/(Loss) on Disposal of Assets		-	96,286
Interest Income	2(a)	440,986	556,468
Other		915,564	1,736,084
<b>Other Income</b>		<b>1,356,550</b>	<b>2,388,838</b>
<b>a. Interest revenue from</b>			
- bank deposits		440,986	556,468
<b>Total interest revenue</b>		<b>440,986</b>	<b>556,468</b>

## 3 Key Management Personnel Compensation

The key management personnel compensation relates to all Executive staff. The compensation included within employee expenses is:

	Short-term benefits \$	Termination benefits \$	Post- employment benefits \$	Other long- term benefits \$	Total \$
2017					
Total compensation	1,398,040	275,029	-	-	1,673,069
2018					
Total compensation	1,241,295	74,309	-	-	1,315,604

The Western Australian Turf Club  
Notes to the financial statements for the year ended 31 July 2018

#### 4 Cash and Cash Equivalents

##### a) Cash and cash equivalents

	2018 \$	2017 \$
Cash at bank and in hand	19,506,167	19,419,275
Cash held on racecourse	548,653	641,599
	20,054,820	20,060,874

##### b) Reconciliation of cash flows from/(used in) operating activities

	2018 \$	2017 \$
Loss for the period	(1,454,946)	(3,745,178)
<i>Adjustments to reconcile the loss to net cash flows:</i>		
Depreciation	3,002,435	2,812,327
Loss/(gain) on sale of property, plant and equipment	18,953	(96,286)
Proceeds from insurance claims	(47,428)	(6,612)
<i>Working capital adjustments:</i>		
Decrease/ (increase) in trade and other receivables	998,657	(900,798)
(Increase)/ Decrease in other current assets	(444,916)	(27,368)
Decrease/ (increase) in inventories	2,684	118,300
Increase/ (decrease) in trade and other payables	380,383	141,748
Increase/ (decrease) in provisions	7,223	(32,608)
Increase/ (decrease) in deferred revenue	(526,053)	1,415,891
Net cash used in operating activities	1,936,992	(320,584)

#### 5 Trade and Other Receivables

	Note	2018 \$	2017 \$
<b>Current</b>			
Trade receivables		596,831	467,559
Allowance for impairment of receivables	5a	(45,523)	(43,492)
		551,308	424,067
Other receivables		1,476,924	2,602,824
Total current trade and other receivables		2,028,232	3,026,891

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

##### a. Allowance for impairment of receivables

Current trade and term receivables are non-interest bearing loans and generally on 30-day terms. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. These amounts have been included in the other expenses item.

Movement in the allowance for impairment of receivables is as follows:

	2018 \$	2017 \$
Balance at 31 July 2017	(43,492)	(81,597)
Provision for impairment recognised in the year	(44,210)	-
Reversal of Provision	42,179	29,235
Receivables written off as uncollectible	-	8,870
Balance at 31 July 2018	(45,523)	(43,492)

The Western Australian Turf Club  
Notes to the financial statements for the year ended 31 July 2018

## 6 Inventories

	2018 \$	2017 \$
<b>Current</b>		
At cost		
- Food	44,216	44,837
- Beverage	345,417	347,480
	<u>389,633</u>	<u>392,317</u>

## 7 Other Assets

	2018 \$	2017 \$
<b>Current</b>		
Prepayments	547,493	102,576
	<u>547,493</u>	<u>102,576</u>

## 8 Development Work in Progress

	2018 \$	2017 \$
Balance at 31 July 2017	4,039,194	3,642,433
Additions	432,688	396,761
Balance at 31 July 2018	<u>4,471,882</u>	<u>4,039,194</u>

Development work in progress relates to expenditure in respect to Belmont Park development.

The Western Australian Turf Club  
Notes to the financial statements for the year ended 31 July 2018

## 9 Property, Plant and Equipment

	2018 \$	2017 \$
<b>Land</b>		
Freehold land at cost	99,865	99,865
Total Land (i)	99,865	99,865
<b>Tracks and Landscaping</b>		
Tracks and landscaping at cost	10,346,305	10,347,690
Accumulated depreciation	(4,977,475)	(4,379,622)
Total Tracks and Landscaping	5,368,830	5,968,068
<b>Buildings</b>		
Buildings at cost	27,530,549	27,322,115
Accumulated depreciation	(17,890,385)	(16,740,194)
Total Buildings	9,640,164	10,581,921
<b>Plant and Equipment</b>		
Plant and equipment at cost	24,331,031	31,402,053
Accumulated depreciation	(16,649,758)	(23,123,195)
Total Plant and Equipment	7,681,273	8,278,858
<b>Capital Works in Progress</b>		
At cost	1,187,632	512,653
Total Capital Works in Progress	1,187,632	512,653
<b>Total Property, Plant and Equipment</b>	<b>23,977,764</b>	<b>25,441,365</b>

  

	Land at Cost \$	Tracks & Landscaping at Cost \$	Buildings at Cost \$	Plant & Equipment at Cost \$	Capital WIP at Cost \$	TOTAL \$
Balance at 31 July 2017	99,865	5,968,068	10,581,921	8,278,858	512,653	25,441,365
Additions	-	-	-	-	1,558,696	1,558,696
Transfers	-	-	216,468	667,249	(883,717)	-
Disposals	-	-	(3,277)	(16,585)	-	(19,862)
Depreciation expense	-	(599,238)	(1,154,948)	(1,248,249)	-	(3,002,435)
Carrying amount at 31 July 2018	99,865	5,368,830	9,640,164	7,681,273	1,187,632	23,977,764

(i) Summary of Land held by the Western Australian Turf Club

Lot	Deposited Plan	Address	Area
9002*	60342	71 Grandstand Road, Ascot	51.2241 hectares
9101	73845	1 Graham Farmer Freeway, Burswood	28.7688 hectares
7705*	209359	71 Mathieson Road, Ascot	4.3262 hectares
9103	73845	1 Graham Farmer Freeway, Burswood	2.8133 hectares
100	60341	1 Raconteur Drive, Ascot	2.5725 hectares
452	60339	70 Grandstand Road, Ascot	1.1441 hectares
13	26760	71 Grandstand Road, Ascot	0.9131 hectares
51	15104	2 Raconteur Drive, Ascot	0.6939 hectares
50*	5729	71 Mathieson Road, Ascot	0.3516 hectares
3	55346	96 Grandstand Road, Ascot	0.0950 hectares
23	2198	2 Carbine Street, Ascot	0.0927 hectares

\*Originally crown lease but subsequently granted freehold title upon trust to be held solely for the Club's purposes. This property cannot be disposed of without consent from the Minister of Lands.

The Western Australian Turf Club  
Notes to the financial statements for the year ended 31 July 2018

## 10 Trade and Other Payables

	2018 \$	2017 \$
<b>Current</b>		
Trade payables	566,410	442,785
Sundry payables and accrued expenses	1,316,204	1,297,685
Holding costs of leased land- Belmont	1,178,704	910,789
Other creditors	123,895	153,571
	3,185,213	2,804,830

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

## 11 Deferred Revenue

	2018 \$	2017 \$
<b>Current</b>		
Membership fees received in advance (i)	362,063	509,190
Function booking deposits received in advance (ii)	290,081	367,054
RWWA distribution received in advance (iii)	400,833	435,942
Prepaid voucher income received in advance (iv)	10,251	10,959
Broadcast right fee (v)	250,000	250,000
RWWA grants received in advance (vi)	-	16,136
	1,313,228	1,589,281
<b>Non-current</b>		
Broadcast right fee (vi)	750,000	1,000,000
	750,000	1,000,000

- (i) The deferred revenue arises from members paying subscriptions for the 2017/18 membership year in advance.  
(ii) The deferred revenue arises from customers paying deposits for functions to be held in the 2017/18 financial year.  
(iii) The deferred revenue arises from RWWA paying the race meeting fee for August 2017 in advance.  
(iv) The deferred revenue arises from payment received for prepaid vouchers.  
(v) The deferred revenue arises from the remaining portion of the \$1.5m sign on fee from Tabcorp relating to the racing vision contract.  
(vi) The deferred revenue arises from a grant received from RWWA relating to OSH initiative costs that have not yet been incurred.

## 12 Provisions

	2018 \$	2017 \$
<b>Current</b>		
Annual leave	525,847	567,970
Long service leave	527,961	511,547
	1,053,808	1,079,517
<b>Non-current</b>		
Long service leave	118,798	85,866
	118,798	85,866

The current portion of these liabilities represents the Club's obligations to which the employee has a current legal entitlement. These liabilities arise mainly from accrued annual leave entitlement at reporting date.

A provision has been recognised for employee entitlements relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been included in Note 1(j).

### 13 Reserves

**a. Capital Expenditure Reserve**

The Capital Expenditure Reserve relates to prior year profits retained for essential capital works and had a balance of \$433,000 at 31 July 2018 and 2017.

**b. Asset Revaluation Reserve**

The Asset Revaluation Reserve arose following the introduction of IFRS. When a revalued asset is sold, that portion of the asset revaluation reserve that relates to that asset, and is effectively realised, is transferred to retained profits and the asset is then stated at deemed cost. The balance of the Asset Revaluation Reserve is \$6,021,500 as at 31 July 2018 and 2017.

### 14 Contingent Assets

There are no contingent assets as at the reporting date.

### 15 Related Party Transactions

There were no related party transactions during the financial ended 31 July 2018 other than the compensation paid to Key Management Personnel as disclosed in Note 3.

### 16 Financial Instrument Risk Management

Management controls the capital of the Club to ensure that adequate cash flows are generated to fund its program. The Board and management ensure that the overall risk management strategy is in line with this objective.

The principal categories of financial instrument used by the Club are:

- Trade receivables
- Cash at bank
- Bank overdraft
- Trade and other payables

None of the Club's financial assets are secured by collateral or other credit enhancements.

Management effectively manages the Club's capital by assessing the Club's financial risk and responding to changes in these risks and in the market. There have been no changes to the strategy adopted by management to control capital of the Club since the previous year.

#### Fair Value Measurement

The carrying values of financial assets and financial liabilities approximate their fair values at the balance sheet date.

The Western Australian Turf Club  
Notes to the financial statements for the year ended 31 July 2018

## 17 Interests in Subsidiaries

Composition of the Group:

Name of the Subsidiary	Country of incorporation and principal place of business	Principal activity	Group proportion of ownership interests	
			30 June 2018	30 June 2017
WATC (MV) Pty Ltd	Australia 70 Grandstand Road Ascot	Holder of registered motor vehicles	100%	100%

## 18 Parent Entity Information

Information relating to The Western Australian Turf Club ('the Parent Entity'):

	2018 \$	2017 \$
<b>Statement of financial position</b>		
Current assets	23,020,178	23,582,658
Total assets	51,399,425	52,951,649
Current liabilities	5,481,460	5,361,670
Total liabilities	6,350,258	6,447,536
Net assets	45,049,167	46,504,112
Retained earnings	38,594,667	40,049,612
Reserves	6,454,500	6,454,500
Total equity	45,049,167	46,504,112
<b>Statement of profit or loss and other comprehensive income</b>		
Profit / (Loss) for the year	(1,454,946)	(3,744,983)
Other comprehensive income	-	-
Total comprehensive income	(1,454,946)	(3,744,983)

The Parent Entity has not entered into a Deed of Cross Guarantee nor are there any contingent liabilities at the year end.

## 19 Contingent liabilities

The Club is currently in a negotiation with a third party with regards to the owed holding costs incurred for the land leased by the Club at Belmont. As at the reporting date the Club has recognised an obligation of \$1,178,704, which represents the total holding costs liability as calculated pursuant to the agreed contractual terms and the delays in the development of Belmont land. Based on respective legal advice, the management is of the opinion that the outcome of the disputed holding costs claim will have no effect on the financial position of the Club beyond the existing liability for pending holding costs (Refer to note 10). Consequently, no provision for the remaining disputed amount was made in 2018 financial statements.

## 20 Events After the Balance Sheet Date

Mr Matthew Birney, appointed Director, resigned on 17 August 2018.

Other than the above, no adjusting or significant post balance date events have occurred since reporting date.

# Our Sponsors



# Official Major Partners



# Official Partners





**PERTH RACING**

[www.perthracing.com.au](http://www.perthracing.com.au)