



2017 ANNUAL REPORT

AUSTRALIAN
GRAND PRIX
CORPORATION



Annual Report 2017

Report of Operations

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1. Report of the Chairman

Over the past year, the Australian Grand Prix Corporation has again delivered two world-class international motorsport events – the Michelin® Australian Motorcycle Grand Prix 2016 and the 2017 Formula 1® Rolex Australian Grand Prix.

Together these events form an integral part of Victoria's major events calendar, promoting Melbourne and Victoria to millions of fans in Australia and across the world while generating significant benefits for the state.

The Formula 1® Australian Grand Prix and Australian Motorcycle Grand Prix bring together the biggest names in global sport, high-profile international celebrities and a combination of business and the world's most powerful and recognisable brands.

These world-class events are renowned for their atmosphere and the fierce competition between the greatest motorsport competitors in the world. The passion and energy of the fans make these events unique, providing Victorians, as well as interstate and international visitors, such unforgettable experiences and lasting memories.

The 2016 Formula 1® Rolex Australian Grand Prix was recognised by leaders of the Victorian tourism industry at the 2016 RACV Victorian Tourism Awards, when it was named the gold winner of the Major Festivals and Events category – a great honour and a prestigious accolade for the event to receive.

Michelin® Australian Motorcycle Grand Prix 2016

The Phillip Island Grand Prix Circuit has earned its reputation as being one of the most unique and breathtaking destinations on the international MotoGP™ calendar. As a result, substantial economic benefits are generated for the region by the thousands of fans that descend on Phillip Island each year to soak up the sweeping views across Bass Strait as the world's best riders battle it out around the picturesque circuit.

The Michelin® Australian Motorcycle Grand Prix 2016 marked a significant milestone – two decades since the event returned to the picturesque Phillip Island Grand Prix Circuit in 1997, reinforcing the spectacular coastal circuit as the mecca of motorcycle racing in this country. Attracting an estimated crowd of 83,600 over the three days, this reaffirms the Australian Motorcycle Grand Prix's position as regional Victoria's largest International sporting event.

Heavy rain didn't dampen spirits of event attendees on day one, with campgrounds, GP Expo and grandstands all buzzing with activity as the world's best riders put on an exhilarating display of racing.

Day two saw Hollywood A-lister and Michelin Ambassador, Keanu Reeves, adding star power to the MotoGP™ Paddock and happily signing autographs for the large crowds.

The sun was out on the final day in Phillip Island as fans from all around the world watched Moto 3™, Moto 2™ and the MotoGP™ Grands Prix riders battle it out to take home the chequered flag in each category.

The Moto3™ race was incident filled with 12 of the 34-bike field crashing out in the opening five-laps, however it was South African Brad Binder who took home the first-place trophy.

Fans were on the edge of their seats as the Moto2™ race went down to the wire with Tom Lüthi and Franco Morbidelli competing in an epic dual for first place. Lüthi defeated Morbidelli at the finish line by a mere 0.010 of a second.

The 2017 MotoGP™ grid was made up of a combined total of 14 premier-class world titles. This was the greatest number of premier-class titles ever represented on a starting grid in the 68-year history of MotoGP™ racing.

Great Britain's Cal Crutchlow claimed the second MotoGP™ victory of his career in taking the crown as the first British Australian Motorcycle Grand Prix winner in the modern era. Australian favourite Jack Miller crossed the line in tenth position.

Off-track, we were delighted to announce that the long-standing charity partner of the Australian Motorcycle Grand Prix, the You Are My Sunshine Foundation (YAMS), reached its fundraising target of \$1 million dollars with the help of generous motorsport fans over the past five years.

The local Phillip Island not-for-profit charity, which has been the official charity partner since 2012, aims to find a cure for the rare and deadly childhood cancer Neuroblastoma.

The charity founder, Jude Donahoo's achievements were celebrated at the 2016 Pride of Australia Awards, when she was formally recognised for her contribution towards fundraising and research into this devastating disease.

While hanging up her fundraising boots this year, she will always be a part of the Grand Prix family.

Whilst we reflect on the success of the Michelin® Australian Motorcycle Grand Prix 2016, we remember with great sadness the passing of MotoGP™ Champion Nicky Hayden. Our thoughts continue to be with his family and friends.

2017 Formula 1® Rolex Australian Grand Prix

As the opening round of the 2017 FIA Formula One World Championship, Melbourne marked the beginning of a new era, with the world witnessing the fastest ever cars in Formula 1® history.

The global spotlight was again on Melbourne, attracting an estimated crowd of 296,600 to the 2017 Formula 1® Rolex Australian Grand Prix, proudly delivering a world-class event on the international stage.

Showcasing world-class racing, entertainment, glamour and off-track entertainment, this year's event created an exciting buzz which Melburnians and visitors to our state have come to know and love.

A focused collaboration with Visit Victoria and integration with other major events including the AFL, AFLW, Avalon International Air Show, The Australian Ballet, Melbourne International Flower and Garden Show, Melbourne Food & Wine Festival and the Virgin Australian Melbourne Fashion Festival, resulted in extensive coverage promoting Victoria's 'March Madness' events calendar.

The on-track action certainly didn't disappoint as fans witnessed the quickest ever Formula 1® cars for the very first time. Sebastian Vettel dominated from the first lap of Sunday's 2017 Formula 1® Rolex Australian Grand Prix, earning the Scuderia Ferrari driver victory at the Albert Park Grand Prix Circuit. Australian driver Daniel Ricciardo endured a challenging weekend in front of his home crowd, crashing out in Saturday's Qualifying session and his car suffering from an engine failure in Sunday's Grand Prix, which saw him retire on lap 29.

We were proud to partner with the loved and trusted Guide Dogs Australia as the Official Charity for the 2017 Formula 1® Rolex Australian Grand Prix, raising over \$73,000 with the help of 160 volunteers over the event through a variety of activations. With a shared focus on innovation, technology and delivering world-class service, the event created a great platform

to drive awareness of the important work Guide Dogs Australia does every day to help more Victorians live as independently as possible.

Broadening the reach of the Formula 1® Australian Grand Prix to young event-goers, we welcomed new partners Heineken and Sensis, who entertained fans with a jam-packed line-up of Australian and international music artists at the Heineken Stage and Sensis Social Lab in The Lounge.

The prestigious Formula One Paddock Club™ combined fine dining and exceptional experiences to ignite the senses with the Chef's Collective. A new initiative, the Chef's Collective captured the true spirit of Melbourne as the country's food capital by gathering six of the city's renowned chefs – Jacques Reymond, Benjamin Cooper (Chin Chin), Shane Delia (Maha), Victor Liong (Lee Ho Fook), Darren Purchase (Burch & Purchase) and Guy Grossi (Grossi Florentino).

Inspiring the next generation to take on science, technology, engineering and mathematics (STEM), the Industry & Innovation precinct showcased 12 key exhibitors including RMIT University, Australian Defence Force, Confederation of Australian Motor Sport, Swinburne University, Department of Education and Training, University of Melbourne, Victoria Police, Monash University and Boeing.

Further extending the event's economic and social contribution to the state of Victoria, the 2017 Formula 1® Rolex Australian Grand Prix connected Australia's top business leaders to an international audience through a variety of networking events. These events included the Australian Road Safety Awards, Porsche Ladies Lunch, Mercedes Ladies Lunch, Ferrari Club Grand Prix Dinner and the Race Against Dementia Lunch with Sir Jackie Stewart OBE.

For the second consecutive year, we also hosted the Victorian Innovation Roundtable Luncheon, with 18 industry leaders across government and education sectors to collaborate and position Victoria as leaders in the technology industry.

As we wrap up another successful Formula 1® Australian Grand Prix, we look to the future with optimism as the new Formula 1 Group put their stamp on the sport.

Under four key pillars, their focus centres around fan experience, brand, partnerships and digital engagement which will inevitably see a greater international reach and increased opportunities.

At a local level, Melbourne's fan engagement is extensive with strong support from the Formula 1® teams via Melbourne Walk and Fan Forums. For the broader motorsport fan, 2018 will also see the introduction of a Supercars Championship round at Albert Park, adding to the spectacle of competitive racing at this world-class event.

Acknowledgements

As we enter a new era of Formula 1®, I would like to acknowledge the leadership and contribution of Bernie Ecclestone. His impact on motorsport is unrivalled throughout the years, without which Formula 1® would not be the sport it is today. We look forward to the future with optimism as we build on the heritage and the strong foundations he has created.

I wish to acknowledge and recognise the committed individuals who serve as Board Members of the Australian Grand Prix Corporation including Gillian Franklin, Laura Anderson, Mick Doohan AM, Mark Green, Kate Lundy, Alan Oxley and Trent Smyth, all of whom work in an honorary capacity to make both events so memorable.

I pass on my sincere thanks and appreciation to the Australian Grand Prix Corporation team for its enthusiasm, hard work and dedication. To the event partners, suppliers, contractors and

volunteers, your continued unwavering support to deliver two world-class international motorsport events is greatly appreciated.

I would also like to thank returning title sponsors Michelin and Rolex, who supported the Michelin® Australian Motorcycle Grand Prix 2016 and 2017 Formula 1® Rolex Australian Grand Prix events respectively. Thank you for your ongoing commitment and the continuation of these already strong relationships.

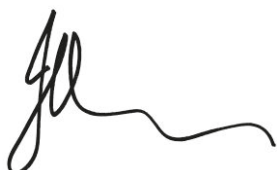
To the new and returning partners who form such an integral part of our events, we thank you for helping to make memorable experiences for our fans year after year, and we look forward to continuing to work together to achieve great results.

Thank you to the fans who continue to rally behind their idols and hometown heroes, Jack Miller and Daniel Ricciardo – both of whom are outstanding ambassadors representing Australia on the world stage. We wish the best of luck to both Jack and Daniel for the remainder of the season and look forward to following their success.

To the Confederation of Australian Motor Sport and Motorcycling Australia, together with their thousands of volunteers and officials, we greatly appreciate your efforts to ensure the success of the events and we are sincerely grateful for your unwavering professionalism in ensuring the safety of all drivers and riders.

I would like to credit both Parks Victoria and the Phillip Island Grand Prix Circuit for their integral roles in the presentation of these two iconic major events and projecting incredible images of Melbourne and Victoria to the world.

Lastly, to the Victorian Government, the Premier of Victoria The Hon. Daniel Andrews MP, the Hon. John Eren MP Minister for Tourism and Major Events and the Treasurer, the Hon. Tim Pallas MP, we are grateful for your endless support and vision to provide Melbourne and Victoria with international motorsport events that deliver promotional and economic benefits to the state of Victoria.



John Harnden AM
Chairman
Australian Grand Prix Corporation

a. Introduction

The Australian Grand Prix Corporation (the Corporation) is a statutory authority established pursuant to the Australian Grands Prix Act 1994 (Vic) (as amended) ("AGP Act").

The Corporation is subject to the direction and control of the Minister administering the AGP Act, the Minister for Tourism and Major Events, The Honourable John Eren, MP.

b. Mission Statement

Our mission is to provide Melbourne and Victoria with world-class international motorsport events that deliver increased promotional and economic benefits to the State of Victoria.

c. Vision Statement

To stage the best international events.

d. Functions and Strategic Priorities

Functions

The functions of the Corporation are:

- To negotiate, enter into and vary agreements under which Formula One events are held;
- To undertake and facilitate the organisation, conduct, management and promotion of Formula One events and Motorcycle Grand Prix events;
- To establish at Albert Park a temporary motor racing circuit and supporting facilities for Formula One events;
- To do all other things necessary for or in connection with the conduct and financial and commercial management of each Formula One event promoted by the Corporation;
- With the consent of the Minister, to negotiate and enter into an agreement for the holding of, and to undertake the organisation, conduct, management and promotion of, a motor sport event approved by the Minister; and
- Such other functions as are conferred on the Corporation under the AGP Act or any other Act.

Strategic Priorities

The strategic priorities and associated supporting strategic objectives of the Australian Grand Prix Corporation are as follows:

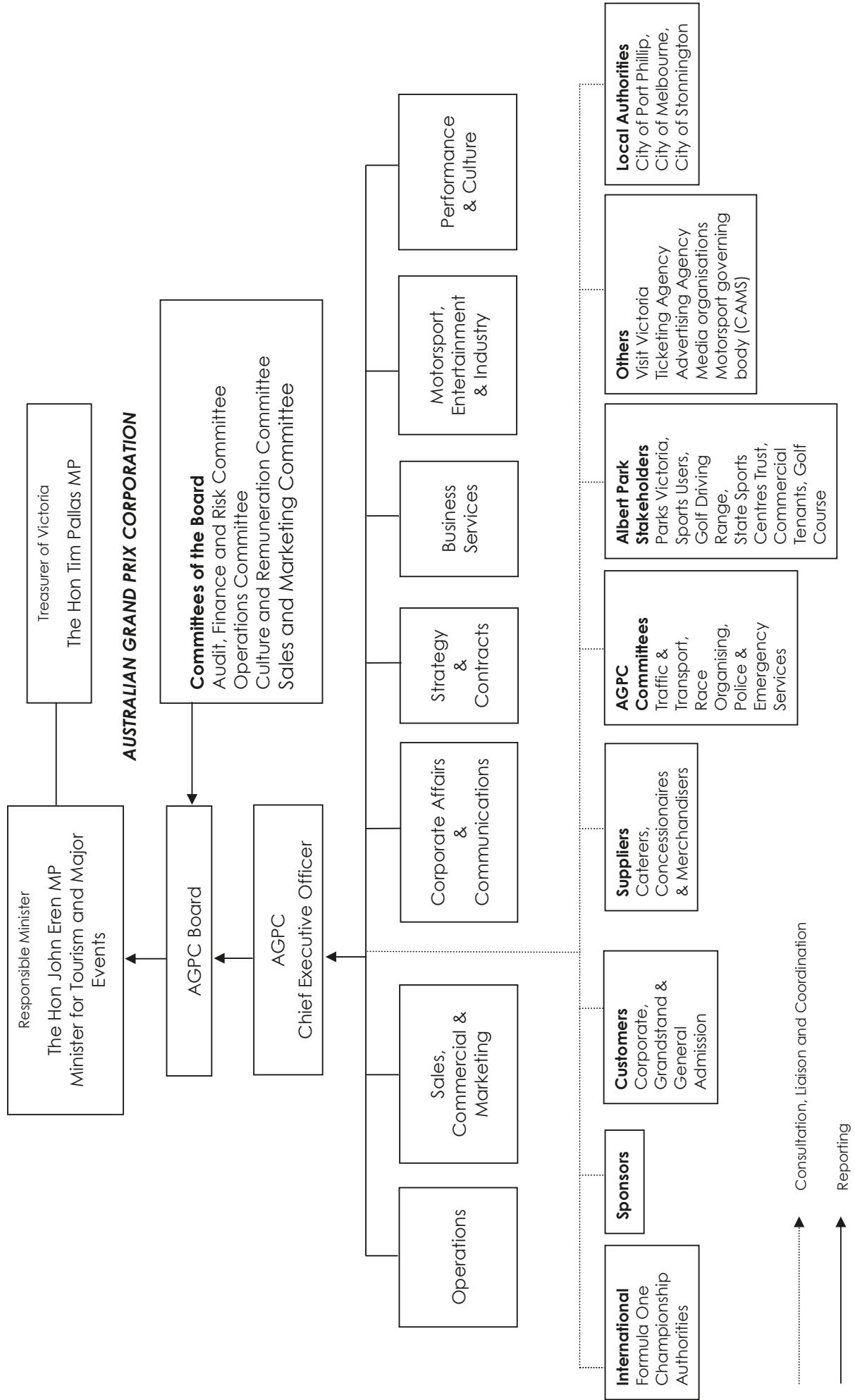
- **Promote Melbourne and Victoria through the events**
 - To ensure local and global branding of Melbourne and Victoria.
 - To drive national and international awareness of the events, Melbourne and Victoria.
 - To integrate the events into tourism strategies developed by the Victorian Government and its agencies.
 - To cement Melbourne's reputation as the centre of major events by delivering a world-class event experience to all intrastate, interstate and international visitors.
 - To contribute to the growth of the local economy by providing opportunities to showcase Victorian businesses.
 - To contribute to the growth of the Victorian major events industry by providing employment and business development opportunities among related organisations.
- **Maximise revenues and minimise costs**
 - To continually improve our competitive position among other major events to increase return on investment.
 - To offer patrons compelling and value for money, product and event content.
 - To implement robust financial review and control processes, and keep costs under constant scrutiny
 - To foster a culture of shared responsibility for financial performance throughout the organisation.
- **Deliver events safely and to the highest standards**
 - To establish and deploy clearly articulated safety management systems and event management plans.
 - To maintain and continually evaluate an active risk register.
 - To foster a culture of shared responsibility for event safety and quality among our people, contractors, agencies, partners and suppliers.
 - To ensure our people, contractors, agencies, partners and suppliers clearly understand and deliver against our expectations of 'highest standards'.
- **Increase attendances at the events**
 - To expand national and international awareness of the event.
 - To drive ticket sales through clearly defined and implemented sales and marketing communications strategies.
 - To fully understand our customers and what they want and expect from the event.
 - To keep the events fresh and compelling by continually challenging, refreshing and improving content and products.
- **Provide an exceptional event experience**
 - To exceed patron expectations in product mix and event content.
 - To surprise and delight patrons by continually reviewing, refreshing and improving product and event content.
 - To provide patrons with exceptional basic needs, safety, social interaction, communication and entertainment.
- **Build positive event brand perceptions**
 - To increase positive public support for the events.
 - To build a brand identity which is consistent, recognisable and sustainable in the long term.
 - To engage with the community at large to promote the positive attributes and benefits of the events.

- To establish a "Brand Identity" that is sustainable, long term.
 - To increase and leverage the following of the sports (Formula 1® and MotoGP™) among core customer segments.
 - To be considered a good community citizen, minimising our impact on the people and regions in which we operate.
- **Empower and support our staff**
 - To provide leadership and vision through clearly articulated strategies, objectives and behaviours.
 - To enhance the skills, professionalism and capabilities of our people.
 - To encourage our people to succeed, providing them with guidance, support and resources.
 - To minimise staff turnover and retain organisational IP and knowledge.

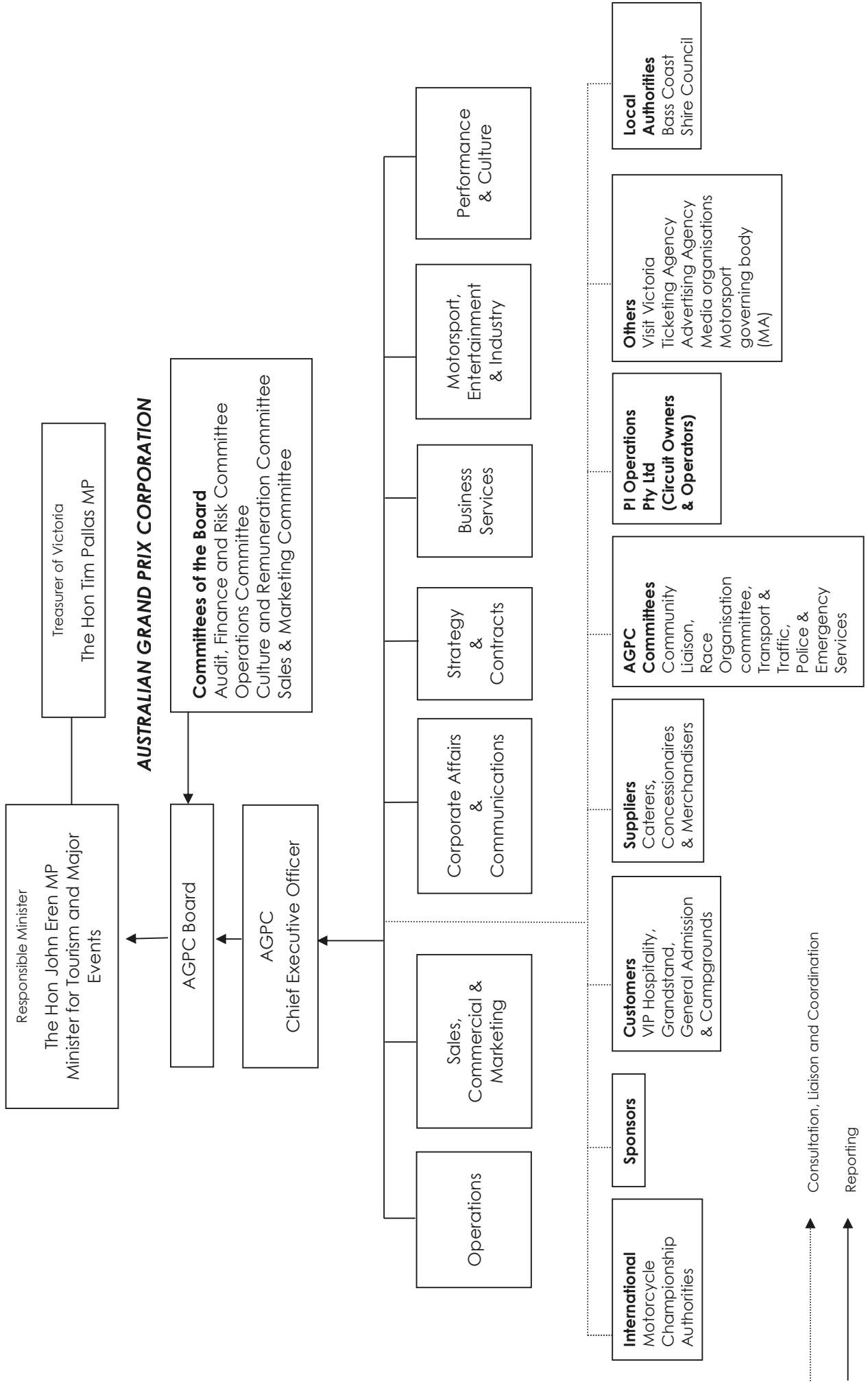
These strategic priorities define the way the Corporation will deliver both the Formula 1® Australian Grand Prix and the Australian Motorcycle Grand Prix. Each is supported by a set of initiatives and specific tactical elements that are reviewed for each event on an annual basis.

The reporting and consultative structures of the Formula 1® Australian Grand Prix and the Australian Motorcycle Grand Prix are set out on the following pages.

Reporting & Consultative Structure – Formula 1® Australian Grand Prix



Reporting & Consultative Structure – Australian Motorcycle Grand Prix



e. Administrative Structure

Members of the Corporation

The Members of the Corporation act in an honorary capacity.
The Members of the Corporation as at 30 June 2017 are:

- **John Harnden AM - Chairman**



Mr Harnden has extensive experience in the delivery of world-class sporting, tourism and entertainment events, as well as the capital projects that often accompany them. He was appointed as Chairperson of the board of the Australian Grand Prix Corporation in August 2015, having joined the board in August 2006 and served as Deputy Chairman since March 2007.

Mr Harnden is also a director of Cricket Australia and World Twenty20 2020 Ltd and provides strategic advice in the Sports, Events, Media and Tourism industries. He has led some of the world's largest sporting events and tourism properties through his roles as Chief Executive Officer of the ICC Cricket World Cup 2015, the South Australian Cricket Association, Village Roadshow International Theme Parks, the Melbourne 2006 Commonwealth Games Corporation and the Australian Grand Prix Corporation. Mr Harnden has served on a number of boards in the sporting and tourism areas and has also been involved in a range of engineering projects, including the management and design of Stadia and Formula One Grand Prix circuits around the world. Originally from Adelaide, Mr Harnden was awarded the Member of the Order of Australia for his services to sport in the staging of the Commonwealth Games.

- **Gillian Franklin - Deputy Chairman**



Ms Franklin is recognised as one of Australia's most innovative entrepreneurs with a passion and commitment to supporting women in business. She is the Founder & Managing Director of The Heat Group Pty Ltd – one of Australia's leading personal care companies.

Ms Franklin is also an award winning businesswoman with over 20 years experience in strategic leadership and consumer marketing. Ms Franklin has previously held Managing Director and General Management positions for some of Australia's leading consumer companies, including Creative Brands and Revlon. Ms Franklin's expertise and success was acknowledged when she was inducted into the Australian Business Women's Hall of Fame in 1998 and when she won the Telstra Business Women's Award Victoria in 1996. She was also awarded "Global Entrepreneur of the Year – Australia" at the Business Women's Leaders Summit in Washington DC, in October 2000. Ms Franklin was acknowledged as a 2011 Nominee for the Ernst & Young Entrepreneur of the Year. In May 2014 Ms Franklin won the InStyle and Audi 'Women of Style' Award. This award was for her significant contribution to the industry and active involvement in the community. Most recently Ms Franklin was selected to be the Southern Region Champion of Entrepreneurship in the 2017 EY Entrepreneur of the year program. Being selected to receive this lifetime achievement award was a testament to Ms Franklin's outstanding entrepreneurial success over many years.

In addition to running her own business, Ms Franklin is on the Board of the Cosmetic, Toiletry and Fragrance Association of Australia (CTFA), ACCORD, and the Visitor Economy Ministerial Advisory Committee. Ms Franklin has formerly held Directorships on the Melbourne Theatre Company (MTC), publicly listed Quintis, the largest supplier of Sandalwood in the world, Microsurgery Foundation, Neopep and CEDA (Committee for Economic Development of Australia) as well as Chaired the Prime Ministers Gold Medal Access Committee. Ms Franklin is also a founding member of Chief Executive Women (CEW).

- **Laura Anderson, FCIT**



Ms Anderson is a leading international advisor to industry, defence and government and an active supporter of community and philanthropic organisations.

Ms Anderson is Chairman of SVI Global Pty Ltd, the Melbourne Fashion Festival Pty Ltd, The Good Foundation, OneGlobalVenture and Chairman of the Foundation for the Advancement of Science and Technology in Schools. Ms Anderson was appointed to the Board of the National Basketball League in 2015 and serves on the Boards of Epworth Healthcare and the Australian-American Fulbright Commission. Ms Anderson was the National Partner in Charge of Strategy and Development for KPMG Australia and founding Partner of KPMG's Risk and Advisory Services for Industry Practice. She was a Board Member of the Just Group where she was Chairman of the Risk Committee. Ms Anderson is a Governor of the American Chamber of Commerce and a member of the Australian Institute of Company Directors and the National Association of Corporate Directors in Washington D.C.

- **Michael (Mick) Doohan AM**



Mr Doohan is a Grand Prix motorcycle road racing World Champion, who won five consecutive MotoGP (500 cc) World Championships – 1994, 95, 96, 97 & 98. From 2000 – 2005, Mr Doohan served as General Manager of Racing for Honda Racing Corporation and was a consultant from 2000 – 2008 to Dorna Sports. Since 2010 Mr Doohan has been an academy member of Laureus and more recently the Chairman and Director of Competition for Karting Australia (Australian Karting Association Ltd). Mr Doohan has served on a number of boards including Rally Australia Pty Limited. He was awarded the Member of the Order of Australia in recognition of service to the sport of motorcycle racing in 1996 and received an Australian Sports Medal in 2000. He was inducted into the Sport Australia Hall of Fame in 2009.

- **Mark Green**



Mr Green is the Deputy CEO of MinterEllison. This includes responsibility for servicing the firm's key clients and markets including Australia and internationally through the firms' offices in Australia, London, Hong Kong, Shanghai, Beijing and Ulaanbaatar. His practice includes corporate advisory and related structuring matters, specialising in cross-border transactions. He also advises a range of Australian and international clients and government entities on international taxation and finance issues. He has developed close working relationships with many international organisations across key industry sectors and advises them on investment opportunities primarily in Australia and North and South East Asia. Mr Green also serves as the Chairman of Safetrac Pty Ltd, Director of Best Lawyers Australia and Director of L'Uliveto Verde Pty Ltd.

- **Alan Oxley**



Mr Oxley is one of Australia's leading strategic advisers on international trade, investment and sustainability, and the Asian region. He runs Melbourne-based ITS Global, a consultancy on global issues. Mr Oxley was a diplomat for 20 years representing Australia in Singapore and at the United Nations in New York. He was Australian Ambassador to the GATT, the predecessor of the World Trade Organisation. Currently Mr Oxley is Chairman of the Australian APEC Centre at RMIT University.

- **The Hon Kate Lundy**



Ms Lundy was first elected to the Australian Senate in 1996. She has served as the Federal Minister for Sport and Multicultural Affairs and Minister Assisting for Industry, Innovation and the Digital Economy in the Gillard/Rudd Government, retiring from politics in 2015. She serves as a Director of Australian Cyber Security Research Institute, Australian Sports Technology Network and is managing director of Technology Innovation Partners Pty Ltd. Ms Lundy also works part time as the ACT and region Local and Defence Industry Advocate. Ms Lundy has been a Non-Executive Director of National Roads and Motorists' Association Limited since March 2015. The AGPC welcomed her as a Board Member in 2016.

- **Trent Smyth**



Honorary Consul and head of Mission, Mr Smyth was appointed by the government of the republic of Malawi in 2011 and has held the position of Secretary of the Consular Corps Melbourne since 2014. Mr Smyth is also managing director of Untitled Australia, a diversified property development and holding firm which he founded in 2006. He has a strong interest in motorsport. He is the chief curator of the Australian International Concours d'Elegance and advisory board member of Motorclassica being responsible for assembling Australia's largest and most important collection of classic and rare cars. Mr Smyth is also the President of the Ferrari Club of Australia (Vic). In 2017 Mr Smyth was appointed to the Council of International House, the University of Melbourne's most diversified residential college. The AGPC welcomed him as a Board Member in 2016.

Audit, Finance and Risk Committee membership and roles

The Audit, Finance and Risk Committee consists of the following members:

- Mark Green (Chair)
- Gillian Franklin
- Alan Oxley

The main responsibilities of the Audit, Finance and Risk Committee are to review and provide advice on:

1. Financial performance and the financial reporting process, including the annual financial statements
2. The scope of work, performance and independence of the internal and external auditor
3. Matters of accountability and internal control affecting the operations of the Corporation
4. The acceptability of correct accounting treatment for and disclosure of significant transactions which are not part of the Corporation's normal course of business
5. The sign-off of accounting policies
6. The Corporation's process for monitoring compliance with laws and regulations and its own Code of Conduct and Code of Financial Practice
7. The sign-off of risk management systems and procedures
8. The design and effectiveness of governance procedures
9. Management actions and implementations of external and internal audit recommendations

Management of the Corporation as at 30 June 2017

Chief Executive Officer – Andrew Westacott

Deputy Chief Executive Officer and General Manager, Operations – Ashley Davies

Responsibilities include engineering, circuit planning, event presentation, event and venue operations, traffic and transport, cleaning and waste, credentials, Parks Victoria and local council liaison, community relations, disability services and catering.

General Manager, Sales, Commercial & Marketing – Corina Black

Responsibilities include corporate hospitality, grandstand and general admission ticket sales, sponsorship, licensing, marketing, digital advertising, social media advertising and websites.

General Manager, Motorsport, Entertainment & Industry – Craig Fletcher

Responsibilities include motorsport, all on-track and off-track entertainment, merchandise program, uniforms, international accreditation and broader industry and education partnerships.

General Manager, Business Services – William La (Acting)

Responsibilities include statutory and management reporting, financial modelling and financial operations, statutory and broader governance obligations of the Corporation, along with all information technology, business system and process requirements.

General Counsel, Strategy and Contracts – James Rosengarten

Responsibilities include management of the legal affairs of the Corporation, corporate strategy, Government liaison, statutory obligations and the structuring and formation of the Corporation's commercial arrangements.

Division Manager, Performance and Culture – David Taubman

Responsibilities include organisational culture, staff welfare, training and recruitment.

Division Manager, Corporate Affairs and Communications – Tracie Stoltenburg

Responsibilities include public relations, campaigns, media and corporate communications.

3. People, Safety and Wellbeing

a. Workforce Data

The number of personnel employed by the Corporation as at 30 June 2017 was 58 (2016: 56).

Aggregate Workforce Data Employment Status	2017			2016		
	Male	Female	Total	Male	Female	Total
Permanent	25	21	46	24	23	47
Fixed term contractors	5	7	12	6	3	9
Total	30	28	58	30	26	56

b. Wellbeing and Safety

In meeting its legal and moral obligations with regard to occupational and public health and safety, the Corporation has developed and implemented a risk and safety management program.

Initiatives undertaken during the year ending 30 June 2017 to ensure effective risk management, prevent injury and promote a safe environment include:

Risk and Safety Management Systems

- Development of policies and procedures
- Implementation of policies and procedure
- Internal audit and testing the effectiveness of the risk and safety management systems

Event and Public Safety

- Event safety and emergency management planning and execution
- Public safety and security management planning and execution
- Risk profiling and event readiness exercises across all business divisions
- Circuit planning and infrastructure placement
- Contractor and third-party management
- Risk assessments, site inspections, audits and incident management
- Participation in major event and mass gathering networks
- Established interagency committee to oversee the delivery of safe and secure events
- Event induction program for staff

Health and Wellbeing

- Development and implementation of AGPC's health and wellbeing strategy
- Leadership role modelling and participation in health, wellness and lifestyle initiatives
- Established wellbeing rooms for staff to utilise at both events
- Guest speakers discussing nutrition, fatigue management and resilience
- Improved flexible work arrangements
- Physical and mental health related training sessions
- Health awareness campaign
- Health Insurance companies presenting at staff meetings
- Employee assistance program education and utilisation

c. Occupational Health and Safety Performance Indicators

AGPC's Occupational Health and Safety (OHS) performance continues to remain positive year on year which is reflected in the overall statistics and results.

This is attributed to targeted risk management strategies, a comprehensive readiness exercise, rigorous planning and delivery by skilled staff and contractors.

The statistical performance relating to AGPC staff and contractors can be summarised as:

OH&S Incidents	2017	2016
Injuries	9	11
Lost Time Injuries	1	2
Claims	1	0
Total	11	13

Workers' compensation premium performance remains in a strong position due to a long-standing absence of claims. AGPC's risk and safety systems are subject to ongoing audit and review against industry standards.

d. Industrial Relations

With the introduction of the Fair Work Act 2009 the Corporation continues to develop and implement revised employment conditions and policies to align with various changes to workplace legislation.

Employee contracts include a standard grievance and dispute resolution procedure. All such matters are addressed by the Chief Executive Officer and can be escalated to the Chair of the Culture and Remuneration Committee of the Board if required.

In the event of any strike, standard stand-down provisions are incorporated into all employee contracts. There was no time lost due to industrial disputes during the period.

e. Equal Opportunity

The Corporation is an equal opportunity employer.

f. Multicultural Policy

The Corporation endeavours to promote policies applicable to a culturally and linguistically diverse society. The Corporation promotes events throughout ethnic communities.

g. Executive Officer Remuneration

The number of executive officers and their base remuneration (inclusive of statutory superannuation) during the period are shown in the first two columns in the table below in the relevant income bands. The total remuneration (inclusive of statutory superannuation) of executive officers is shown in the third and fourth columns. Total remuneration includes bonuses. The total annualised employee equivalent provides a measure of full-time equivalent executive officers over the reporting period.

	Base Remuneration		Total Remuneration	
	2017 No.	2016 No.	2017 No.	2016 No.
\$460,000 - \$479,999	-	-	1	-
\$440,000 - \$459,999	-	-	-	1
\$420,000 - \$439,999	-	-	-	-
\$400,000 - \$419,999	1	-	-	-
\$380,000 - \$399,999	-	1	-	-
\$360,000 - \$379,999	-	-	-	-
\$340,000 - \$359,999	-	-	-	-
\$320,000 - \$339,999	-	-	-	-
\$300,000 - \$319,999	-	-	1	-
\$280,000 - \$299,999	-	-	1	2
\$260,000 - \$279,999	1	-	1	-
\$240,000 - \$259,999	1	2	-	-
\$220,000 - \$239,999	-	-	1	3
\$200,000 - \$219,999	2	3	-	-
\$180,000 - \$199,999	-	-	1	-
\$160,000 - \$179,999	1	-	-	-
\$140,000 - \$159,999	2	2	2	2
\$120,000 - \$139,999	-	-	-	-
\$100,000 - \$119,999	-	-	-	1
Less than \$100,000	1	1	1	-
Number of Executives*	9	9	9	9
Total annualised employee equivalent (AAE)**	7.7	8.3	7.7	8.3

* Includes Executive Officers and other persons occupying a significant management role

** Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

4. Financial Review

Summary of Financial Results

Formula One Australian Grand Prix

The 2017 Formula 1® Rolex Australian Grand Prix was held on 24 – 26 March 2017. Once again, Melbourne and Victoria were on global display as the opening round of the 2017 FIA Formula One World Championship.

An estimated attendance of 296,600 fans experienced world-class racing, entertainment, glamour and off-track entertainment.

Revenue increased by 14 percent from 2016 while the costs pertaining to the event have marginally increased by 1 percent.

As shown in the table below, the government investment for the 2017 Formula 1® Rolex Australian Grand Prix was \$57.123 million. This was the second consecutive year where investment has reduced and has been at the lowest levels since 2013.

Formula One Grand Prix	2017 Event \$'000	2016 Event \$'000	2015 Event \$'000	2014 Event \$'000	2013 Event \$'000
Sales Revenue	32,126	27,655	30,218	29,255	30,250
Total Revenue	40,098	34,900	39,836	38,291	40,080
Total Expenditure	(97,221)	(95,854)	(101,571)	(98,266)	(90,751)
Operating Result before Government Investment & Depreciation	(57,123)	(60,954)	(61,735)	(59,975)	(50,671)
Government Investment	57,123	60,954	61,735	59,975	50,671

Capital Works Activities

The total capital spend for the 2016-17 financial year was \$2.588 million (2015-16 \$3.289 million). The 2016-17 capital works expenditure (encompassing works conducted under licence from Parks Victoria) included:

- Electrical switch and distribution boards;
- Track barriers;
- Pit Building improvements; and
- Corporate Facility improvements

Australian Motorcycle Grand Prix

The Michelin® Australian Motorcycle Grand Prix 2016 was held on 21 – 23 October 2016.

An estimated attendance of 83,600 brought visitors from around the world to the regional Phillip Island Grand Prix Circuit resulting in substantial economic benefits for the region.

As shown in the table below, the Government investment for the Michelin® Australian Motorcycle Grand Prix 2016 was \$9.854 million.

Motorcycle Grand Prix - Result by Event	Future Events \$'000	2016 Event \$'000	2015 Event \$'000	2014 Event \$'000	2013 Event \$'000
Sales Revenue	-	6,656	6,082	5,186	5,328
Total Revenue	-	9,116	8,690	7,490	7,236
Total Expenditure	-	(18,971)	(17,929)	(17,475)	(18,508)
Operating Result before Government Investment & Depreciation	-	(9,854)	(9,239)	(9,985)	(11,272)
Government Investment	5,619	9,854	9,239	9,985	11,272

Motorcycle Grand Prix - Result by Financial Year	2016/17 \$'000	2015/16 \$'000	2014/15 \$'000	2013/14 \$'000	2012/13 \$'000
Sales Revenue	6,656	6,082	5,186	5,328	9,947
Total Revenue	9,116	8,690	7,490	7,236	12,601
Total Expenditure	(18,971)	(17,929)	(17,475)	(18,508)	(18,548)
Operating Result before Government Investment & Depreciation	(9,854)	(9,239)	(9,985)	(11,272)	(5,947)
Government Investment	10,551	9,280	10,527	9,515	7,817

5. Legislative and Other Information

a. Freedom of Information

The *Freedom of Information Act 1982* allows the public a right of access to documents held by the Australian Grand Prix Corporation (**AGPC**). For the 12 months ending 30 June 2017, AGPC received eight applications.

Making a request

Requests for access to documents under the *Freedom of Information Act 1982* should be addressed to the Freedom of Information Officer, Australian Grand Prix Corporation, Level 5, 616 St Kilda Road, Melbourne, 3004 or via email foi@grandprix.com.au

Requests must satisfy the formal requirements set out in the *Freedom of Information Act 1982*. In particular, applicants should ensure that the request provides sufficient information concerning the document as is reasonably necessary to enable the responsible officer of the Corporation to identify the document. Where a request does not comply with the necessary requirements, the applicant will be so advised and given the opportunity to reformulate the request.

Upon receipt of the request the Corporation will endeavour to provide a response as soon as practicable and, in any case, not later than 45 days after the day on which the Corporation receives the request.

The types of documents to which access will not be granted are detailed in Part 4 of the *Freedom of Information Act 1982* and Section 49 of the *Australian Grands Prix Act 1994*. Where access is denied, applicants will be given reasons. Applicants may then apply to the FOI Commissioner to review the decision. Further appeals to the Ombudsman or the Victorian Civil and Administrative Tribunal can be made in accordance with the procedures set out in the *Freedom of Information Act 1982*.

Further information regarding Freedom of Information can be found on FOI Online www.foi.com.au

Charges

Requests for access must be accompanied by a \$28.40 application fee as at 1 July 2017 (\$27.90 as at 30 June 2016). Further charges for the supply of documents in relation to freedom of information requests are made in accordance with the *Freedom of Information Act 1982* and the *Freedom of Information (Access Charges) Regulations 2004*.

Categories of Documents

The Corporation maintains records and files incorporating documents relating to general administrative matters, the Formula One event at Albert Park and the Motorcycle Grand Prix held at Phillip Island. All records and files are maintained at the Corporation's premises in Melbourne or at an external offsite storage provider's premises.

The Corporation also maintains two websites at www.grandprix.com.au and www.motogp.com.au and produces promotional newsletters for sending to subscribers.

b. Consultancy Services

Details of consultancies over \$10,000

Consultant	Purpose of consultancy	Total approved project fee (\$'000s exc. GST)	Expenditure 2016-17 (\$'000s exc. GST)	Future expenditure (exc. GST)
KPMG	Accounting advice	14	-	14
KPMG	Derivatives advice	12	12	-

Details of consultancies under \$10,000

In 2016-17, the total for the consultancies engaged during the year where the total fees payable to the consultants was less than \$10,000, was \$7,500.

c. Members' Meetings

The number of Members' meetings and the number of meetings attended by each of the Members of the Corporation during the financial year were:

	No. of Meetings attended	No. of Meetings held*
Mr John Harnden AM	7	7
Ms Gillian Franklin	6	7
Ms Laura Anderson	7	7
Mr Michael Doohan AM	5	7
Mr Trent Smyth	7	7
Mr Mark Green	6	7
Mr Alan Oxley	7	7
Ms Kate Lundy	7	7

*Number of meetings held during Member tenure

d. Building Act 1993

In accordance with Section 48(1) of the Australian Grands Prix Act 1994, nothing in the Building Act 1993 applies to the carrying out of works authorised by and in accordance with the Australian Grands Prix Act 1994 or at the request of the Corporation in the declared area.

The Corporation has however undertaken to comply with the specifications of the Building Act 1993 wherever practicable.

e. Victorian Industry Participation Policy Act 2003

In October 2003, the Victorian Parliament passed the *Victorian Industry Participation Policy Act 2003* which requires public bodies and departments to report on the implementation of the Victorian Industry Participation Policy (VIPPP). Departments and public bodies are required to apply VIPPP in all tenders over \$3.0 million in metropolitan Melbourne and \$1.0 million in regional Victoria.

Contracts commenced to which VIPPP applied:

- During 2016-17, the Corporation commenced one contract totalling approximately \$6.8 million in value to which VIPPP applied.
- The contract was in metropolitan Melbourne.

- The contract did not require a VIPP plan due to limited or nil contestability and was 100% local in content and nature.
- The following benefits to the Victorian economy in terms of skills and technology transfer from this contract include:
 - Training in safe work practises, environmentally responsible processes, increased skill base; and
 - Increased number of trained operators.

Contracts completed to which VIPP applied:

- During 2016-17, the Corporation completed five contracts totalling approximately \$11.3 million in value to which VIPP applied.
- The contracts were in regional Victoria.
- One contract, totalling \$3.5 million, did not require a VIPP plan due to limited or nil contestability and was 100% local in content and nature.
- The following benefits to the Victorian economy in terms of skills and technology transfer from these contracts include:
 - Training in safe work practises, environmentally responsible processes, increased skill base; and
 - Increased number of trained operators.

Disclosure of Major Contracts

The Corporation did not enter into a contract greater than \$10.0 million dollars in total value during the year ended 30 June 2017.

f. Available Information

Information contained in this report has been prepared in accordance with the *Financial Management Act 1994* and is available to the Minister for Tourism and Major Events, The Honourable John Eren MP, the public on request and from the Corporation's web site www.grandprix.com.au.

g. Details of advertising expenditure (campaigns with a media spend of \$100,000 or greater)

			(\$'000s, exc. GST)				
Name of Campaign	Campaign summary	Start/End date	Advertising (Media) Expenditure	Creative and campaign development Expenditure	Research and Evaluation Expenditure	Print and collateral Expenditure	Other Campaign Expenditure
2017 Formula 1® Rolex Australian Grand Prix	Television capital cities and regional, print, magazines, radio and outdoor, public relations, communications and digital web	September 2016 – March 2017	1,849	341	38	29	59
2016 Michelin Australian Motorcycle Grand Prix	Television capital cities and regional, print, magazines, radio and outdoor, public relations, communications and digital web	July 2016 - October 2016	352	224	20	21	41

h. Information and Communication Technology Expenditure

In 2016-17, the Corporation had a total ICT expenditure of \$303,000, with details as shown below:

Business As Usual (BAU) ICT Expenditure \$'000s	Non- Business As Usual (non-BAU) ICT expenditure \$'000s	Operational Expenditure \$'000s	Capital Expenditure \$'000
274	29	19	10

i. Disclosures under the Protected Disclosure Act 2012

	2016-17	2015-16
The number of assessable disclosures made to the Corporation and notified to IBAC:		
Assessable disclosures	-	-

Employees and/or officers of the Australian Grand Prix Corporation have been made aware of the Protected Disclosure Act 2012 through internal communication processes as well as the guidelines on how to report disclosures to the Independent Broad-based Anti-Corruption Commission.

Disclosures of improper conduct or detrimental action by the Australian Grand Prix Corporation or any of its employees and/or officers may be made directly to the Independent Broad-based Anti-Corruption Commission:

Level 1, North Tower, 459 Collins Street
Melbourne, VIC 3000
Phone: 1300 735 135
Internet: www.ibac.vic.gov.au

Further information

The Protected Disclosure Policy and Procedures, which outline the system for reporting disclosures of improper conduct or detrimental action by the Australian Grand Prix Corporation or any of its employees and/or officers, are available on the Department of Economic Development, Jobs, Transport and Resources' website.

j. Risk Management attestation

I, Andrew Westacott, certify that the Australian Grand Prix Corporation has complied with the *Ministerial Standing Direction 4.5.5 – Risk Management Framework and Processes*. The Australian Grand Prix Corporation Audit and Risk Committee verify this.



Andrew Westacott
Chief Executive Officer
22 August 2017

k. Disclosure Index

The Annual Report of the entity is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of compliance with statutory requirements.

Legislation	Requirement	Page
Ministerial Directions		
Report of Operations		
<u>Charter and Purpose</u>		
FRD 22G	Manner of establishment and Relevant Ministers	6
FRD 22G	Objectives, functions, powers and duties	6
FRD 22G	Nature and range of services provided	6
<u>Management & Structure</u>		
FRD 22G	Organisational structure	9
<u>Financial & other information</u>		
FRD 22G	Statement of workforce data and merit and equity	16
FRD 22G	Summary of financial results for the year	19
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<u>Financial statements required under Part 7 of the FMA</u>		
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Dated at Melbourne on 22 August 2017
Signed in accordance with a resolution of Members



John Harnden AM
Chairman

AUSTRALIAN GRAND PRIX CORPORATION

ABN 86 947 927 465

6. Financial Statements

For the Year Ended 30 June 2017

Comprehensive Operating Statement For the Financial Year Ended 30 June 2017

	Notes	2017 \$000's	2016 \$000's
Income from transactions			
Formula One Grand Prix		104,133	98,179
Motorcycle Grand Prix		14,157	12,991
Future Grands Prix		5,619	4,979
Total income from transactions	2	<u>123,908</u>	<u>116,149</u>
Expenses from transactions			
Formula One Grand Prix		(101,185)	(99,206)
Motorcycle Grand Prix		(19,211)	(18,016)
Total expenses from transactions	2,3	<u>(120,397)</u>	<u>(117,222)</u>
Net result from transactions (Net operating balance)		<u>3,512</u>	<u>(1,072)</u>
Other economic flows included in net result			
Net gain/(loss) on financial instruments		26	(34)
Net gain/(loss) on sale/disposal of non-financial assets		2	(182)
Total other economic flows included in net result	2,3,7	<u>28</u>	<u>(216)</u>
Net result		<u>3,539</u>	<u>(1,288)</u>
Other economic flows - other comprehensive income			
Items that will not be reclassified to net result			
Change in fair value of derivatives recognised through cash flow hedge reserve	15	(30,648)	(13,000)
Change in asset revaluation reserve		-	7,520
Comprehensive result		<u>(27,109)</u>	<u>(6,768)</u>

The comprehensive operating statement is to be read in conjunction with the notes to and forming part of the financial statements set out in pages 30 to 72

Balance Sheet as at 30 June 2017

	Notes	2017 \$000's	2016 \$000's
Assets			
Financial assets			
Cash and deposits	5	19,091	12,012
Receivables	6	2,033	534
Derivatives	14	16,829	26,302
Total financial assets		<u>37,953</u>	<u>38,848</u>
Non-financial assets			
Other non-financial assets	10	1,870	1,327
Infrastructure, plant and equipment	8	13,056	14,262
Intangible assets	9	101	151
Total non-financial assets		<u>15,027</u>	<u>15,740</u>
Total assets		<u>52,980</u>	<u>54,588</u>
Liabilities			
Payables	11	3,272	2,695
Provisions	12	829	765
Deferred income	13	7,303	3,623
Derivatives	14	21,182	-
Total liabilities		<u>32,585</u>	<u>7,083</u>
Net assets		<u>20,396</u>	<u>47,505</u>
Equity			
Contributed capital	15a	10,739	10,739
Cashflow Hedge Reserve	15b	(4,312)	26,336
Asset Revaluation Reserve	15c	10,744	10,744
Accumulated surplus/(loss)	15d	3,225	(314)
Net worth		<u>20,396</u>	<u>47,505</u>
Commitments for expenditure	18	-	-
Contingent assets and liabilities	19	-	-

The balance sheet is to be read in conjunction with the notes to and forming part of the financial statements set out in pages 30 to 72

**Statement of Changes in Equity
For the Financial Year Ended 30 June 2017**

	Notes	Cash flow hedge reserve	Asset revaluation reserve	Contributed capital	Accumulated surplus	Total
		\$000's	\$000's	\$000's	\$000's	\$000's
Balance at 30 June 2015	15	39,336	3,224	10,739	974	54,273
Net result for year	15d	-	-	-	(1,288)	(1,288)
Change in fair value of derivatives recognised through cash flow hedge reserve	15b	(13,000)	-	-	-	(13,000)
Change in asset revaluation reserve	15c	-	7,520	-	-	7,520
Balance at 30 June 2016	15	26,336	10,744	10,739	(314)	47,505
Net result for year	15d	-	-	-	3,539	3,539
Change in fair value of derivatives recognised through cash flow hedge reserve	15b	(30,648)	-	-	-	(30,648)
Change in asset revaluation reserve	15c	-	-	-	-	-
Balance at 30 June 2017	15	(4,312)	10,744	10,739	3,225	20,396

The above statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 30 to 72

Cash Flow Statement

For the Financial Year Ended 30 June 2017

	Notes	2017 \$000's	2016 \$000's
Cash flows from operating activities			
Receipts			
Receipts from customers, sponsors and commercial entities		55,434	47,423
Interest received		1,075	1,054
Government contributions – Motorcycle Grand Prix		5,425	4,731
Government contributions – Formula One Grand Prix		57,561	65,738
Government contributions – Future Grands Prix		6,181	5,477
Government contributions attributable to capital works		12,304	3,869
Total receipts		<u>137,979</u>	<u>128,292</u>
Payments			
Payments to suppliers and employees		(121,222)	(119,518)
GST paid to the ATO*		(7,427)	(5,164)
Total payments		<u>(128,649)</u>	<u>(124,682)</u>
Net cash flows from/(used in) operating activities	20	<u>9,330</u>	<u>3,610</u>
Cash flows from investing activities			
Payments for furniture and equipment		(7)	(184)
Payments for intangibles		(10)	(135)
Payments for Grand Prix infrastructure, plant and equipment		(1,976)	(1,452)
Payments for capital works subsequently transferred to Parks Victoria		(292)	(1,730)
Proceeds from the sale of Property, Plant & Equipment		2	1
Net cash flows from/(used in) investing activities		<u>(2,283)</u>	<u>(3,499)</u>
Cash flows from financing activities			
Realised Forex Gain/Loss		33	-
Cash flows from financing activities		<u>33</u>	<u>-</u>
Net increase/(decrease) in cash & cash equivalents		7,080	111
Cash & cash equivalents at the beginning of the year		<u>12,011</u>	<u>11,901</u>
Cash & cash equivalents at the end of financial year	5	<u>19,091</u>	<u>12,012</u>

*Goods and Services Tax paid to the ATO is presented on a net basis.

The cash flow statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 30 to 72

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

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Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

The annual financial statements represent the audited general purpose financial statements for the Australian Grand Prix Corporation (the Corporation) for the period ended 30 June 2017.

The purpose of the report is to provide users with information about the Corporation's stewardship of resources entrusted to it.

1. Summary of significant accounting policies

(a) Statement of compliance

The Corporation's financial statements are a general purpose financial report which has been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AASs) which include interpretations issued by the Australian Accounting Standards Board (AASB).

In complying with AASs, the Corporation has, where relevant, applied those paragraphs applicable to not-for-profit entities.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

To gain a better understanding of the terminology used in this report, a glossary of terms and style conventions can be found in Note 28.

The annual financial statements were authorised for issue by the Chairman of the Board on 22 August 2017.

(b) Basis of accounts preparation and measurement

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

In the application of AASs, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- Estimated impairment of non-financial assets

The Corporation assesses impairment of all assets at each reporting date by evaluating conditions specific to the Corporation and to the particular asset that may lead to impairment. These may include asset performance, economic and political environments and future expectations. Given the specific nature of the Corporation's assets, management considered that the indicators of impairment were significant enough and as such have been tested for impairment in this financial period.

- Useful lives and fair value of non-financial assets

The Valuer-General Victoria is the Corporation's independent valuation agency. The Corporation's management, with the assistance of the Valuer-General Victoria, determines

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

the estimated useful lives and related depreciation charges and fair value for its infrastructure, furniture and equipment and intangible assets. (Refer Note 1(j)). Management will increase the depreciation charge where useful lives are less than previous estimated useful lives, or will write-off or write-down obsolete assets or those that are no longer considered useful.

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. Judgements made by management in the application of AASB that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, are disclosed throughout the notes to the financial statements.

These financial statements are presented in Australian dollars, the functional and presentation currency of the Corporation, and prepared in accordance with the historical cost convention except for:

- Non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with a sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value and the fair value of an asset is generally based on its depreciated replacement value;
- Derivative financial instruments, which, after recognition are measured at fair value through the profit and loss.

Consistent with AASB 13 *Fair Value Measurement*, the Corporation determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment and financial instruments, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions (FRDs).

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

In addition, the Corporation determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Corporation has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2017 and the comparative information presented for the year ended 30 June 2016.

(c) Reporting entity

The Corporation is a statutory authority established pursuant to the *Australian Grands Prix Act 1994* (as amended) ("AGP Act").

The principal address is:

Australian Grand Prix Corporation
Level 5, 616 St Kilda Road
Melbourne VIC 3004

The Corporation is subject to the direction and control of the Minister administering the AGP Act. At the time of this report this was the Minister for Tourism and Major Events, The Honourable John Eren MP.

Objectives and Funding

The Corporation's overall objective is to provide Melbourne and Victoria with the best international event experiences that deliver increased promotional and economic benefits to the State of Victoria.

The Corporation is predominantly funded by ticket sales and sponsorship of the events and contributions provided by the Victorian Government.

(d) Scope and presentation of financial statements

Comprehensive operating statement

The comprehensive operating statement comprises three components, being 'net result from transactions' (or termed as 'net operating balance'), 'other economic flows included in net result', as well as 'other economic flows – other comprehensive income'. The sum of the first two components represents the net result.

The net result is equivalent to profit or loss derived in accordance with AASs.

'Other economic flows' are changes arising from market re-measurements. They include:

- Gains or losses from disposals of non-financial assets;
- Revaluations and impairments of non-financial physical and intangible assets; and
- Fair value changes of financial instruments.

This classification is consistent with the whole of government reporting format and is allowed under *AASB 101 Presentation of Financial Statements*.

Balance sheet

Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets.

Current and non-current assets and liabilities (non-current being those assets or liabilities expected to be recovered or settled beyond 12 months) are disclosed in the notes, where relevant, except for the provisions of employee benefits, which are classified as current liabilities

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

if the Corporation does not have the unconditional right to defer the settlement of liabilities within 12 months after the end of the reporting period.

Cash flow statement

Cash flows are classified according to whether or not they arise from operating, investing or financing activities. This classification is consistent with requirements under AASB 107 *Statement of Cash Flows*.

Statement of changes in equity

The statement of changes in equity presents reconciliations of each non-owner and owner changes in equity from opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the 'Comprehensive result', which includes amounts recognised in 'Other economic flows - other movements in equity' related to 'Transactions with owner in its capacity as owner'.

Rounding of amounts

Amounts in the financial statements (including the notes) have been rounded to the nearest thousand dollars, unless otherwise stated. Figures in the accounts may not equate due to rounding.

(e) Changes in accounting policies

There have been no revised accounting standards issued.

(f) Subsequent events

Assets, liabilities, income or expenses arise from past transactions or other past events. Disclosure is made about events between the reporting date and the date the statements are authorised for issue where the events relate to conditions which arose after the reporting date and are considered to be of material interest.

(g) Goods and services tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cashflows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which is recoverable from, or payable to, the taxation authority are presented as operating cash flow.

(h) Income tax

The Corporation is exempt from income tax under Section 24AR of Division 1B of the *Income Tax Assessment Act, 1936*.

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

(i) Income from transactions

Income is recognised to the extent that it is probable that the economic benefits will flow to the Corporation and the income can be reliably measured.

Sales and sponsorship/commercial/other operating revenue

Sales and sponsorship revenues are not controlled by the Corporation until the event has occurred. Hence, such revenues are recognised in the financial year in which an event is conducted. Until the event has occurred, the amounts received are recognised as deferred income.

Interest revenue

Interest includes interest received on deposits and other investments. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

Government contributions – Recurrent

Government contributions are recognised as revenue when the Corporation gains control of the underlying assets. The Corporation is deemed to have assumed control when the contributions are received.

Government contributions – Non-recurrent

The Corporation undertakes works within Albert Park under licence from Parks Victoria in its capacity as the Committee of Management for Albert Park. Government contributions in relation to capital works have been recognised as revenue in the financial year in which they are received. These capital works have been transferred to Parks Victoria free of charge.

(j) Expenses from transactions

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

Event management and staging and recurrent engineering

Event management and staging includes costs relating to venue and event operations. Recurrent engineering expenses include those costs relating to the assembly, dismantling and servicing of event infrastructure. It includes any non-capital expenditure on areas in and around the Albert Park and Phillip Island circuits.

Administration expenses

Depreciation and amortisation

All items of infrastructure, plant and equipment that have finite useful lives are depreciated. Depreciation is calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjustments made when necessary.

Intangible assets are amortised on a straight-line basis over the useful lives of the assets.

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

The following are typical useful lives for the different asset classes for current and prior years.

Asset Class	Useful Life 2016-17	Useful Life 2015-16
Computer Equipment	3 years	3 years
Furniture and Equipment	3 – 5 years	3 – 5 years
Grand Prix Infrastructure	3 – 50 years	3 – 20 years
Intangible Assets	3 – 6 years	3 – 6 years

Bad and doubtful debts

Useful lives have changed resulting in changes to depreciation. Please see note 8 for more information.

Refer to Note 1(m) Impairment of financial assets.

Marketing/promotion and catering

Marketing and promotion expenses are those costs incurred in ensuring that the event is promoted to the general public and corporate clients thereby increasing sales revenue. Catering costs are predominantly incurred in the provision of high class facilities to corporate and VIP clients.

Employee benefits

Employee expenses are recognised when incurred. These expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums.

Superannuation

Contributions are made by the Corporation to an employee superannuation fund and are charged as expenses when incurred (Refer note 24).

(k) Other economic flows included in net result

Other economic flows measure the change in volume or value of assets or liabilities that do not result in transactions.

Gain/(loss) on non-financial assets

Net gain/loss on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:

Net gain/(loss) on disposal of non-financial assets

Any gain or loss on the sale of non-financial assets is recognised at the date that control of the asset is passed to the buyer and is determined by deducting the proceeds of sale from the carrying value of the assets at the time of sale.

Revaluations gain/(loss) of non-financial physical assets

Refer to Note 1(n) under 'Revaluation of non-financial physical assets'.

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

Impairment of non-financial assets

Intangible assets not yet available for use or with indefinite lives are tested annually for impairment (as described below) and whenever there is an indication that the asset may be impaired.

All other assets are assessed annually for indications of impairment.

If there is any indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds the recoverable amount, the difference is written off as an 'other economic flow', except to the extent that the write-down can be debited to an asset revaluation surplus amount applicable to that class of asset.

If there is an indication that there has been a change in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. This reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the assets and fair value less costs to sell.

Refer to Note 1 (n) in relation to the recognition and measurement of non-financial assets.

Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- impairment and reversal of impairment for financial instruments at amortised cost (refer to Note 1 (l)); and
- disposals of financial assets and deregulation of financial liabilities.

Revaluations of financial instruments at fair value

Refer to Note 1 (l) Financial Instruments

Gain/(loss) arising from transactions in foreign exchange

Net gain/(loss) on derivatives includes realised and unrealised gains and losses from revaluations of derivatives (being foreign exchange forward contracts and foreign exchange options) that are designated at fair value through profit and loss.

Refer to Note 1 (q) 'Foreign currency transactions and balances'

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows include the gains or losses from:

- transfer of amounts from reserves and/or accumulated surplus to net result due to disposal or derecognition of reclassification; and
- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

(I) Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Corporation's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

Categories of non-derivative financial instruments

Loans and receivables

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables category includes cash and deposits (refer 1(m)), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

Held-to-maturity financial assets

If the Corporation has the positive intent and ability to hold nominated investments to maturity, then such assets may be classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. The held-to-maturity category includes certain term deposits and debt securities for which the Corporation intends to hold to maturity.

The Corporation makes limited use of this classification because any sale or reclassification of more than an insignificant amount of held-to-maturity investments not close to their maturity would result in the whole category being reclassified as available-for-sale. The Corporation would also be prevented from classifying investment securities as held-to-maturity for the current and the following two financial years.

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

Financial assets and liabilities at fair value through profit and loss

Financial assets are categorised as fair value through profit and loss at trade date if they are classified as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through profit or loss on the basis that the financial assets form part of a group of financial assets that are managed by the Corporation based on their fair values, and have their performance evaluated in accordance with documented risk management and investment strategies.

Financial instruments at fair value through profit or loss are initially measured at fair value and attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows. Any dividend or interest on a financial asset is recognised in the net result from transactions.

Financial liabilities at amortised cost

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the profit and loss over the period of the interest-bearing liability, using the effective interest rate method.

Financial instrument liabilities measured at amortised cost include all payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through profit or loss.

Derivative financial instruments

Derivative financial instruments are classified as held-for-trading financial assets and liabilities. They are initially recognised at fair value on the date on which a derivative contract is entered into. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives after initial recognition are recognised in the consolidated comprehensive operating statement as another economic flow included in the net result.

Offsetting financial instruments

Financial instrument assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Corporation has the legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Reclassification of financial instruments

Subsequent to initial recognition and under rare circumstances, non-derivative financial instrument assets that have not been designated at fair value through profit or loss upon recognition may be reclassified out of the fair value through profit or loss category, if they are no longer held for the purpose of selling or repurchasing in the near future.

Financial instrument assets that meet the definition of loans and receivables may be reclassified out of the fair value through profit and loss category into the loans and receivables category, where they would have met the definition of loans and receivables had they not been required to be classified as fair value through profit and loss. In these cases, the financial instrument

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

assets may be reclassified out of the fair value through profit category, if there is the intention and ability to hold them for the foreseeable future or until maturity.

(m) Financial assets

Cash and deposits

Cash and deposits recognised on the balance sheet comprise cash on hand and cash at bank, deposits at call with Treasury Corporation of Victoria and other financial institutions.

For the purpose of the Cash Flow Statement, cash and cash equivalents include cash on hand, cash at bank and deposits with an original maturity of three months or less, which are readily convertible to cash on hand and are subject to insignificant risk of changes in value.

Receivables

Receivables consist predominantly of debtors in relation to goods and services and accrued investment income.

Receivables that are contractual are classified as financial instruments. Statutory receivables are not classified as financial instruments.

Receivables are initially recognised at fair value plus any attributable transaction cost and subsequently measured at amortised cost less an allowance for impairment.

A provision for doubtful receivables is made when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

Impairment of financial assets

At the end of each reporting period, the Corporation assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit and loss, are subject to annual review for impairment.

Receivables are assessed for bad and doubtful debts on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful receivables are classified as other economic flows in the net result.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

(n) Non-financial assets

Infrastructure, plant and equipment

Items of non-financial physical assets are measured initially at cost and subsequently re-valued at fair value less accumulated depreciation and impairment. Where an asset is received for no or nominal consideration, the cost is the asset's fair value at the date of acquisition.

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

The fair value of infrastructure, plant and equipment is normally determined by reference to the asset's depreciated replacement cost. For plant and equipment, existing depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

For the accounting policy on impairment of non-financial physical assets, refer to impairment of non-financial assets under Note 1(k) *Impairment of non-financial assets*.

Non-financial physical assets constructed by the Corporation

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project, and an appropriate proportion of variable and fixed overheads.

Leasehold improvements

The cost of leasehold improvements is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

Revaluation of non-financial physical assets

Non-financial physical assets are measured at fair value on a cyclical basis in accordance with Financial Reporting Directions (FRDs) issued by the Minister of Finance. A full revaluation of assets normally occurs every five years and is based on the asset's government purpose classifications. The last valuation occurred during the 2015-16 financial year. Independent valuers are used to conduct scheduled revaluations.

Revaluation increases and decreases arise from differences between an asset's carrying value and fair value.

Net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are recognised in 'Other economic flows– comprehensive income' and accumulated in equity under the asset revaluation surplus. However, the net revaluation increase is recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the same class of infrastructure, plant and equipment previously recognised as an expense (other economic flows) in the net result.

Net revaluation decreases are recognised immediately as expenses (other economic flows) in the net result, except that the net revaluation decrease shall be recognised in other comprehensive income to the extent that a credit balance exists in the revaluation surplus in respect of the same class of infrastructure, plant and equipment.

The net revaluation decrease recognised in other comprehensive income reduces the amount accumulated in equity under revaluation surplus.

Revaluation increases and decreases relating to individual assets within a class of infrastructure, plant and equipment, are offset against one another within that class but are not offset in respect of assets in different classes. Any revaluation surplus is not normally transferred to accumulated funds on de-recognition of the relevant asset.

Capital Works

All fixed capital works constructed within Albert Park have been transferred to a third party, Parks Victoria, free of charge, in accordance with the licence agreements.

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

Intangible assets

Purchased intangible assets are initially recorded at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Corporation.

When recognition criteria in AASB 138 *Intangible Assets* are met, internally generated intangible assets are recognised at cost less accumulated amortisation and impairment.

Refer to Note 1(j) Depreciation and Amortisation and Note 1(k) Impairment of non-financial assets.

Other non-financial assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

(o) Liabilities

Payables

Payables consist of:

- contractual payables, such as accounts payable. Accounts payable represent liabilities for goods or services provided to the Corporation prior to the end of the financial year that are unpaid, and arise when the Corporation becomes obliged to make future payments in respect of the purchases of goods and services; and
- statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost (refer to Note 1(l)). Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

Provisions

Provisions are recognised when the Corporation has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using discount rate that reflects the time value of money and risks specific to the provision.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave are recognised in the provision for employee benefits as current liabilities, because the Corporation does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries, and annual leave are measured at:

- nominal value - if the Corporation expects to wholly settle within 12 months; or
- present value - if the Corporation does not expect to wholly settle within 12 months.

Long Service Leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where the Corporation does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- nominal value – component that the Corporation expects to wholly settle within 12 months
- present value – component that the Corporation does not expect to wholly settle within 12 months

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. The non-current liability is measured at present value.

Any gain or loss following revaluation of the present value of the non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates, for which it is then recognised as an 'other economic flow'. (refer note 1 (k))

Employee benefits on-costs

Employee benefits on-costs such as payroll tax, workers compensation and superannuation are recognised separately from the provision for employee benefits.

Deferred income

Deferred income consists of amounts received during the period which relates to activities to be conducted in future financial years. Also, revenue is recognized only to the extent of the expenses recognized and the remaining revenue has been deferred until earned.

(p) Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment.

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership.

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

Operating Lease

Operating lease payments are recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the asset. The leased asset is not recognised in the balance sheet.

The cost of leasehold improvements is capitalised as an asset and depreciated over the remaining term of the lease or the estimated useful life of the improvements, whichever is the shorter.

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are received to enter into operating leases, the aggregate cost of incentives are recognised as a reduction of rental expenses over the term on a straight-line basis, unless another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Finance lease

Leases of property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(q) Foreign currency transactions and balances

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date at the end of the reporting period. Non-monetary assets carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Foreign currency translation differences are recognised in 'other economic flows' and accumulated in the cash flow hedge reserve in the period in which they arise.

(r) Equity

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

(s) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note at their nominal value and inclusive of the GST payable.

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

(f) Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer to Note 19) and if quantifiable are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST.

(u) New accounting standards and interpretations

Certain new Australian accounting standards (AAS) and interpretations have been published that are not mandatory for the 30 June 2017 reporting period. The Department of Treasury and Finance has assessed the impact of the new standards and has advised the Corporation of their applicability and early adoption where applicable.

As at 30 June 2017, the following standards and interpretations have been issued but were not effective. They become effective for the first financial statements for the reporting periods commencing after the stated operative dates as follows:

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 <i>Financial Instruments</i>	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i>	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: <ul style="list-style-type: none"> • The change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and • Other fair value changes are presented in profit and loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. 	1 Jan 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. Changes in own credit risk in respect of liabilities designated at fair value through profit and loss will now be presented within other comprehensive income (OCI). Hedge accounting will be more closely aligned with common risk management practices making it easier to have an effective hedge. For entities with significant lending activities, an overhaul of related systems and processes may be needed.

**Notes to and Forming Part of the Financial Statements
for the Financial Year Ended 30 June 2017**

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2014-1 <i>Amendments to Australian Accounting Standards [Part E Financial Instruments]</i>	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 Jan 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2014-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i>	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2019	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications. A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening returned earnings if there are no former performance obligations outstanding.

**Notes to and Forming Part of the Financial Statements
for the Financial Year Ended 30 June 2017**

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15</i>	<p>Amends the measurement of trade receivables and the recognition of dividends. Trade receivables, that do not have a significant financing component, are to be measured at their transaction price, at initial recognition.</p> <p>Dividends are recognised in the profit and loss only when:</p> <ul style="list-style-type: none"> • the entity's right to receive payment of the dividend is established; • it is probable that the economic benefits associated with the dividend will flow to the entity; and • the amount can be measured reliably. 	1 Jan 2017, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.

**Notes to and Forming Part of the Financial Statements
for the Financial Year Ended 30 June 2017**

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2016-3 <i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i>	<p>This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require:</p> <ul style="list-style-type: none"> • A promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; • For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and • For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access). 	1 Jan 2019	The assessment has indicated that there will be no significant impact for the public sector, other than the impact identified in AASB 15.

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet.	1 Jan 2019	<p>The assessment has indicated that as most operating leases will come on balance sheet, recognition of lease assets and lease liabilities will cause net debt to increase.</p> <p>Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus.</p> <p>The amounts of cash paid for the principal portion of the lease liability will be presented within financing activities and the amounts paid for the interest portion will be presented within operating activities in the cash flow statement.</p> <p>No change for lessors.</p>

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

2. Revenue and Expenses from Ordinary Activities

	Financial Year 2016-17				Financial Year 2015-16			
	2017 Formula One Grand Prix \$000's	2016 Motorcycle Grand Prix \$000's	Future Grands Prix \$000's	June 2017 Financial Year Total \$000's	2016 Formula One Grand Prix \$000's	2015 Motorcycle Grand Prix \$000's	Future Grands Prix \$000's	June 2016 Financial Year Total \$000's
Income from transactions								
Sales revenue	32,126	6,952	-	39,078	27,655	6,373	-	34,028
Sponsorship/Commercial revenue	6,402	1,765	-	8,167	6,218	1,826	-	8,044
Interest revenue	895	180	-	1,075	877	180	-	1,057
Government Contributions – recurrent*	52,328	4,932	5,619	62,879	59,762	4,301	4,979	69,042
Government Contributions – non-recurrent	11,185	-	-	11,185	3,517	-	-	3,517
Other operating revenue	1,197	328	-	1,525	150	311	-	461
Total income from transactions	104,133	14,157	5,619	123,908	98,179	12,991	4,979	116,149
Expenses from transactions								
Event Management and Staging***	58,172	11,376	-	69,548	57,391	10,598	-	67,989
Recurrent Engineering**	26,539	4,054	-	30,593	26,477	3,978	-	30,455
Administration***	5,729	2,027	-	7,756	4,807	1,811	-	6,618
Marketing/Promotion and Catering	10,745	1,755	-	12,500	10,531	1,629	-	12,160
Total expenses from transactions	101,185	19,211	-	120,397	99,206	18,016	-	117,222
Net result from transactions (net operating balance)	2,947	(5,055)	5,619	3,512	(1,027)	(5,025)	4,979	(1,072)
Net gain/loss on financial instruments	26	-	-	26	(34)	-	-	(34)
Net gain/loss on sale of non-financial assets	2	-	-	2	(182)	-	-	(182)
Other economic flows included in net result	28	-	-	28	(216)	-	-	(216)
Net result	2,975	(5,055)	5,619	3,539	(1,242)	(5,025)	4,979	(1,288)

* Includes \$5,619,000 for recurrent spending on the 2017 Motorcycle event received in the 2016/17 financial year (2016: \$4,979,000 for the 2016 Motorcycle Event)

** Includes costs associated with the assembly, dismantle and servicing of event infrastructure

*** Includes depreciation and amortization

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

3. Expenses from Transactions	2017		2016		2016		2015		June 2016	
	Formula One Grand Prix \$000's	Motorcycle Grand Prix \$000's	Formula One Grand Prix \$000's	Motorcycle Grand Prix \$000's	Formula One Grand Prix \$000's	Motorcycle Grand Prix \$000's	Formula One Grand Prix \$000's	Motorcycle Grand Prix \$000's	Formula One Grand Prix \$000's	Motorcycle Grand Prix \$000's
Disclosure										
Items of expenses from transactions included in the comprehensive operating statement requiring specific disclosure:										
Bad and doubtful debts	-	-	-	-	-	-	-	-	-	-
Depreciation and amortisation										
• Amortisation – intangibles	48	12	55	60	69	14	69	69	69	69
• Depreciation - furniture & equipment	90	30	85	120	113	28	113	113	113	113
• Depreciation - Grand Prix infrastructure	2,979	91	1,482	3,070	1,527	45	1,527	1,527	1,527	1,527
Employee Benefits										
• Salaries, wages, annual leave, long service leave	7,029	297	6,610	7,326	6,866	256	6,866	6,866	6,866	6,866
• Superannuation contributions*	620	-	558	620	558	-	558	558	558	558
• Termination benefits	112	-	128	112	128	-	128	128	128	128
Operating lease expenses	818	-	797	818	797	-	797	797	797	797
Assets provided free of charge to Parks Victoria	292	-	1,730	292	1,730	-	1,730	1,730	1,730	1,730

*See Note 24 Superannuation

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

4. Auditors' remuneration	2017 \$000's	2016 \$000's
Amounts paid or payable to the Victorian Auditor-General's Office for audit of the financial statements	66	67
Amount paid or payable for internal audit activities	8	25
	<u>75</u>	<u>92</u>

5. Cash and deposits

Current:

Cash on hand	2	1
Cash at call	17,089	10,011
Term Deposits		
Australian dollar term deposits < 3 months	2,000	2,000
Total cash and deposits	<u>19,091</u>	<u>12,012</u>

6. Receivables

Current:

Contractual		
Trade debtors	1,432	285
Other debtors	59	29
Statutory		
GST input tax recoverable	542	20
	<u>2,033</u>	<u>534</u>
Provision for doubtful debts	-	-
Total current receivables	<u>2,033</u>	<u>534</u>

As at 30 June 2017, \$0 of receivables of the Corporation was impaired (2016: \$0). The amount of the provision is therefore \$0 (2016: \$0).

As of 30 June 2017, trade debtors of \$280,000 (2016: \$154,000) are past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

30 to 60 days	232	51
60 to 120 days	47	73
Over 120 days	1	30
	<u>280</u>	<u>154</u>

7. Other economic flows included in the net result

(a) Net gain/(loss) on financial instruments	26	(34)
(b) Other gains/(losses) from other economic flows		
<i>Net gain/(loss) on sale of non-financial assets</i>	2	(182)
Total gains/losses from other economic flows	<u>28</u>	<u>(216)</u>

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

8. Infrastructure, plant and equipment

(a) Classification by 'Public safety and environment' purpose group – movements in carrying amounts

	Furniture and equipment at fair value		Grand Prix infrastructure at fair value		Work in Progress		Total	
	2017 \$'000s	2016 \$'000s	2017 \$'000s	2016 \$'000s	2017 \$'000s	2016 \$'000s	2017 \$'000s	2016 \$'000s
Opening balance	242	171	13,982	6,758	40	3	14,264	6,932
Additions	7	184	-	-	2,268	3,183	2,275	3,367
Disposals	-	(291)	(7,309)	(1,646)	-	-	(7,309)	(1,937)
Revaluation of Grand Prix Infrastructure	-	-	-	7,520	-	-	-	7,520
Transfer to Parks Victoria	-	-	-	-	(292)	(1,733)	(292)	(1,733)
Transfer in/out of WIP	-	-	966	1,413	(966)	(1,413)	-	-
Depreciation	(120)	(113)	(3,070)	(1,527)	-	-	(3,190)	(1,640)
Write back on disposal	-	291	7,309	1,464	-	-	7,309	1,755
Closing balance	129	242	11,878	13,982	1,050	40	13,057	14,264

Classification by 'Purpose Group' – Carrying amount*

	2017 \$'000s	2016 \$'000s
Public safety and environment		
Furniture and Equipment – at fair value	129	242
Grand Prix infrastructure – at fair value	11,878	13,982
Work in Progress	1,050	40
Net carrying amount of infrastructure plant and equipment	13,057	14,264

*Infrastructure, plant and equipment are classified primarily by the 'purpose' for which the assets are used, according to one of six purpose groups based upon government purpose classifications (GPC). All assets within a purpose group are further sub categorised according to the asset's nature (i.e. buildings, plant and equipment, etc) with each sub category being classified as a separate class for financial reporting purposes.

Gross carrying amount and accumulated depreciation

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2017 \$'000s	2016 \$'000s	2017 \$'000s	2016 \$'000s	2017 \$'000s	2016 \$'000s
Furniture and equipment at fair value	2,327	2,320	(2,198)	(2,078)	129	242
Grand Prix infrastructure at fair value	15,004	14,040	(3,126)	(58)	11,878	13,982
Work in Progress	1,050	40	-	-	1,050	40
	18,380	16,400	(5,324)	(2,136)	13,057	14,262

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

(b) Fair value measurement hierarchy for assets as at 30 June 2017

	Carrying amount as at 30 June 2017 \$'000s	Fair value measurement at end of reporting period using:		
		Level 1** \$'000s	Level 2** \$'000s	Level 3** \$'000s
Furniture and Equipment	129	-	-	129
GP Infrastructure	11,878	-	-	11,878
Closing balance	12,007	-	-	12,007

	Carrying amount as at 30 June 2016 \$'000s	Fair value measurement at end of reporting period using:		
		Level 1** \$'000s	Level 2** \$'000s	Level 3** \$'000s
Furniture and Equipment	242	-	-	242
GP Infrastructure	13,982	-	-	13,982
Closing balance	14,224	-	-	14,224

**Classified in accordance with fair value hierarchy, see Note 1(b).

There have been no transfers between levels during the period.

There were no changes in valuation techniques throughout the period to 30 June 2017.

For all assets measured at fair value, the current use is considered the highest and best use.

(c) Reconciliation of Level 3 fair value:

	2017		2016	
	Furniture and equipment \$'000s	Grand Prix Infrastructure \$'000s	Furniture and equipment \$'000s	Grand Prix Infrastructure \$'000s
Opening balance	242	13,982	171	6,758
Additions/(disposals)	7	(6,343)	(107)	(233)
Transfers in/(out) of Level 3	-	-	-	-
Gains or losses recognised in net result	-	-	-	-
Depreciation	(120)	4,239	178	(63)
Impairment losses	-	-	-	-
Sub-total	129	11,878	242	6,462
Gains or losses recognised in other economic flows – other comprehensive income				
Revaluation	-	-	-	7,520
Sub-total	-	-	-	7,520
Closing balance	129	11,878	242	13,982

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

Infrastructure assets are valued using the depreciated replacement cost method. This cost represents the replacement cost of the component after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the current service capacity of the asset. Economic obsolescence has also been factored into the depreciated replacement cost calculation.

Furniture and equipment is held at fair value. When furniture and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method.

As a result of the 2016 asset revaluation activity, there has been a change to the useful lives for the assets included in this revaluation. The impact of this change is an increase in depreciation expense of approximately \$0.5 million recognized in the 2017 year. There has not been any change to the depreciation method.

For all assets measured at fair value, the current use is considered the highest and best use.

Description of significant unobservable inputs to Level 3 valuations for 2017:

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of fair value measurement to changes in significant unobservable inputs
Plant and equipment	Depreciated replacement cost	Cost per unit	\$500-\$750,000 per unit	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life of plant and equipment	3 - 5 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Infrastructure	Depreciated replacement cost	Cost per unit	\$500-\$464,000 per unit	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life of the infrastructure	3 - 50 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

9. Intangible assets

	Computer software		Work in Progress		Total	
	2017 \$'000s	2016 \$'000s	2017 \$'000s	2016 \$'000s	2017 \$'000s	2016 \$'000s
Opening balance	143	85	9	-	152	85
Additions	-	127	10	9	10	136
Disposals	-	-	-	-	-	-
Closing balance	143	212	19	9	162	221
Accumulated Amortisation	(60)	(69)	-	-	(60)	(69)
Closing balance	83	143	19	9	102	152

Significant intangible assets

The cost of the Corporation's website, and Customer Relationship Management and accounting systems have also been capitalised and will be fully amortised by 2019, when replacement of both of these assets will be assessed.

10. Other non-financial assets

	2017 \$'000s	2016 \$'000s
Prepayments – current	1,870	1,327

11. Payables

Current:

Contractual

Supplies and other services	3,209	1,892
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Statutory

GST payable	-	719
FBT payable	63	63
Other taxes payable	-	22

Total current payables

	3,272	2,695
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- (a) Maturity analysis of contractual payables
Please refer to note 16 for maturity analysis of contractual payables
- (b) Nature and extent of risks arising from contractual payables
Refer to note 16 for the nature and extent of risks arising from contractual payables

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

12. Provisions

	2017 \$'000s	2016 \$'000s
Current provisions		
Employee benefits* – annual leave:		
Unconditional and expected to settle within 12 months	365	344
Unconditional and expected to settle after 12 months	-	2
Employee benefits* – long service leave:		
Unconditional and expected to settle after 12 months**	282	247
Total employee benefits	<u>647</u>	<u>592</u>
Provision related to employee benefit on-costs:		
Unconditional and expected to settle within 12 months	71	67
Unconditional and expected to settle after 12 months	46	41
Total employee benefit on-costs	<u>117</u>	<u>108</u>
Total current provisions	<u>764</u>	<u>699</u>
Non-current provisions		
Employee benefits - long service leave **	55	56
Employee benefit on-costs	9	9
Total Non-Current Provisions	<u>64</u>	<u>65</u>
Total provisions	<u>829</u>	<u>765</u>

* Provisions for employee benefits consist of amounts for annual leave and long service leave accrued by employees, not including on-costs.

** Employee benefit amounts disclosed are discounted to present values.

Employee benefits and on-costs

	2017 \$'000s	2016 \$'000s
Current employee benefits		
Annual Leave entitlements	365	346
Long Service Leave entitlements	282	246
	<u>647</u>	<u>592</u>
Non-current employee benefits		
Long Service Leave entitlements	55	56
Total employee benefits	<u>702</u>	<u>648</u>
Current on-costs	117	108
Non-current on-costs	9	9
Total on-costs	<u>126</u>	<u>117</u>
Total employee benefits and related on-costs	<u><u>829</u></u>	<u><u>765</u></u>

**Notes to and Forming Part of the Financial Statements
for the Financial Year Ended 30 June 2017**

(b) Movement in provisions	Employee benefits 2017 \$'000s	On-costs 2017 \$'000s	Total 2017 \$'000s
Opening balance	648	117	765
Additional provisions made	54	9	64
Closing balance	<u>702</u>	<u>126</u>	<u>829</u>
Current	647	117	764
Non-current	55	9	64
	<u>702</u>	<u>126</u>	<u>829</u>

13. Deferred income

	2017 \$'000s	2016 \$'000s
Current:		
Advance commercial income	719	159
Income received in advance	6,584	3,464
	<u>7,303</u>	<u>3,623</u>

14. Derivatives

Current foreign exchange forward contracts	5,726	9,777
Non-current foreign exchange forward contracts	(10,079)	16,525
	<u>(4,353)</u>	<u>26,302</u>

Foreign exchange contracts were entered into at the request of the Victorian Government's Department of Treasury and Finance and are held with Treasury Corporation of Victoria.

15. Equity

	2017 \$'000s	2016 \$'000s
(a) Contributed Capital		
Contributed Capital at the beginning of the year	10,739	10,739
Contributed Capital at the end of the year	<u>10,739</u>	<u>10,739</u>
(b) Cashflow hedge reserve		
Reserve at the beginning of the year	26,336	39,336
Change in fair value of derivatives recognised through cash flow hedge reserve	(30,648)	(13,000)
Reserve at the end of the year	<u>(4,312)</u>	<u>26,336</u>
(c) Asset revaluation reserve		
Reserve at the beginning of the year	10,744	3,224
Current year reserve	-	7,520
Reserve at the end of year	<u>10,744</u>	<u>10,744</u>
(d) Accumulated surplus		
Accumulated surplus at the beginning of the year	(314)	974
Current year net (loss)/ surplus	3,539	(1,288)
Accumulated surplus at the end of the year	<u>3,225</u>	<u>(314)</u>

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

16. Financial instruments

The Corporation's financial instruments comprise of:

- Cash assets;
- Term deposits;
- Receivables;
- Payables; and
- Derivatives

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

The main purpose in holding financial instruments is to prudentially manage the Corporation's financial risks within government policy parameters.

The Corporation's activities expose it to a variety of financial risks including interest rate risk, foreign exchange risk, liquidity risk and credit risk. The Corporation manages these financial risks in accordance with the financial risk policy. The Corporation uses different methods to measure different types of risk to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Audit, Finance and Risk Committee of the Corporation.

(a) Categorisation of financial instruments

2017	Contractual financial assets/liabilities designated at fair value or held for trading \$'000s	Contractual financial assets – loans and receivables \$'000s	Contractual financial liabilities at amortised cost \$'000s	Total \$'000s
Contractual financial assets:				
Cash and deposits	-	19,091	-	19,091
Receivables: *				
Trade and other debtors	-	1,448	-	1,448
Financial derivatives	(4,353)	-	-	(4,353)
Total contractual financial assets	(4,353)	20,539	-	16,186
Total contractual financial liabilities	-	-	3,209	3,209
2016				
	Contractual financial assets/liabilities designated at fair value or held for trading \$'000s	Contractual financial assets – loans and receivables \$'000s	Contractual financial liabilities at amortised cost \$'000s	Total \$'000s
Contractual financial assets:				
Cash and deposits	-	12,012	-	12,012
Receivables: *				
Trade and other debtors	-	315	-	315
Financial derivatives	26,302	-	-	26,302
Total contractual financial assets	26,302	12,327	-	38,629
Total contractual financial liabilities	-	-	1,892	1,892

* The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable and taxes payable).

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

(b) Net holding gain/(loss) on financial instruments by category

2017	Net holding gain/loss \$'000s	Total interest income \$'000s	Total \$'000s
Contractual financial assets			
Financial assets- loans and receivables	-	1,075	1,075
Financial assets- derivatives	(30,648)	-	(30,648)
Total contractual financial assets	(30,648)	1,075	(29,573)
2016	Net holding gain/loss \$'000s	Total interest income \$'000s	Total \$'000s
Contractual financial assets			
Financial assets – loans and receivables	-	1,057	1,057
Financial assets – derivatives	(13,000)	-	(13,000)
Total contractual financial assets	(13,000)	1,057	(11,943)

The net holding gains and losses disclosed above are determined as follows:

- for cash and cash equivalents, loans or receivables the net gain or loss is calculated by taking the movement in the fair value of the asset, the interest income, plus or minus foreign exchange gains or losses arising from revaluation of financial assets, and minus any impairment recognised in the net result.

(c) Credit risk

Credit risk arises from contractual financial assets of the Corporation, which comprise cash and deposits, non-statutory receivables, and derivative instruments. Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the Corporation's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than government, it is the Corporation's policy to only deal with creditworthy counterparties. Credit risk is controlled through the Corporation's risk management policies which deal with credit exposure limits and counterparty limits (refer Note 6).

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the Corporation will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings.

The maximum credit risk exposure on foreign currency contracts is the full amount of the foreign currency the Corporation pays when settlement occurs should the counterparty fail to pay the amount which it is committed to pay to the Corporation.

As the Corporation transacts all foreign currency contracts with the Treasury Corporation of Victoria the credit risk is minimal.

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

Credit quality of contractual financial assets that are neither past due nor impaired

	Government Agencies Triple-A credit rating \$'000s	Financial institutions Double-A credit rating \$'000s	Other Min Triple-B Credit rating \$'000s	Total \$'000s
2017				
Cash and deposits	12,305	6,784	2	19,091
Receivables	542	-	1,448	1,990
Total contractual financial assets	12,847	6,784	1,450	21,081
2016				
Cash and deposits	5,324	6,687	-	12,011
Receivables	5	-	310	315
Total contractual financial assets	5,329	6,687	310	12,326

(d) Liquidity risk

Liquidity risk arises when the Corporation is unable to meet its financial obligations as they fall due. The Corporation operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, make payments within 30 days from the date of resolution.

The Corporation manages its liquidity risk by:

- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations; and
- careful maturity planning of financial obligations based on forecasts of future cash flows.

The Corporation's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Adequate controls and processes are in place to ensure sufficient cash is available when debts fall due.

The following table discloses the contractual maturity analysis for the Corporation's contractual financial liabilities.

Maturity analysis of contractual financial liabilities

	Carrying amount \$'000s	Not past due and not impaired \$'000s	Past due but not impaired		
			Less than 1 month \$'000s	1-3 months \$'000s	3 months – 1 year \$'000s
2017 Payables	3,209	3,015	-	158	36
2016 Payables	1,892	1,776	109	5	2

(e) Market risk

The Corporation's exposures to market risk are primarily through foreign currency risk and interest rate risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

Foreign currency risk

The Corporation has entered into forward foreign exchange contracts and foreign exchange options to hedge certain commitments denominated in US dollars. These contracts extend to 2026. Current derivatives relate to forward contracts that fall due within the next 12 months and non-current derivatives relate to forward contracts that fall due after this date.

These forward foreign exchange contracts have been entered into with full compliance of guidelines from, and with the approval of, the Treasurer of Victoria in accordance with the requirements of Section 24(2) of the *Australian Grands Prix Act 1994*.

The Corporation has not disclosed the gross value payable and receivable under the foreign currency contracts and is exempted from doing so under Section 49 of the *Australian Grands Prix Act 1994*. Disclosure of this information would constitute a breach of the international agreements as defined in note 27.

Interest rate risk

The Corporation has an interest rate risk with respect of monies held on account and on term deposit with the bank (at floating interest rate) and Treasury Corporation of Victoria (at fixed and floating interest rates).

The Corporation manages this risk by mainly undertaking fixed rate financial instruments with relatively even maturity profiles, with only minimised amounts of financial instruments at floating rates. The Corporation has concluded that these financial assets can be left at floating interest rates without exposing the Corporation to significant bad risk. The Corporation monitors movements in interest rates on a regular basis.

The Corporation does not have any material interest rate risk in respect of financial liabilities.

The Corporation's exposure to interest rate risk is set out following:

2017	Weighted average effective interest rate %	Carrying amount \$'000s	Interest rate exposure		Non- interest Bearing \$'000s
			Fixed interest rate \$'000s	Variable interest rate \$'000s	
<i>Financial assets</i>					
Cash at bank	1.44%	17,089	-	17,089	-
Cash on deposit	1.70%	2,000	2,000	-	-
Receivables		1,448	-	-	1,448
Derivatives		(4,353)	-	-	(4,353)
Total financial assets		20,164	2,000	17,089	1,075
<i>Financial liabilities</i>					
Payables	-	3,209	-	-	3,209
Derivatives					
Total financial liabilities	-	3,209	-	-	3,209

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

2016	Weighted average effective interest rate %	Carrying amount \$'000s	Interest rate exposure		Non- interest Bearing \$'000s
			Fixed interest rate \$'000s	Variable interest rate \$'000s	
<i>Financial assets</i>					
Cash at bank	1.40%	10,011	-	10,011	-
Cash on deposit	1.75%	2,000	2,000	-	-
Receivables		315	-	-	315
Derivatives		26,302	-	-	26,302
Total financial assets		38,628	2,000	10,011	26,617
<i>Financial liabilities</i>					
Payables	-	1,892	-	-	1,892
Derivatives					
Total financial liabilities	-	1,892	-	-	1,892

(f) Sensitivity disclosure analysis

The Corporation's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five year period, with all variables other than the primary risk variable held constant. Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of financial markets, the Corporation believes the following movements are reasonably possible over the next 12 months (base rates are sourced from Treasury Corporation of Victoria): a parallel shift of +1.0 per cent and -1.0 per cent in the market interest rates from year-end rates.

The impact on net operating result and equity for each category of financial instrument, other than derivatives, held by the Corporation at year-end as presented to key management personnel, if the above movements were to occur, is immaterial for the 2016 and 2017 years. For financial derivatives, the Corporation is exempt from disclosing gross values (refer note 16 (e)).

(g) Fair value

Valuation approach

The fair values and net fair values of financial instrument assets and liabilities are determined as follows:

- Level 1 – the fair value of financial instruments with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The Corporation considers that the carrying amount of financial instrument assets and liabilities recorded in the financial statements is a fair approximation of their fair values because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

Off – Balance Sheet financial instruments

The Corporation has not disclosed the net fair value payable for forward future commitments under foreign exchange forward contracts and is exempted from doing so under Section 49 of the *Australian Grands Prix Act 1994*. Disclosure of this information would constitute a breach of the international agreements as defined in note 27.

17. Leases

Operating leases relate to office accommodation and storage facilities and equipment. The lease relating to office accommodation has been executed with a term of 5 years to 31 March 2021 with an option to extend for a further up to 3 years. The lease of the storage yard will expire on 30 June 2025. All operating lease contracts contain market review clauses in the event that the Corporation exercises its option to renew. The lessees do not have an option to purchase the property at the expiry of the lease period.

	2017 \$000's	2016 \$000's
Operating leases relate to office and storage facilities		
Non-cancellable operating leases payable:		
• Not longer than one year	790	768
• Longer than one year but not longer than five years	2,769	3,105
• Longer than five years	1,248	1,450
	<u>4,807</u>	<u>5,323</u>

18. Commitments for expenditure

The Corporation has commitments associated with foreign exchange forward contracts (refer Note 14). The Corporation has not disclosed the gross value payable and receivable under the foreign currency contracts and is exempted from doing so under Section 49 of the *Australian Grands Prix Act 1994*.

19. Contingent Assets and Liabilities

There are no contingent assets or liabilities for the year ended 30 June 2017 (2016: Nil)

20. Cash flow information

Reconciliation of net results for the period to net cash flows from operating activities:

	2017 \$000's	2016 \$000's
Net Result for the Period	3,539	(1,288)
Non-cash movements		
Capital works transferred to Parks Victoria	292	1,730
(Gain)/loss on sale of non-current assets	(2)	183
Depreciation and amortisation of non-current assets	3,250	1,709
Provision of doubtful debts	-	-
Net gain/loss on financial instruments	(26)	34
Movements in assets and liabilities		
Decrease/(Increase) in receivables and prepayments	(1,999)	325
(Decrease)/Increase in payables	533	706
(Decrease)/Increase in provisions	64	38
(Decrease)/Increase in deferred income	3,680	173
Net cash flows from/(used in) operating activities	<u>9,330</u>	<u>3,610</u>

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

21. Responsible persons

(a) Responsible persons

Persons who hold the position of Responsible Persons in relation to the Corporation during the year are:

Responsible Minister	- The Honourable John Eren MP, Minister for Tourism and Major Events	
Accountable Officer	- Mr Andrew Westacott	1 July 2016 to 30 June 2017
Members of the Board	- Mr John Harnden AM	1 July 2016 to 30 June 2017
	- Ms Laura Anderson	1 July 2016 to 30 June 2017
	- Mr Michael Doohan AM	1 July 2016 to 30 June 2017
	- Ms Gillian Franklin	1 July 2016 to 30 June 2017
	- Mr Mark Green	1 July 2016 to 30 June 2017
	- Mr Alan Oxley	1 July 2016 to 30 June 2017
	- Ms Kate Lundy	23 August 2016 to 30 June 2017
	- Mr Trent Smyth	23 August 2016 to 30 June 2017

(b) Remuneration of responsible persons

Members of the Board act in an honorary capacity.

The total remuneration package of the Accountable Officer, including superannuation contributions, in connection with the management of the Corporation during the reporting period was in the range \$450,000 – \$459,999 (2016: \$450,000 – \$459,999). The remuneration of the Responsible Minister is reported within the Department of Parliamentary Services financial report.

(c) Other transactions of responsible persons and their related entities

A total of 80 tickets (retail value: \$204k ex. GST) for the 2017 Formula One Grand Prix (2016: 223 tickets) and 106 tickets (retail value: \$27k ex. GST) for the 2016 Motorcycle Grand Prix (2015: 106 tickets) were either used by Responsible Persons free of charge or were provided to entities related to Responsible Persons under contractual obligations.

22. Executive officer remuneration

The number of executive officers, other than ministers and accountable officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provides a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave, other long service benefits or deferred compensation.

Termination benefits include termination of employment payments, such as severance packages.

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

Remuneration of executive officers (including Key Management Personnel disclosed in Note 23)	Total remuneration	
	2017	2016 ^(a)
Short-term employee benefits	1,412	
Post-employment benefits	142	
Other long-term benefits	35	
Termination benefits	-	
Share-based payments	-	
Total remuneration^{(a)(b)}	1,589	
Total number of executives	8	
Total annualised employee equivalents^(c)	6.7	

(a) No comparatives have been reported because remuneration in the prior year was determined in line with the basis and definition under FRD 21B. Remuneration previously excluded non-monetary benefits and comprised any money, consideration or benefit received or receivable, excluding reimbursement of out-of-pocket expenses, including any amount received or receivable from a related party transaction. Refer to prior year's financial statements for executive remuneration for the 2015-16 reporting period.

(b) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures and are also reported within the related parties note disclosure (Note 23).

(c) Annualised employee equivalent is based on the time fraction worked over the reporting period.

23. Related party transactions

The Australian Grand Prix Corporation (Corporation) is a wholly owned and controlled entity of the State of Victoria. Related parties of The Australian Grand Prix Corporation include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- the Portfolio Minister, the Hon. John Eren MP and close family members; and
- the Department of Economic Development, Jobs, Transport and Resources (DEDJTR)

The Corporation has identified the following person/s to be Key Management Personnel:

- Board members of the Corporation;
- The Accountable Officer;
- General managers; and
- Nominated divisional managers.

All related party transactions have been entered into on an arm's length basis.

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the Parliamentary Salaries and Superannuation Act 1968 and is reported within the Department of Parliamentary Services' Financial Report.

Compensation of KMPs	2017 \$'000s
Short-term employee benefits	1,875
Post-employment benefits	183
Other long-term benefits	46
Termination benefits	-
Share-based payments	-
Total remuneration^(a)	2,103

(a) Note that KMPs are also reported in the disclosure of remuneration of executive officers (Note 22).

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

Significant transactions with government-related entities

The Australian Grand Prix Corporation received funding of \$81.5 million (2016: \$73.4 million), from the Department of Economic Development, Jobs, Transport and Resources.

The Australian Grand Prix Corporation also has a term deposit with the Treasury Corporation of Victoria. The balance of this term deposit as at 30 June 2017 is reported in Note 5.

Transactions and balances with key management personnel and other related parties

During the financial year, in respect of the Formula One Grand Prix and the Australian Motorcycle Grand Prix, the Corporation entered into the following types of transactions with entities of which Key Management Personnel of the Corporation are Directors, and entities related to Key Management Personnel including entities under the significant influence or control of people directly related to the Key Management Personnel:

Ticket sales (Corporate Hospitality / Grandstand / General Admission)

- Ferrari Club Victoria (Trent Smyth)
- Untitled Australia Pty Ltd (Trent Smyth)

Provision of services

- Alterine Pty Ltd (Michael Doohan AM)
- MinterEllison (Mark Green)
- APP Corporation Pty Ltd (Ashley Davies)

The above transactions were entered into under normal trading terms and conditions and the aggregate total of these transactions were \$3.85m.

24. Superannuation

Employees of the Corporation are entitled to receive superannuation benefits. Superannuation contributions are included as part of employee benefits in the comprehensive operating statement of the Corporation.

Contributions were made on behalf of employees to IOOF Superannuation (the Corporation's employer nominated fund). These contributions are based on the requirements of the *Superannuation Guarantee (Administration) Act 1992* and its regulations. This fund is an accumulation type fund. The Corporation therefore has no exposure to any unfunded liabilities.

	Paid Contribution for the year		Contribution outstanding at year end	
	2017 \$'000s	2016 \$'000s	2017 \$'000s	2016 \$'000s
Defined contribution plans:				
IOOF Superannuation	208	185	-	-
HostPlus	61	62	-	-
Australian Super	51	56	-	-
Other*	313	294	-	-
Total	633	597	-	-

*None of the individual superannuation funds under 'Other' had an amount exceeding \$50,000 contributed to them.

The superannuation amount of \$632,806 exceeds the defined contribution superannuation expense disclosed at Note 3 (\$620,203) by \$12,603. This relates to an amount provided for in the 2015-16 financial year in relation to accrued wages and salaries.

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

Contributions were also made to 32 other eligible superannuation funds where employees exercised a choice of fund. This was in accordance with the statutory superannuation contribution rate of 9.5% (2016: 9.5%).

25. Ex gratia expenses

	2017 \$'000s	2016 \$'000s
Employment Termination Payment	6	62
Total ex-gratia expenses	6	62

26. Events subsequent to balance date

There has not arisen in the interval between the end of the financial year and the date of signing these financial statements, any item, transactions or event of a material and unusual nature likely to affect significantly the operations of the Corporation, the results of those operations, or the state of affairs of the Corporation, in subsequent financial years.

27. Economic dependency

The ongoing activities of the Corporation are dependent upon the Corporation being able to exercise its rights and perform its obligations under the *Australian Grands Prix Act 1994* and the continued existence of certain contracts with international bodies concerning the staging of the Formula One Grand Prix at Albert Park and the staging of the Motorcycle Grand Prix at Phillip Island. The contract in respect of the Formula One Grand Prix runs until 2023. The contract in respect of the Motorcycle Grand Prix runs until 2026.

The Corporation is economically dependent upon funding from the Victorian State Government.

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

28. Glossary of terms

Amortisation

Amortisation is the expense which results from the consumption, extraction or use over time of a non-produced physical or intangible asset. This expense is classified as an 'other economic flow'.

Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Comprehensive result

Total comprehensive result is the change in equity for the period other than changes arising from transactions with owners. It is the aggregate of net result and other non-owner changes in equity.

Depreciation

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a 'transaction' and so reduces the 'net result from transaction'.

Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, leave entitlements, termination payments and superannuation contributions.

Financial asset

A financial asset is any asset that is cash or a cash equivalent.

Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial liability

A financial liability is any liability that is:

- (a) A contractual obligation:
 - i. To deliver cash or another financial asset to another entity; or
 - ii. To exchange financial assets or liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b) A contract that will or may be settled in the entity's own equity instruments and is:
 - i. A non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - ii. A derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

Financial statements

Depending on the context of the sentence where the term 'financial statements' is used, it may include only the main financial statements (i.e. comprehensive operating statement, balance sheet, cash flow statements and statement of changes in equity); or it may also be used to replace the old term 'financial report' under the revised AASB 101 (September 2007), which means it may include the main financial statements and the notes.

Grants

Grants can either be operating or capital in nature. Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

Intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance.

Interest income

Interest revenue includes interest received on bank term deposits, interest from investments and other interest received.

Net acquisition of non-financial assets (from transactions)

Purchases (and other acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in other movements in non-financial assets. Includes only those increases or decreases in non-financial assets resulting from transactions and therefore excludes write-offs, impairment write-downs and revaluations.

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner changes in equity'.

Net result from transactions / net operating balance

Net result from transactions or net operating balance is a key fiscal aggregate and is revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Net worth

Assets less liabilities, which is an economic measure of wealth.

Non-financial assets

Non-financial assets are all assets that are not 'financial assets'.

Other economic flows

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. It includes gains and losses from disposals, revaluations and impairments of non-

Notes to and Forming Part of the Financial Statements for the Financial Year Ended 30 June 2017

current physical and intangible assets. In simple terms, other economic flows are changes arising from market re-measurements.

Payables

Includes short and long-term trade debt and accounts payable, grants and interest payable.

Receivables

Includes short and long-term trade credit and accounts receivable, grants, taxes and interest receivable.

Sales of goods and services

Refers to revenue from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services and fees from regulatory services. User charges includes sale of goods and services revenue.

Supplies and services

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the Corporation.

Transactions

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

Statement by Members of the Board and Officers

In the opinion of the Members of the Board, the Chief Executive Officer and the Chief Finance Officer of the Australian Grand Prix Corporation:

- (a) the financial statements and accompanying notes present fairly the financial transactions during the year ended 30 June 2017 and the financial position as at 30 June 2017;
- (b) the financial statements are drawn up in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations and other mandatory professional reporting requirements; and
- (c) there are no circumstances at the date of signing which would render any particulars in the financial statements to be misleading or inaccurate.

Dated at Melbourne on 22 August 2017.

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



John Harnden AM
Chairman



Andrew Westacott
Chief Executive Officer



Anthony Connelly
Chief Finance Officer

Independent Auditor's Report

To the Members of the Board of Australian Grand Prix Corporation

Opinion	<p>I have audited the financial report of Australian Grand Prix Corporation (the Corporation) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2017 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including a summary of significant accounting policies • statement by members of the board and officers. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the Corporation as at 30 June 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the Corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Members of the Board's responsibilities for the financial report	<p>The Members of the Board are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Members of the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Members of the Board are responsible for assessing the Corporation's ability to continue as a going concern, and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit 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 my 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.

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

- identify and assess the risks of material misstatement of the financial report, 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 Corporation's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Members of the Board
- conclude on the appropriateness of the Members of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Members of the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
24 August 2017

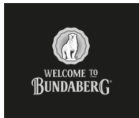


Anna Higgs
as delegate for the Auditor-General of Victoria

The Australian Grand Prix Corporation proudly acknowledges its supporters and suppliers of the 2017 Formula 1® Rolex Australian Grand Prix



The Australian Grand Prix Corporation proudly acknowledges its supporters and suppliers of the Michelin® Australian Motorcycle Grand Prix 2016







AUSTRALIAN GRAND PRIX CORPORATION
Level 5, 616 St Kilda Road, Melbourne,
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