



2010

QUEENSLAND RACING LIMITED

FINANCIAL **STATEMENTS**



QUEENSLAND
RACING

FOREWORD TO THE AUDITED FINANCIAL STATEMENTS

As the 2009/2010 financial year drew to a close racing in Queensland was poised to embark on a historic new era.

On 1 July 2010 the three racing codes of thoroughbreds, harness and greyhounds became one control body organisation, Racing Queensland Limited and this coming together of an amalgamated control body to administer all codes of racing in the state will have far reaching positive consequences for all stakeholders.

Resulting from this merger the Bligh Queensland state government, recognising the racing industry's contribution to the Queensland state economy, has made available \$80M in wagering tax redirection over four years as a contribution toward the upgrade and the sustainability of the racing infrastructure across the three codes.

The efficiencies and synergies available to a single organisation controlling and directing the future of racing are a huge step forward over the previous silo type approach. Prizemoney is close to the hearts of all racing participants and it has always been the board's position that prizemoney should be funded through recurring revenue streams to ensure its regularity and sustainability. The amalgamation of the three codes will allow Racing Queensland Limited far more flexibility in the allocation of prizemoney.

With the merger now complete we can now look forward to a more cohesive racing industry in Queensland and whilst there are many clouds on the horizon a united racing industry is far better positioned to tackle the head winds.

As a result of the wind up of the three former control bodies the full annual reports of the former entities will not be published however the audited financial statements for all codes follow in this publication. Stakeholders wishing to access a full set of accounts may also do so by accessing the Racing Queensland website www.racingqueensland.com.au.

I would like to thank my fellow directors for their commitment and professional contribution to Queensland's racing industry. On behalf of the Board I extend my sincere thanks to all and I look forward to the challenges of continuing to grow and make possible a prosperous future for all racing in Queensland.

Bob Bentley

CHAIRMAN RACING QUEENSLAND LIMITED

Queensland Racing Limited ABN 93 116 735 374

Annual Financial Statements

Year ended 30 June 2010

Queensland Racing Limited ABN 93 116 735 374

Directors' Report

Year ended 30 June 2010

Your directors present their report on the company and the controlled entities for the year ended 30 June 2010.

Directors

The names of the directors in office any time during or since the financial year are:

Name	Experience
Mr Robert Bentley	Chairman - Queensland Racing Limited
Mr Anthony Hanmer	Deputy Chairman – Queensland Racing Limited
Mr Michael Lambert	Board Member – Queensland Racing Limited Resigned 21 December 2009
Mr William Andrews	Board Member – Queensland Racing Limited Resigned 21 December 2009
Mr William Ludwig	Board Member – Queensland Racing Limited
Mr Bradley Ryan	Board Member – Queensland Racing Limited Appointed 21 December 2009
Mr Wayne Milner	Board Member – Queensland Racing Limited Appointed 21 December 2009

Directors have been in office to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of the entity at the end of the financial year:

Ms Shara Murray Company Secretary	Company Secretary and Legal Counsel appointed on 24 October 2005.
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Principal Activities

The principal activity of the consolidated group is to encourage, control, supervise and regulate administration of thoroughbred horse racing in Queensland.

Operating Results

The consolidated comprehensive income of the group for the year after Income Tax and after eliminating non-controlling interests was \$834,000 (2009: \$20,004,000).

Dividends

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made. Under the constitution of the company, the profits of Queensland Racing Limited are to be applied solely towards the promotion of the objects of the Company and no portion of it can be transferred, directly or indirectly, by way of dividend, bonus or otherwise by way of profit to the Members.

Review of Operations

As at the 30 June 2010 the consolidated group paid out all revenue received from Queensland Race Product Co Ltd in accordance with the Product and Program distribution agreement.

The final result was influenced to a significant degree by the accounting for Race Information Fees both paid and received by wagering operators other than UNiTAB. The fees paid to Racing Victoria were increased by \$3.5 million for the period September 2008 to March 2009 following a change to Victorian

Directors' Report

Year ended 30 June 2010

legislation. This backdated charge was not accounted for in the 2009/2010 budget. The accounts reflect only Race Field Fees collected at the rate of 10% of gross revenue from Corporate Bookmakers and Betting Exchanges and the legislated product fees charged to UNiTAB at 39% of gross revenue.

The comparison of the reported result for 2008/2009 of \$20,004,000 surplus was inflated by the accounting for race field fees being charged at 1.5% of turnover. The fees charged and taken to account in the 2008/2009 result were reasonably expected to be collected at the time of preparation of the accounts. The right to collect the fees at 1.5% of turnover was disputed through legal action and subsequently were not received at the expected rate. The race field fee revenue did not materialise and as such impacted the 2009/2010 result.

Significant factors have affected the reported result for the 2009/2010 financial year in comparison to the reported result for 2008/2009 including but not limited to:

- Decrease in the Product and Program Fee of \$2.8M due to a downturn in pari mutuel and fixed odds wagering of almost 2% on prior year and an increase in costs of overseas product fees and an increase in Racing Science Centre Costs of \$0.5M
- Net decrease in Race Information fees of \$3.7M
- No Synthetic track grant revenue in FY 2009/10 and Synthetic Track grant of \$4M accounted for in FY 2008/2009
- Administration costs are up due to legal and consultancy costs associated with TAB Clubs Broadcasting rights negotiations at \$0.67M and directors selection process for Racing Queensland Limited \$0.53M
- Salaries and Wages increased due to certain human resource covenants that needed to be adhered to and due to the restructure of the entity's operations due to the control body accepting responsibility for integrity race day functions previously undertaken by the clubs resulting in additional costs of \$1M
- Non Recurring amalgamation costs of \$0.6M incurred by QRL

The Board of Queensland Racing Limited invested \$18.5M from consolidated reserves on the construction of 256 oncourse stables at Corbould Park (\$12M) and the reconstruction of the Rockhampton grass track (\$6.5M).

An amount of \$5.6M (including interest) was drawn from the grant funds for synthetic track construction at the Toowoomba track, made available by the Queensland Government. The balance of the track and capital development was funded by Queensland Racing Limited with an agreement to be determined in the financial year ending 30 June 2011.

Country Racing Contribution

Section 68M of the *Racing Act 2002* required QRL to pay 7 % of its net UNiTAB Product and Program fee for a year as prizemoney for non-TABQ races conducted by non-TABQ clubs in the year. For the 2009/10 year this amounted to \$5,512,401 of net UNiTAB Product and Program fees after race information charges from Principal Racing Authorities to UNiTAB had been taken into account. QRL, in the 2009/10 year, paid prizemoney of \$8,323,600 which included QTIS payments. This figure excludes additional prizemoney added by clubs. QRL therefore paid in excess \$2,811,199 of its 7% net UNiTAB Product and Program fee obligation.

In addition, funding of \$4,190,355 was provided by QRL for the purpose of supporting Non-TAB racing in accordance with the *Racing Act 2002*. QRL continued its tradition of supporting country racing through the following funding streams.

Directors' Report

Year ended 30 June 2010

Product and Program fee for FY0910	\$ 98,618,440
Race Information fee deducted by UNiTAB excluding accruals	\$ 19,869,858
Net Product & Program fee Paid to QRL for FY0910	\$ 78,748,582
7% of Net UNiTAB Product Fee as Prizemoney Obligation under the Act	\$ 5,512,401
Prizemoney Paid Excluding Value Add prizemoney by the club	\$ 7,593,800
QTIS Paid	\$ 498,200
QTIS 600 Paid	\$ 231,600
Total Prizemoney paid Incl QTIS & Excluding Value Add prizemoney	\$ 8,323,600
Additional prizemoney paid by QRL over and above the 7% under the Act	\$ 2,811,199

QRL continued its tradition of supporting country racing through the following unrecognised funding streams.

TAB prizemoney at Non-TAB clubs	\$ 385,000
Club Administration Payments	\$ 557,000
Jockeys Riding Fees	\$ 1,901,631
Jockey 1% prizemoney – Australian Jockey Association	\$ 83,236
Subsidisation of Jockeys Insurance	\$ 415,374
Sky Channel Costs	\$ 76,097
Wages	\$ 575,340
QCRC	\$ 24,332
Travel and Communications	\$ 99,383
RISA Service Centre Costs	\$ 72,962
Total QRL Paid out in Unrecognised Funding Streams	\$ 4,190,355
Prizemoney Paid Including QTIS & Excluding Value Add prizemoney by the clubs	\$ 8,323,600
Total Contribution to Country Racing	\$ 12,513,955
Less 7% of Net UNiTAB Product Fee as Prizemoney Obligation under the Act	\$ 5,512,401
QRL paid out in Excess of Obligation	\$ 7,001,554

Queensland Community Racing Scheme

Queensland Racing funded during the 2009/10 season, five race meetings conducted under the Queensland Community Racing Scheme (QCRS).

The scheme allows race clubs to access up to \$5,000 per race day for the conduct of race meetings and provides that up to \$2,000 per race be distributed as prizemoney.

Two-day race meetings were conducted by the Oakley Amateur Picnic Race Club and Tower Hill Picnic Race Club. All four race meetings were conducted for trophy only prizes, with 169 starters contesting 28 races.

Sedan Dip Race Club conducted a one-day race meeting with \$2,000 prizemoney offered per race. This meeting attracted 23 starters in 5 races.

In 2009/10, the Queensland Government provided funding of \$2M under the Thoroughbred Code Training Track Subsidy Scheme, which is distributed to race clubs that provide much needed training facilities for the racing industry. The funding is separated into two components.

Directors' Report

Year ended 30 June 2010

The first component, of \$1.2M, is paid directly by the Queensland Government to race clubs in accordance with the quality and extent of the training facilities provided by the individual club. The second component, consisting of \$800,000 is distributed by QRL to race clubs in accordance with a formula that recognises the number of starters produced annually from the race club for the Queensland industry.

Significant Changes in State of Affairs

The Queensland Government passed the Race Information Legislation allowing for charges from 1 September 2008. It is noteworthy that Racing NSW were at the time charging from 1 September, 2008.

Funding for the industry comes principally through a Product and Program agreement entered into by the three racing codes with UNiTAB. The three codes operate together as members of Queensland Race Product Co Limited. Under race information legislation that has or will be implemented by all States and Territories, each Principal Racing Authority (PRA) now charges wagering operators including bookmakers, corporate bookmakers and betting exchanges for the use of their information for the purpose of race wagering and this charge in most cases gets passed back to the relevant PRA's. For example, QRL obtains revenue from UNiTAB under the Product and Program agreement. This revenue is linked to a percentage of gross revenue and is shared between the three racing codes in Queensland in accordance with an inter-code agreement. Under the legislation introduced in other States, UNiTAB is required to pay a fee for the use of interstate racing information with these fees deducted as a first charge off the product fee payable to the Queensland racing industry.

Rockhampton Track - The Board of Queensland Racing Limited invested a further \$6.5 million on the Rockhampton Jockey Club track upgrade project which it converted to equity in a partnership company, Rockhampton Racing Pty Ltd with the Rockhampton Jockey Club. Rockhampton Racing Pty Ltd owns the land, track and buildings and leases the members and public facilities to the Rockhampton Jockey Club and leases the track, training and stables facilities to Queensland Racing Limited.

After Balance Date Events

On 1 July 2010, RQL commenced as the new control body for thoroughbred, harness and greyhound racing:

1. QRL ceased as the control body for thoroughbred racing
2. Queensland Harness Racing Limited ceased as the control body for harness racing, and
3. Greyhounds Queensland Limited ceased as the control body for greyhound racing.

The establishment of one control body for the thoroughbred, harness and greyhound codes of racing is expected to provide a unified commercial focus that will facilitate effective decision making and the development of the Queensland racing industry as a whole. It is an exciting time for racing in Queensland and we will continue to build on the strong history that precedes us in each of the racing codes.

Race Information Legislation – As outlined above, Queensland has enacted race information legislation which allows Queensland Racing Limited to charge wagering operators fees for the use of racing information. Other States of Australia have enacted similar (but not precisely the same) laws. There have been a number of legal challenges to the introduction of these charges throughout Australia and as some critical cases are yet to be resolved, a number of wagering operators have shown a reluctance to pay the required fees. Queensland Racing Limited is actively pursuing all outstanding debtors in this regard and will continue to do so in line with the Race Information Legislation. There are a number of authorisations granted to applicants where the amount of the fee to be imposed is under review. The amount of any additional revenue in respect of those authorisations will depend on the outcomes of the Board's review. The reviews have not been concluded at the date of these financial statements.

Rockhampton Track - The Board of Queensland Racing Limited invested a further \$6.5 million on the Rockhampton Jockey Club track upgrade project which it converted to equity in a partnership company, Rockhampton Racing Pty Ltd with the Rockhampton Jockey Club. Rockhampton Racing Pty Ltd owns the land, track and buildings and leases the members and public facilities to the Rockhampton Jockey Club and leases the track, training and stables facilities to Queensland Racing Limited.

Directors' ReportYear ended 30 June 2010

Indemnifying Officers or Auditors

QRL has paid insurance premiums to insure the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium was \$2,000 for each director.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor of the consolidated group.

Options

No options over issued shares or interests in the company were granted during or since the end of the financial year

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Meetings of Directors

Eleven board meetings were held during the financial year. The board members who attended the meeting are as follows:

Member	Board meetings		Audit Committee meetings	
	No. Held	No. Attended	No. Held	No. Attended
Bob Bentley	11	11	N/A	N/A
Tony Hanmer	11	11	5	5
Michael Lambert	4	4	1	1
Bill Andrews	4	4	N/A	N/A
Bill Ludwig	11	10	N/A	N/A
Brad Ryan	7	7	4	4
Wayne Milner	7	7	N/A	N/A

Proceedings on Behalf of the Company

No person has applied for leave of the Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Auditors Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2010 has been received and can be found on page 7 of the directors' report.

Queensland Racing Limited ABN 93 116 735 374
Directors' Report
Year ended 30 June 2010

Rounding of Amounts

The company is an entity to which ASIC Class Order 98/100 applies and accordingly, amounts in the financial statements and **directors'** report have been rounded to the nearest thousand dollars.

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

Robert Bentley
CHAIRMAN

Brisbane
Dated this 3rd day of November 2010



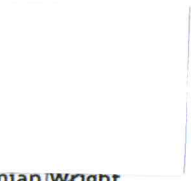
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DECLARATION OF INDEPENDENCE BY DAMIAN WRIGHT TO THE DIRECTORS OF QUEENSLAND RACING LIMITED

To the best of my knowledge and belief, there have been no contraventions of:

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



Damian Wright

Director

BDO Audit QLD) Pty Ltd

Brisbane, 3 November 2010

Queensland Racing Limited ABN 93 116 735 374

Statement of Comprehensive Income

For the year ended 30 June 2010

	Note	2010 \$'000	2009 \$'000
Revenue	14	141,648	157,071
Other income	14	1,017	1,307
Salaries, Wages and Associated Costs		(6,894)	(5,777)
Administration		(5,650)	(4,833)
Race Information Fee Adjustments	14	(3,452)	-
Bad Debts		(119)	(81)
Depreciation		(1,508)	(1,072)
Impairment Loss on Assets		-	(120)
Board Expenses		(345)	(330)
Motor Vehicle and Travel Expenses		(303)	(319)
Product and Program Fee		(21,109)	(28,165)
Prize money & Other Distributions		(83,221)	(82,244)
Racing Expenses		(8,972)	(7,543)
QTIS Prize money		(5,376)	(3,700)
Grant - Training Track Subsidy		(736)	(765)
Auditor's Remuneration	15	(384)	(197)
Marketing Expenditure		(32)	(66)
Operating Lease Expenses	18	(466)	(469)
Industry Insurances		(2,164)	(2,043)
RISA Expenditure		(386)	(546)
Vet Expenditure		(187)	(185)
Other		(603)	(508)
Profit before income tax		758	19,415
Income tax for the year	1(i)	-	-
Profit for the year		758	19,415
Other comprehensive income			
Net gain on revaluation of land and buildings		-	859
Other comprehensive income for the year net of tax		-	859
Total comprehensive income for the year		758	20,274
Profit attributable to members of Queensland Racing Limited		834	19,490
Loss attributable to non controlling interests	12	(76)	(75)
		758	19,415
Total comprehensive income for the year attributable to members of Queensland Racing Limited		834	20,004
Total comprehensive income for the year attributable to non controlling	12	(76)	270
		758	20,274

The accompanying Notes form part of these financial statements.

Queensland Racing Limited ABN 93 116 735 374

Statement of Financial Position

As at 30 June 2010

	Note	2010 \$'000	2009 \$'000
CURRENT ASSETS			
Cash and cash equivalents	2	40,597	45,650
Trade and other receivables	3	13,748	13,206
Other current assets	4	2,325	66
Total Current Assets		56,670	58,922
NON-CURRENT ASSETS			
Trade and other receivables	3	6,022	5,405
Investments	5	1,286	1,286
Property, Plant and Equipment	6	66,661	44,569
Total Non-Current Assets		73,969	51,260
TOTAL ASSETS		130,639	110,182
CURRENT LIABILITIES			
Trade and Other Payables	7	17,382	14,387
Financial Liabilities	8	1,751	-
Provisions	9	419	332
Total Current Liabilities		19,552	14,719
NON-CURRENT LIABILITIES			
Trade and Other Payables	7	4,797	4,770
Financial Liabilities	8	9,149	-
Provisions	9	229	157
Total Non-Current Liabilities		14,175	4,927
TOTAL LIABILITIES		33,727	19,646
NET ASSETS		96,912	90,536
EQUITY			
Parent Interests			
Retained Profits		76,169	75,335
Asset Revaluation Reserve	10	12,937	12,937
Total Parent Interests		89,106	88,272
Non Controlling Equity Interests	12	7,806	2,264
TOTAL EQUITY		96,912	90,536

Queensland Racing Limited ABN 93 116 735 374

Statement of Changes in Equity

For the year ended 30 June 2010

	Retained Earnings \$'000	Asset Revaluation Reserve \$'000	Non Controlling Interests \$'000	Total \$'000
Balance 1 July 2008	55,845	12,424	(7)	68,262
Profit attributable to members of the parent entity	19,490	-	-	19,490
Profit attributable to non controlling interests	-	-	(75)	(75)
Increase in fair value of land and buildings	-	513	346	859
Total comprehensive income	19,490	513	271	20,274
Contributed equity	-	-	2,000	2,000
Balance at 30 June 2009	75,335	12,937	2,264	90,536
Balance at 1 July 2009	75,335	12,937	2,264	90,536
Profit attributable to members of the parent entity	834	-	-	834
Profit attributable to non controlling interests	-	-	(76)	(76)
Total comprehensive income for the year	834	-	(76)	758
Contributed equity	-	-	5,618	5,618
Balance at 30 June 2010	76,169	12,937	7,806	96,912

Queensland Racing Limited ABN 93 116 735 374

Statement of Cash Flows

For the year ended 30 June 2010

	Note	2010 \$'000 Inflows (Outflows)	2009 \$'000 Inflows (Outflows)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from Customers		149,963	184,494
Payments to Suppliers and Employees		(148,686)	(163,885)
Interest Received		1,405	1,488
Net Cash Provided By Operating Activities	22 (a)	2,682	22,097
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(19,696)	(840)
Advances and loans to related parties		-	(19,680)
Payment for other Non-Current Assets		(617)	-
Net Cash Provided By / (Used In) Investing Activities		(20,313)	(20,520)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Borrowings		10,901	-
Proceeds from subscription of units		1,677	-
Net Cash Provided By Financing Activities		12,578	-
NET INCREASE IN CASH HELD		(5,053)	1,577
CASH AT THE BEGINNING OF THE REPORTING PERIOD		45,650	44,073
CASH AT THE END OF THE REPORTING PERIOD	22 (b)	40,597	45,650

Queensland Racing Limited ABN 93 116 735 374

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted in the preparation of these Statements, are as follows:

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the consolidated group of Queensland Racing Limited and controlled entities, and Queensland Racing Limited as an individual parent entity.

The financial report of Queensland Racing Limited and controlled entities, and Queensland Racing Limited as an individual parent entity comply with all International Financial reporting Standards (IFRS) in their entirety.

The following is a summary of material accounting policies adopted by the consolidated group in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

Basis of Preparation of the Accounts

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial report and has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which value in use basis of accounting has been applied.

(a) Principles of Consolidation

A controlled entity is any entity Queensland Racing Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

The consolidated financial statements of the entity include the financial statements of Queensland Racing Limited, being the parent entity, and its controlled entities being Queensland Race Product Co Limited, Sunshine Coast Racing Pty Ltd ATF Sunshine Coast Racing Unit Trust and Rockhampton Racing Pty Ltd ("the consolidated entity").

A list of controlled entities is contained in Note 11 to the financial statements. All controlled entities have a June financial year end.

The balances and effects of transactions, between controlled entities included in the consolidated financial statements have been eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with these policies applied by the parent entity.

(b) Valuation and measurement of Property, Plant and Equipment

Land and buildings are measured using "fair values" principles in accordance with AASB 116 Property, Plant and Equipment with the exception being that the board has determined as a general policy, only assets with a value of \$2,000 or more are capitalised. Items under this value are being charged as an expense in the year of purchase.

Queensland Racing Limited ABN 93 116 735 374

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-current physical assets measured at fair values are comprehensively revalued at least once every five years with interim valuations, using appropriate indices, being otherwise performed on an annual basis, where the change would be material to that class of assets.

Land and Buildings were independently valued at fair value by AON Valuation Services as at the 30th June 2009.

All other assets are measured at cost.

(c) Depreciation Rates

Depreciation rates used for the different classes of assets are as follows:

	Queensland Racing Limited
Buildings & Tracks	2%-7%
Plant and Equipment	
- Furniture & Fittings	6%-24%
- Motor Vehicles	15%
- Computer Equipment	10%-25%
- Plant	5%-20%

As a general policy, fixed assets are depreciated using the straight-line method except for land for which depreciation is not calculated.

(d) Impairment of Assets

All non-current physical assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the asset's recoverable amount is determined. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Income Statement, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation reserve of the relevant class to the extent available.

(e) Employee Benefits

Wages and salaries and annual leave due but unpaid at reporting date are recognised in the Balance Sheet at the remuneration rates expected to apply at the time of settlement and include related on-costs such as payroll tax, work cover premiums and employer superannuation contributions. For unpaid entitlements expected to be paid within the next 12 months, the liabilities are recognised at their undiscounted values. For those entitlements not expected to be paid within 12 months, the liabilities are recognised at their present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity.

Sick leave is non-vesting, and an expense is recognised for this leave as it is taken. The Board contributes to various accumulating Employee Superannuation Plans. The number of full time employees at June 30 2010 is 81 (2009:69) which increase due to the restructure of the entity's operations due to the control body accepting responsibility for integrity race day functions previously undertaken by the clubs .

Queensland Racing Limited ABN 93 116 735 374

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2010

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Unearned Income

Licence and Registration Fees, Course Fees and other income received at balance date, which relate to the next accounting period have been deferred in the Income Statement and will be brought to account as income during the period to which the amounts relate.

(g) Apprentice Jockeys' Trust Fund

The Board holds in trust and invests the earnings of Apprentice Jockeys. At the age of eighteen, each jockey receives his or her earnings and related interest less any approved withdrawals.

(h) Rounding and Comparative Information

Unless otherwise stated amounts in the report have been rounded to the nearest thousand dollars. Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(i) Taxation

Queensland Racing Limited is exempt from income tax under the provisions of section 50-45 of the *Income Tax Assessment Act 1997* with the exception of Fringe Benefits Tax and Goods and Services Tax (GST). As such, GST credits receivable from/ payable to the ATO are recognised and accrued.

Tax effect accounting procedures have not been applied to Queensland Racing Limited due to a private tax ruling for the purposes of Part IV AA of the *Taxation Administration Act 1953*. This ruling deems product fees paid pursuant to the Product & Program Agreement, as agent of the Queensland Racing Industry will not constitute assessable income under section 6-5 of the *Income Tax Assessment Act 1997*.

Income tax is only provided in Sunshine Coast Racing Pty Ltd ATF Sunshine Coast Racing Unit Trust to the extent that accumulated income is assessable to the trustee in accordance with Section 95 of the Income Tax Assessment Act. No income tax is payable by the trust since, in accordance with the trust deed, taxable income is fully distributed to the beneficiaries.

(j) Revenue Recognition

Revenue is recognised when Product and Program Fee monies are due and payable from UNiTAB. Interest income is recognised as it accrues. Club Levies and Racing Fees are brought to account as income during the period to which the amounts relate. Grants are brought to account when they are received.

Race Information Fees are brought to account as income during the period to which the amounts relate.

(k) Receivables

Trade debtors are recognised at the nominal amounts due at the time of sale or service delivery, with settlement generally required within 30 days from the invoice date. The collectability of receivables is assessed periodically with provision being made for impairment of debts.

Bad debts are written off in the period in which they are recognised.

Loan and advances are recognised at their face values.

Queensland Racing Limited ABN 93 116 735 374

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Payables

Payables are recognised for amounts payable in the future for goods and services received, whether or not billed to the Board. Creditors are generally unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.

(m) Cash and Cash Equivalents

For the purpose of the Balance Sheet and the Cash Flow Statement, cash assets include all cash and cheques receipted but not banked at 30 June as well as all deposits at call with financial institutions. It also includes investments with short periods to maturity that are readily convertible to cash on hand at the company's option and that are subject to a low risk of changes in value.

(n) 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 the entity are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

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

(o) Financial Instruments

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

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires to 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 with 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.

Queensland Racing Limited ABN 93 116 735 374

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification and Subsequent Measurement

(i) Financial assets at fair value through profit and loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

(ii) 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 subsequently measured at amortised cost using the effective interest rate method.

(iii) Held to maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(p) Fair Value

Fair value is determined on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(q) Unexpected Grants

The entity receives grant monies to fund projects either for contracted periods of time or for specific projects irrespective of the period of time required to complete those projects. It is the policy of the entity to treat grants monies as unexpected grants in the balance sheet where the entity is contractually obliged to provide the services in a subsequent financial period to when the grant is received or in the case of specific project grants where the project has not been completed. Capital grants are brought to account over the life of the asset to which the capital grant relates.

(r) Issuance of Financial Statements

The financials statements are authorised for issue by the company Chairman of the Board of Directors and the Chief Operations Manager at the date of signing the Management Certificate.

(s) Judgement and Assumptions

The Board had made no judgements or assessments which may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Queensland Racing Limited ABN 93 116 735 374

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The company has decided against early adoption of these standards. The implications of the changes to both the financial impact and disclosure requirements have been assessed and management are of the opinion that the adoption of these would not have a material impact on the financial statements in the forthcoming year, given current interpretations of the accounting changes and expected future plans for the entity.

2. CASH AND CASH EQUIVALENTS

	2010 \$'000	2009 \$'000
Cash Assets		
- Cash at Bank and on Hand *	11,553	3,327
- Short term Deposits **	29,044	42,323
	40,597	45,650

* Amount Includes earnings held in Trust for Apprentice Jockeys by Queensland Racing Limited (Refer Note 7)

** Amount includes an amount in relation to synthetic track program of \$4M (2009: \$9.3M). The effective interest rate on short-term bank deposits was 4.17% (2009:4.5%). These deposits have an average maturity of 32 days.

Reconciliation of Cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

Cash and Cash Equivalents	40,597	45,650
	40,597	45,650

3. TRADE AND OTHER RECEIVABLES

Current

Trade Receivables	2,737	2,420
Other Receivables	4,597	7,725
Less Provision for Impairment of Receivables	(464)	(332)
	6,870	9,813
Accrued Revenue (refer to note (i) below)	6,867	3,386
Accrued Interest	11	7
	13,748	13,206

Non-Current

Trade Receivables	6,022	5,405
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Queensland Racing Limited ABN 93 116 735 374

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2010

3. TRADE AND OTHER RECEIVABLES (CONTINUED)

(i) Provision for Impairment of Receivables

Current trade receivables are generally 30 day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade or other receivable is impaired. These amounts have been recognised in the Income Statement.

	2010 \$'000	2009 \$'000
<u>Movement in the Provision for Impairment of Receivables</u>		
Balance at the beginning of the year	(332)	(363)
Impairment losses recognised in receivables	(154)	(155)
Amounts written off as uncollectible	-	138
Impairment losses reversed	22	48
Balance at the end of the year	(464)	(332)

(ii) Credit Risk – Trade and Other Receivables

The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

The following table details Group's trade and other receivables exposed to a credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the Group and the customer or counter party to the transaction. An allowance has been made for estimated irrecoverable trade receivable amounts arising from the past sale of goods and rendering of services, determined by reference to past default experience. The Group has provided for trade receivables greater than 90 days based on estimated irrecoverable amounts from the sale of goods and rendering of services, determined by reference to past default experience.

	Gross Amount \$'000	Past due and Impaired \$'000	Past due but not impaired (days overdue)				Within initial trade terms \$'000
			<30 \$'000	31- 60 \$'000	61- 90 \$'000	>90 \$'000	
Trade and term receivables	2,739	199	141	558	7	79	1,754
Other receivables	4,595	265	5	51	37	711	3,527
Total	7,334	464	146	609	44	790	5,281

Neither the group nor the parent entity holds any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

There are no balances within trade receivables that contain assets that are not impaired and are past due. It is expected that these balances will be received when due.

Queensland Racing Limited ABN 93 116 735 374

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2010

4. OTHER CURRENT ASSETS

	2010 \$'000	2009 \$'000
Prepayments	2,325	66
	2,325	66

5. INVESTMENTS

Available-for-sale financial assets at fair value
- RISA Investment

1,286	1,286
1,286	1,286

6. PROPERTY, PLANT AND EQUIPMENT

	2010 \$'000	2009 \$'000
Land		
At Cost	1,150	-
At Valuation	15,694	15,694
	16,844	15,694
Buildings		
At Cost	8,941	-
At Valuation	26,410	26,460
Accumulated Depreciation	(1,158)	-
	34,193	26,460
Plant and Equipment		
At Cost	1,176	90
At Valuation	1,416	1,460
Accumulated Depreciation	(386)	-
	2,206	1,550
Work In Progress		
Cost	13,418	865
	66,661	44,569

Independent valuations of land and buildings were performed as at 30 June 2009 by AON Valuation Services using 'fair value' principles. The valuation of land and buildings is based on current market values and replacement costs respectively. The revaluation surplus was credited to an asset revaluation reserve in equity.

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

Queensland Racing Limited ABN 93 116 735 374

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2010

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Consolidated Group - 2010

Asset Name	Carrying amount 1/07/09 (\$'000)	Additions (\$'000)	Revaluation (\$'000)	Transfers (\$'000)	Disposals (\$'000)	Depreciation (\$'000)	Carrying amount 30/06/10 (\$'000)
Land	15,694	1,150	-	-	-	-	16,844
Building & Tracks	26,460	8,619	-	322	(50)	(1,158)	34,193
Plant & Equipment	1,550	-	-	1,085	(43)	(386)	2,206
Work in Progress	865	16,932	-	(1,407)	(2,972) ¹	-	13,418
	44,569	27,701	-	-	(3,065)	(1,544)	66,661

¹ – Disposals of work in progress include \$2.972M of track related expenditure that has been transferred to investments and loans receivable.

Consolidated Group - 2009

Asset Name	Carrying amount 1/07/08 (\$'000)	Additions (\$'000)	Revaluation (\$'000)	Transfers (\$'000)	Disposals (\$'000)	Depreciation (\$'000)	Carrying amount 30/06/09 (\$'000)
Land	17,986	-	(2,292)	-	-	-	15,694
Building & Tracks	16,539	7,206	3,065	419	-	(709)	26,460
Plant & Equipment	1,310	-	86	457	-	(303)	1,550
Work in Progress	383	1,478	-	(876)	(120)	-	865
	36,218	8,684	859	-	(120)	(1,072)	44,569

Impairment of Assets

In accordance with note 1 (d) the board has reviewed its Property, Plant and Equipment for Impairment and has determined that there are no indicators of impairment of those assets.

7. TRADE AND OTHER PAYABLES

	2010 \$'000	2009 \$'000
Current		
Trade Payables	6,436	4,713
Jockey Earnings held In Trust	55	128
Sundry Payables and accrued expenses	9,019	6,491
GST Payable	-	1,085
Fees in Advance	1,274	1,435
Employee Benefits	598	524
Deferred Revenue	-	11
	17,382	14,387
Non-Current		
Deferred Grants	3,975	3,732
Loan – Equity in RISA Investment	822	1,038
	4,797	4,770

Queensland Racing Limited ABN 93 116 735 374

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2010

8. FINANCIAL LIABILITIES

Current

Secured loans payable ¹	1,751	-
	1,751	-

Non-Current

Secured Loans payable ¹	9,149	-
	9,149	-

1. The secured loans payable are secured by a guarantee given by Sunshine Coast Racing Pty Ltd ATF Sunshine Coast Racing Unit Trust over the land assets held by the entity for the purpose of building 256 stables at Corbould Park.

9. PROVISIONS

Long Service Leave

Opening Balance at 1 July 2009	489	473
Additional provisions raised during the year	161	83
Amounts used	(2)	(67)
Balance at 30 June 2010	648	489

Analysis of Total Provisions

Current	419	332
Non-Current	229	157
	648	489

Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements related to long service leave. 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 on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 (e) to this report.

10. ASSET REVALUATION RESERVE

The Asset revaluation reserve records the revaluations of non-current assets.

	2010 \$'000	2009 \$'000
Opening balance	12,937	12,424
Revaluation	-	513
Closing balance *	12,937	12,937

Closing Balance of Asset Revaluation Reserve by Class

The asset revaluation reserve is used to record increments and decrements in the value of non-current assets.

Land	7,621	7,621
Buildings	5,554	5,554
Plant and Equipment	108	108
Less Non controlling interests	(346)	(346)
	12,937	12,937

Queensland Racing Limited ABN 93 116 735 374

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2010

11. CONTROLLED ENTITIES

	2010 %	2009 %
<hr/>		
Particulars in relation to controlled entities:		
Queensland Racing Limited		
Controlled entities:		
Queensland Race Product Co Ltd	66	66
Sunshine Coast Racing Pty Ltd	85	85
Rockhampton Racing Pty Ltd	64	-

12. NON CONTROLLING INTERESTS

Non controlling interest relates to equity investments held by Sunshine Coast Turf Club Inc in Sunshine Coast Racing Unit Trust (15.4%) and Rockhampton Jockey Club Inc in Rockhampton Racing Pty Ltd (36%).

In relation to the Sunshine Coast Racing Unit Trust the outside equity interests is held by way of units in the unit trust. It is the opinion of the Directors that these units are in the nature of equity and not a financial liability.

Outside equity interests is reconciled as follows:

	2010 \$'000	2009 \$'000
Retained Losses	(158)	(82)
Asset Revaluation Reserve	346	346
Contributed Equity	7,618	2,000
Total Outside Equity Interest	7,806	2,264

Queensland Racing Limited ABN 93 116 735 374

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2010

13. PARENT ENTITY INFORMATION

The *Corporations Act* requirement to prepare parent entity financial statements where consolidated financial statements are prepared has been removed and replaced by the new regulation 2M/3/01 which requires the following limited disclosure in regards to the parent entity, Queensland Racing Limited. The consolidated financial statements incorporate the assets, liabilities and results of the parent entity in accordance with the accounting policies described in Note 1.

Queensland Racing Limited	
	2010
	2009
	\$'000
	\$'000
Current Assets	52,947
Non-Current Assets	68,101
Total Assets	121,048
Current Liabilities	22,812
Non-Current Liabilities	14,175
Total Liabilities	36,987
Net Assets	84,061
Reserves	11,039
Retained Earnings	73,022
Total Member's Equity	84,061
Profit for the year	1,429
Total Comprehensive Income for the year	1,429

Guarantees

No guarantees have been entered into by the parent entity in relation to debts of its subsidiaries.

Capital Expenditure Commitments

Capital expenditure projects	1,889	3,799
Total	1,889	3,799
Payable: -		
With in one year	1,889	3,799
One to five years	-	-
Over five years	-	-
Total Capital Commitments not recognised in the Financial Statements	1,889	3,799

Contingent Liabilities

The parent entity has no contingent liabilities.

Queensland Racing Limited ABN 93 116 735 374

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2010

14. REVENUE AND OTHER INCOME

	2010 \$'000	2009 \$'000
Revenue		
Course Fees	168	264
Grants – Training Track Subsidy	860	860
Grants – Synthetic Track	-	4,328
Grants – Other	-	586
Licence and Registration Fees	2,797	2,856
Racing Fees	7,418	8,178
Interest	1,410	1,495
Product & Program Fee ¹	104,520	120,313
Race Information Fees	24,088	17,799
Marketing Income	387	392
Total Revenue	141,648	157,071
Other Income		
Rental income	190	227
Distributions from investments	216	362
Other	611	719
Total Other Income	1,017	1,308
Total Revenue and Other Income	142,665	158,379

¹ Overall wagering was down on prior year which includes pari mutuel and fixed odds. There has been an increase in charges for overseas product fees as well as an increase in Racing Science Centre costs which are deducted from Product and Program fees. The group was charged \$22.241M (2009: \$16.134M) for Race Information fees in the current year. These fees have been charged by the Principal Racing Authorities to UNiTAB and have been netted off the Product and Program Fee by UNiTAB. This current year charge excludes the fees charged by Racing Victoria as a result of changes to the Victorian Race Fields legislation. This change in legislation has retrospectively increased the amount of fees payable by \$3.5M for the period September 2008 to March 2009.

15. AUDITOR'S REMUNERATION

Internal Audit	253	144
External Audit	131	53
Total	384	197

Queensland Racing Limited ABN 93 116 735 374

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2010

16. FINANCIAL RISK MANAGEMENT

a) General objectives, policies and processes

The Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The principal financial instruments from which financial instrument risk arises are:

- Trade receivables
- Investments
- Cash at bank
- Trade payables
- Financial loans payable

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, designing and operating processes that ensure the effective implementation of the objectives and policies to the entity. The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group, where such impacts may be material. The Board receives monthly reports from the Group Financial Controller, through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group competitiveness and flexibility. Further details regarding these policies are set out below.

b) Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Group.

There is no concentration of credit risk with respect to receivables as the Group has a large number of customers. Policy is that sales are only made to customers that are credit worthy. The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group. The Group is not exposed to credit risk through its investments in the Queensland Treasury Corporation (QTC) Cash Fund as all deposits are capital guaranteed by the QTC. The capital guarantee is equivalent to the Queensland Government's AAA rating.

	2010 \$'000	2009 \$'000
Receivables	19,771	18,611

The Group's most significant customer accounts for \$2.865M of trade receivables at 30 June 2010 (2009: \$6.141M).

Queensland Racing Limited ABN 93 116 735 374

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2010

16. FINANCIAL RISK MANAGEMENT (continued)

c) Liquidity Risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments. It is the policy of the Board of Directors to manage the liquidity risk of the entity.

Maturity Analysis – 2010

	Carrying Amount \$'000	Contractual Cash flows \$'000	< 6 mths \$'000	6- 12 mths \$'000	1-6 years \$'000
Financial Liabilities					
Trade payables	6,436	6,436	6,436	-	-
Loans payable	10,900	10,900	861	891	9,148
Other payables	11,768	11,768	11,768	-	-
TOTAL	29,104	29,104	19,065	891	9,148
Financial Assets					
Trade receivables	2,273	2,273	2,273	-	-
Other receivables	17,497	17,497	11,475	-	6,022
TOTAL	19,770	19,770	13,748	-	6,022

Maturity Analysis - 2009

	Carrying Amount \$'000	Contractual Cash flows \$'000	< 6 mths \$'000	6- 12 mths \$'000	1-3 years \$'000
Financial Liabilities					
Trade payables	4,713	4,713	4,713	-	-
Other payables	10,701	10,701	9,663	-	1,038
TOTAL	15,414	15,414	14,376	-	1,038
Financial Assets					
Trade receivables	2,288	2,288	2,288	-	-
Other receivables	16,323	16,323	10,918	-	5,405
TOTAL	18,611	18,611	13,206	-	5,405

d) Interest Rate Risk

The consolidated entity is exposed to interest rate risk through its investments in the Queensland Treasury Corporation (QTC) Cash Fund, which is managed around a 45 day duration benchmark. Cash Fund earnings are credited daily based on the market value of the Cash Fund. The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

Queensland Racing Limited ABN 93 116 735 374

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2010

16. FINANCIAL RISK MANAGEMENT (continued)

The Groups' exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the tables below:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate		Non-Interest Bearing		Total	
	2010 %	2009 %	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Financial Assets										
Cash	4.17	4.50	40,597	45,650	-	-	-	-	40,597	45,650
Receivables	-	-	-	-	-	-	19,770	18,611	19,770	18,611
Other Assets	-	-	-	-	-	-	2,325	66	2,325	66
Total										
Financial Assets			40,597	45,650	-	-	22,095	18,677	62,692	64,327
Financial Liabilities										
Payables	-	-	-	-	-	-	18,204	15,414	18,204	15,414
Loans Payable	6.99	-	-	-	10,900	-	-	-	10,900	-
Provisions	-	-	-	-	-	-	648	489	648	489
Total										
Financial Liabilities			-	-	10,900	-	18,852	15,903	29,752	15,903

e) Net Fair Values

The net fair values for all assets and liabilities approximate their carrying values. No financial assets and financial liabilities are readily traded on organised markets in a standardised form. Financial assets where the carrying amount exceeds net fair values have not been written down as the Group intends to hold these assets to maturity.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date:

	2010	
	Carrying Amount \$'000	Net Fair Value \$'000
Financial Assets		
Available-for-sale financial assets at fair value		
- RISA Investment	1,286	1,286
	1,286	1,286

Queensland Racing Limited ABN 93 116 735 374

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2010

16. FINANCIAL RISK MANAGEMENT (continued)

f) Sensitivity Analysis

The group has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

At 30 June, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2010 \$'000	2009 \$'000
Change in profit		
- Increase in interest rate by 2%	28	30
- Decrease in interest rate by 2%	(28)	(30)
Change in equity		
- Increase in interest rate by 2%	28	30
- Decrease in interest rate by 2%	(28)	(30)

17. KEY MANAGEMENT PERSONAL COMPENSATION INCLUDING BOARD MEMBERS REMUNERATION

Short Term Benefits	655	622
Post Employment Benefit	44	52
Total	699	674

Total income paid or payable, or otherwise made available, to key management personal and board members of each entity in the consolidated entity from the entities of which they are members or any related party.

Key management personal are involved in the strategic direction of Queensland Racing Limited including the board of directors as well as the Chief Operations Manager and the Director of Integrity Operations.

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Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2010

18. CAPITAL AND LEASING COMMITMENTS

Operating lease payments are recognised as an expense in the years in which they are incurred as this reflects the pattern of benefits derived by the Queensland Racing Limited.

a) Operating Lease Commitments

Car Leasing	286	247
Computer Equipment	135	169
Office Equipment	44	53
Total Leasing expensed	465	469

Payable: -

With in one year	303	283
One to five years	163	241
Over five years	-	-

Total Leasing Commitments not recognised in the Financial Statements

466 524

b) Capital Expenditure Commitments

Capital expenditure projects	6,832	3,799
Total	6,832	3,799

Payable: -

With in one year	6,832	3,799
One to five years	-	-
Over five years	-	-

Total Capital Commitments not recognised in the Financial Statements

6,832 3,799

19. CAPITAL MANGEMENT

Management control the capital of the entity to ensure that adequate cash flows are generated to fund its racing programs and that returns from investments are maximised. The board ensures that the overall risk management strategy is in line with this objective.

The audit committee operates under policies approved by the board of directors. Risk management policies are approved and reviewed by the board on a regular basis. These include credit risk policies and future cash flow requirements.

The group's capital consists of financial liabilities supported by financial assets.

Management effectively manage the group's capital by assessing the group's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

There have been no changes to the strategy adopted by management to control the capital of the group since prior year. The strategy of the entity is to ensure that sufficient cash is on hand to meet trade and sundry payables.

Queensland Racing Limited ABN 93 116 735 374

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2010

20. CONTINGENT ASSETS AND LIABILITIES

Contingent Asset

In accordance with Race Fields legislation, Queensland Racing Limited is entitled to charge wagering operators fees for the use of racing information

Queensland Racing Limited is currently in discussions with commercial wagering operators in relation to the method of calculating the quantum of these fees. These negotiations are ongoing and have not been resolved at the time of signing the financial statements.

Queensland Racing Limited is confident that there will be resolution of these negotiations and will result in revenue being recognised in the financial year end 30 June 2011.

Contingent Liabilities

	2010 \$'000	2009 \$'000
Guarantee and indemnity	10,152 ¹	-

1. The consolidated entity holds a controlling interest in Sunshine Coast Racing Pty Ltd. During the financial year, Sunshine Coast Racing Pty Ltd granted a guarantee and indemnity to banks to cover bank guarantees to Queensland Racing Limited to build stables at Corbould Park in the Queensland Racing Limited leased area and has given a maximum exposure of \$12M (2009: nil). The consolidated entity's exposure to this guarantee and indemnity is \$10,152M (2009: nil).

21. POST BALANCE DATE EVENTS

On 1 July 2010, RQL commenced as the new control body for thoroughbred, harness and greyhound racing:

1. QRL ceased as the control body for thoroughbred racing
2. Queensland Harness Racing Limited ceased as the control body for harness racing, and
3. Greyhounds Queensland Limited ceased as the control body for greyhound racing.

Under section 429(1) (b) of the *Racing Act 2002*:-

(1) On the commencement—

(a) anything that was an asset or liability of a former control body immediately before the commencement becomes an asset or liability of the new control body; and

(b) an agreement or arrangement in force immediately before the commencement between a former control body and another entity is taken to be an agreement or arrangement between the new control body and the other entity; and

(c) any property that was, immediately before the commencement, held by a former control body on trust or subject to conditions continues to be held by the new control body on the same trusts or subject to the same conditions.

(2) The registrar of titles or other person responsible for keeping a register for dealings in property must, if asked by the new control body, record the vesting of property under this section in the new control body.

The establishment of one control body for the thoroughbred, harness and greyhound codes of racing is expected to provide a unified commercial focus that will facilitate effective decision making and the development of the Queensland racing industry as a whole. It is an exciting time for racing in Queensland and we will continue to build on the strong history that precedes us in each of the racing codes.

The financial statements have however been prepared on the basis of all measurement standards consistent with the prior periods assuming the going concern principle.

Queensland Racing Limited ABN 93 116 735 374

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2010

22. NOTES TO THE CASH FLOWS

a) Reconciliation of Profit to Net Cash provided by / (used in) ordinary activities

	2010 \$'000	2009 \$'000
Profit from ordinary activities after related income tax	758	19,415
Depreciation	1,544	1,072
Impairment of Assets	-	120
Dividends received and offset against loan	(216)	-
Changes in Assets and Liabilities exclusive of Non- Operating Activities		
(Increase) Decrease in Receivables	3,739	(8,494)
(Increase) Decrease in Accrued Revenue	(3,481)	
(Increase) Decrease in Accrued Interest	(4)	(7)
(Increase) Decrease in Prepayments	(2,259)	(43)
(Increase) Decrease in GST	(1,454)	853
(Decrease) Increase in Creditors	3,896	9,159
(Decrease) Increase in Provisions	159	22
Net Cash provided by / (used in) Operating Activities	2,682	22,097

b) Reconciliation of Cash

For the purpose of the Cash Flow Statement and Balance Sheet, cash comprises Cash on Hand and at Bank, net of outstanding bank overdrafts, and liquid investments.

Cash and cash equivalents	40,597	45,650
	40,597	45,650

23. COMPANY DETAILS

The Registered Office & Principal Place of Business of the Company is:

Queensland Racing Limited
6 Racecourse Road
Deagon, QLD 4017

24. MEMBERS GUARANTEE

The entity is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the entity is wound up, the constitution states upon the winding up or dissolution of the Company if any property remains after satisfaction of all its debts and liabilities, that property shall not be paid to or distributed among the Members of the Company but shall be given or transferred to a Control Body for thoroughbred racing in Queensland approved by the Minister at or before the time of dissolution, but if no such approval is given then an institution having similar objects of the Company as determined by a Judge of the Supreme Court of Queensland.

In the event that the Company ceases to be a Control Body under the Racing Act, the Board will forthwith call a general meeting of Members to resolve to wind up the Company and will deal with the assets of the Company as above.

Queensland Racing Limited ABN 93 116 735 374

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2010

24. MEMBERS GUARANTEE (continued)

Every member of the Company undertakes to contribute to the assets of the Company to a maximum of \$10 in the event the Company being wound up while he or she is a member or with one year after he or she ceases to be a Member, for payment of the debts and liabilities of the Company contracted before he or she ceases to be a Member, and of the costs, charges and expenses of winding up and for the adjustments of the rights of the contributories among themselves.

As at 30 June 2010 the number of members was 13 Class A Members representatives and 5 Class B Members.

Queensland Racing Limited ABN 93 116 735 374

Directors Declaration

For the year ended 30 June 2010

The directors of the company declare that:

- 1 The financial statements and notes, as set out on pages 8 to 32, are in accordance with the Corporations Act 2001:
 - (a) Comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) Give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the company and consolidate group.
- 2 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.

This declaration is made in accordance with a resolution of the Board of Directors.

Robert Bentley
CHAIRMAN

Dated this 3rd day of November 2010

INDEPENDENT AUDITOR'S REPORT

To the Members of Queensland Racing Limited

Report on the Financial Report

We have audited the accompanying financial report of *Queensland Racing Limited*, which comprises the statement of financial position as at *30 June 2010*, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial 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 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. These auditing standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

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 in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.



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

Independence

In conducting the audit, the independence requirements of the *Corporations Act 2001* have been complied with. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of *Queensland Racing Limited* on 3rd November 2010, would be in the same terms if provided to the directors, as at the date of this auditor's report.

Auditor's Opinion

In our opinion -

- A. the financial report of Queensland Racing Limited is in accordance with the *Corporations Act 2001*, including -
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at *30 June 2010* and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- B. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

BDO Audit QLD) Pty Ltd

DAMIAN WRIGHT

Director

Brisbane, 4 November 2010