



Independent auditor's report

To the Committee of the Melbourne Racing Club

Our opinion

In our opinion the accompanying Community Benefit Statement of the Melbourne Racing Club (the Club) in respect of the Steeples for the year ended 30 June 2017 (the Statement) is prepared, in all material respects, in accordance with the requirements of Section 3.6.9(2)(a) and (b) of the Gambling Regulation Act 2003.

What we have audited

The Statement comprises:

- the income and expenditure for the year ended 30 June 2017
- Note 1 to the Statement, which includes a summary of significant accounting policies.

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 Statement* section of our report.

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

Independence

We are independent of the Melbourne Racing Club 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.

Emphasis of matter - basis of accounting and restriction on distribution and use

We draw attention to Note 1 of the Statement, which describes the basis of accounting. The Statement has been prepared to assist the Committee of the Club to fulfil the requirements of Section 3.6.9(2)(a) and (b) of the Gambling Regulation Act 2003. As a result, the Statement may not be suitable for another purpose. Our report is intended solely for the Committee of the Melbourne Racing Club and the Victorian Commission for Gambling and Liquor Regulation and should not be distributed to or used by parties other than the Committee of the Club and Victorian Commission for Gambling and Liquor Regulation. Our opinion is not modified in respect of this matter.

Responsibilities of management for the Statement

The management of the Club is responsible for the preparation of the Statement in accordance with the requirements of Section 3.6.9(2)(a) and (b) of the Gambling Regulation Act 2003, and for such internal control as the management determines is necessary to enable the preparation of the Statement that is free from material misstatement, whether due to fraud or error.

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In preparing the Statement, the management of the Club is responsible for assessing the ability of the Club to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Statement unless the management either intend to liquidate the Club or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Statement

Our objectives are to obtain reasonable assurance about whether the Statement 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 the Statement.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in red ink that reads 'PricewaterhouseCoopers' in a cursive script.

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

Paul Lewis
Partner

Melbourne
22 September 2017

Melbourne Racing Club

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

This note provides a list of all significant accounting policies adopted in the preparation of the Community Benefit Statement. These policies have been consistently applied from prior periods, unless otherwise stated.

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.

Goods and Services Tax (GST)

Expenses and fixed assets are recognised net of the amount of associated GST.

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