



Independent auditor's report to the Committee of the Melbourne Racing Club

Report on the Community Benefit Statement

We have audited the accompanying Community Benefit Statement ("the Statement") of the Melbourne Racing Club ("the Club") in respect of the Sandown Racecourse - Highways Tabaret which comprises the Statement for the year ended 30 June 2012 and a summary of significant accounting policies (as stamped by us for identification purposes).

The responsibility of the Committee of the Club for the Community Benefit Statement

The Committee of the Club is responsible for the preparation of the Statement that presents fairly in accordance with the accounting policies described in Note 1 to the Statement. This includes determining that the basis of preparation is appropriate to meet the requirements of Section 3.6.9 of the Gambling Regulation Act 2003 ("the Act").

The responsibility of the Committee also includes such internal control as they determine is necessary to enable the preparation and fair presentation of the Statement that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Club's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Club's internal control. An audit also includes evaluating the reasonableness of accounting estimates made by the Committee, as well as evaluating the overall presentation of the Statement.

Our audit did not involve an analysis of the prudence of business decisions made by the Committee or management.

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Report on the Community Benefit Statement (continued)

Auditor's responsibility (continued)

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

Auditor's opinion

In our opinion, the Community Benefit Statement of the Melbourne Racing Club in respect of the Sandown Racecourse - Highways Tabaret for the year ended 30 June 2012 presents fairly, in all material respects, in accordance with the accounting policies described in Note 1 to the Statement and the requirements of Section 3.6.9(2)(a) and (b) of the Gambling Regulation Act 2003.

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 1 to the Statement, which describes the basis of preparation for the Community Benefit Statement. The Statement has been prepared to assist the Committee to meet their reporting obligations under the Act. As a result, the Statement may not be suitable for another purpose. Our report is intended solely for the Committee of the Club and the Victorian Commission for Gambling Regulation and should not be distributed to any other parties.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in cursive script that reads 'Paul Lewis'.

Paul Lewis
Partner

26 September 2012

Melbourne Racing Club

Note 1: Statement of Accounting Policies for the Community Benefit Statement

Employment Expenditure

Employment expenditure consists of employment costs directly attributable to the ongoing maintenance of the Club racetrack, as well as those directly incurred in the operation of the gaming venue.

Employment expenditure is recognised on an accruals basis as it is incurred.

Employment expenditure includes all salary related costs, excluding payroll tax, fringe benefits tax and employee benefit provisions such as annual leave and long service leave.

Expenditure

Expenditure consists of costs directly attributable to the ongoing maintenance of the Club racetrack for the use of the Club's primary activity, thoroughbred horse racing (other than employment expenditure as detailed separately above).

Expenditure is recognised on an accruals basis as it is incurred.

Fixed Assets

Fixed asset costs are stated at cost whereby cost includes expenditure that is directly attributable to the acquisition of the asset (excluding assets used for gaming purposes). 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.