
ANNUAL REPORT 2017

Australian Turf Club®





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Front and Back Cover:
Winx, winner of the Longines Queen Elizabeth Stakes, 2017.

Inside Front Cover:
Chautauqua, winner of the Darley TJ Smith Stakes, 2017.
Photo: Bradley Photographers.

Inside Back Cover:
Winx, winner of the Longines Queen Elizabeth Stakes, 2017.
Photo: Bradley Photographers.

CHAIRMAN'S REPORT



Laurie Marcri

The Australian Turf Club is amongst the most prestigious of any thoroughbred racing club anywhere in the world.

It is why your support is so important to us; as ATC Members, our most passionate racing fans, you remain the lifeblood of this Club.

So while our immediate strategy is to build and maintain modern and best-practice stabling, training and racing infrastructure, we can make no better investment than in the value of your ATC Membership and the raceday experience.

As I deliver this annual report, I am pleased to say we continue to deliver on these fronts, making your Club the leader in Australian racing.

Central to our strategy has been to build ATC racing and training infrastructure, including:

- › Royal Randwick: the Kensington track rebuild continues as one of the most detailed and carefully managed projects in our history, and in the next six to 12 months will start to share the load of the Sydney racing calendar
- › Rosehill Gardens is receiving \$6 million in training and racing upgrades, further enhancing this world-class racecourse off the back of \$28 million in ATC Member and spectator investment
- › Canterbury Park is now increasingly used by Sydney trainers for course

proper gallops and also has a new Polytrack circuit for interstate and international horses visiting Sydney for major carnivals in Autumn and Spring, as well as for local horses

- › At Warwick Farm plans have begun for a course proper renovation, along with a rebuild of the jump-out track, at this our largest training venue
- › An undertaking to spend \$3m on legacy stable repairs at Royal Randwick and Warwick Farm in 2018.

This broad overview comes ahead of a scheduled rebuild of each of our four course proper over coming years, stretching beyond 2020, future-proofing Sydney's racing and training infrastructure.

In addition, ATC is working on building more stables within the Sydney basin, including locations other than our racecourses, to further increase capacity and we hope ultimately field sizes.

We recognise another very important benefit of this infrastructure program. The best way to further protect the welfare of thoroughbreds is to provide the very best training and racing tracks.

To our racing program and major races.

We have just come out of arguably Sydney's most exciting Spring Carnival

CHAIRMAN'S REPORT

(continued)

yet with the inaugural running of The TAB Everest, the world's richest race on turf.

What a tremendous initiative, which we now continue to work closely on and build with our partners Racing NSW, as a racing and destination event for our global city Sydney.

The TAB Everest is part of significant changes to the Sydney Spring Carnival and feature race programming at a time of year when the nation's sporting focus shines on racing.

These changes have included a revised program with increased prizemoney in several key races, including the sprint program leading up to The TAB Everest.

For the three year olds, the De Bortoli Wines Golden Rose, already established as one of Australia's most sought-after races, now comes later in Spring after a lead up program with a better progression of distance increases for sprinters and middle-distance horses.

We have added the St Leger back to our program for stayers, and enhanced the weight for age races, culminating with the Craven Stakes, worth \$500,000 and over 2000m, on The TAB Everest Day.

We now look forward to the coming Autumn, for the fifth running of The Championships at Royal Randwick, and of course our iconic race, the Longines Golden Slipper at Rosehill Gardens.

May I make special mention of Rosehill Gardens and commend this racecourse to ATC Members as one of Sydney's very best venues to experience outstanding hospitality with family and friends to enjoy a day at the track.

From the Winning Post Restaurant and The Hive to all other Members spaces across several levels of the JR Fleming Grandstand, Rosehill Gardens sits as the equal if not better of any racecourse in Australia.

I am also proud of the work by Board and management to reduce our food and beverage prices by up to 33 per cent

across all product lines all year round.

These discounts are larger for ATC Members, and put us on a competitive footing with pub and club offerings in the most modern facilities.

I take the opportunity to thank ATC Members for supporting amalgamation of the Rosehill Bowling Club and Rydalmere Central Bowling Club this year.

With The Championships and Longines Golden Slipper in the Autumn, and now The TAB Everest as the pinnacle of the Sydney Spring, we continue to grow two racing and entertainment carnivals that are capturing world attention.

We will work with Racing NSW to make incremental improvements to all of our program and feature events, including increasing prizemoney.

This growth in prizemoney is sustainable not only due to tax parity legislation and increasing revenues to the industry but also the prudent and continued financial performance of ATC.

A significant part of this ongoing ATC investment in our wonderful sport has been a partnership announced in August with Mirvac to develop non-core surplus land at Canterbury Park.

This provides a one-off opportunity to continue to maximise returns to the Club and industry, without affecting the racing operations of Canterbury Park.

As a Board, we must continue to maximise these opportunities and we thank ATC Members for their ongoing support of our plans.

Canterbury Park and its place in Sydney racing continues to grow.

We have built on the success of last year's Friday Night Racing through October to February with ten meetings this season and the return of the popular foodies market, along with free entertainment for children and families.

The night meetings now comprise of eight races including a feature

event worth \$80,000, along with extra incentives for ATC Members and owners.

For ATC Members, much more work is being done to improve the raceday experience all year round.

We have formed a special sub-committee called the Members Ownership Raceday Experience.

It will look at new and different ways to enhance the value and prestige of your Membership.

We want to reward longevity, loyalty and attendance, and ATC Members of 50-years plus or those who attend more than ten meetings a year will begin to receive reserved seating and extra benefits.

We will have more weekly prize giveaways such as those started in Spring, including on The TAB Everest Day where a Members prize was awarded between each race.

There are more special Members events and tours planned, and we are particularly looking at ensuring full paying Members are given more exclusive access to racedays over guest "paper" tickets.

We have invited younger Members to play a more active role in ATC.

The Young Members advisory panel is made up of Royal Randwick and Rosehill Gardens "regulars", a mix of men and women from many different professions and backgrounds, to give us a fully rounded and fresh view of what we need to attract more people to the track.

And we have undertaken and continue to gather more research from all ATC Members to further inform the Board and Executive of what we can further add to your raceday experience.

These are very exciting times for Sydney racing and for ATC Members, and we encourage you to take full advantage at the track as many times a year as possible.

CHAIRMAN'S REPORT

(continued)

ATC is also contributing to the local communities around our racecourses.

We recently announced two grants under our Community Engagement Program.

These are: Civic's Bexley House near Canterbury Park, a home for residents with intellectual disabilities, and those from a second facility at Liverpool near Warwick Farm; and Origins, based near Warwick Farm, which supports people who have been removed or separated from families through forced adoption.

Along with this, ATC added value in community contribution through activities such as volunteering, voucher donations and charity pin sales.

There are many groups to acknowledge and thank for their support of ATC and our racedays.

To Racing NSW Chairman Russell Balding AM and CEO Peter V'landys AM: my sincere thanks for the very strong relationship we continue to forge, with a single focus on making Sydney racing the biggest and best in the country.

A special thank you to ATC Foundation Partners; TABCORP, Longines, The Star, BMW, James Boags and Moët & Chandon.

We also thank all of our sponsors for their support all year and for continuing to make racedays extra special for our customers and the industry.

To trainers, jockeys, strappers, trackwork and stable staff, and all of the participants: well done on your successes however big or small, and for your hard work.

I also acknowledge and thank all of the owners for racing your thoroughbreds at our racecourses.

Alongside these owners are many other industry partners and we thank Godolphin and Darley, Coolmore, Vinery, Ranvet, Arrowfield, Widden, Inglis, Segenhoe and Thoroughbred Breeders NSW.

Racing NSW Stewards are the nation's finest, led by Chairman of Stewards Marc Van Gestel, and we congratulate and thank Marc and his team for their unyielding professionalism to maintain the integrity and competition of racing.

I also thank all of the media for the strong coverage and support they give racing.

A special thanks to our official broadcast partners SKY Racing, SKY Radio and our free to air partner Channel 7.

And to the punters who keep our sport viable, our thanks.

Finally, to my fellow directors; Vice-Chair Trish Egan, Bill Evans, Julia Ritchie, Phil Morley, Matt McGrath and Angela Belle McSweeney, all who give extraordinary amounts of their own time to serve Sydney racing. Thank you.

To our CEO Darren Pearce and all of the Executive and staff, our thanks for your continued hard work in what is a 52-weeks a year business.

Members, a final thanks, please enjoy our racing and superb facilities, and we look forward to seeing many more of you at the track again soon.



Laurie Macri
Chairman

CHIEF EXECUTIVE'S REPORT

Darren Pearce



ATC's financial position is strong as we evolve, invest and implement our strategy to deliver world-class racing and training facilities for the long-term good of our sport and our Club.

It is important to keep ATC Members and stakeholders informed of all that has happened and all that lies ahead. We are responsible for the very welfare of many in the racing industry and take this obligation very seriously.

Our first obligation, and one that lies at the forefront of everything we do is the well-being and care of the thoroughbred horse, and making sure we have and maintain the best tracks and facilities. Our core strategy is aimed at racing and its infrastructure, to ensure there is a healthy, vibrant industry for all to enjoy in the years to come.

A YEAR IN REVIEW

It is truly marvellous to see the dedication and commitment of all who make ATC tick at every level of the organisation, to seamlessly deliver 110 individual race days a year, horses training every day, barrier trials and jump outs, as well as the hundreds of non-race day events. It makes ATC a special business to be part of. It's a hardworking team whom I am very proud of. Our hardworking Board who are all volunteers also donate countless hours to the development of the Club and Sydney Racing, and it is important we acknowledge their very significant contribution.

Last year we managed the continued disruption of the Light Rail build at Royal Randwick, including the commencement of construction of our new multi-deck car park, and the relocation of our day stalls whilst this takes place. At the same time, we re-engineered the pre and post-race horse path, with the construction of a dismount area at the front of the racecourse, and a revised route to the Theatre of the Horse.

At Rosehill Gardens, we dealt with our second successive Heavy 10 track on Golden Slipper Day, with the looming threat of having to postpone and

reschedule the day hanging over us in the lead-up to She Will Reign's great triumph. Other carnival days were unfortunately impacted by less than ideal weather.

At the same time, we managed to complete a development partnership for our non-core King Street land at Canterbury Park, a first step in unlocking the potential of surplus and non-core land on our racecourses; all the while managing the construction of a new car park and the alterations to Governor Macquarie Drive at Warwick Farm.

And perhaps the greatest opportunity of all in the past year – the creation of The TAB Everest. A joint initiative with Racing NSW, The TAB Everest promises to change Sydney racing forever. From the day it was announced, the coverage of and interest in The TAB Everest has been unprecedented. Its presence in racing and mainstream media is a boon to the sport and a coup for ATC. Thanks must go to Racing NSW Chief Executive Peter V'landys for his development of The TAB Everest concept and working with ATC to joint venture this race.

On the track ATC delivered another amazing year of racing, headed by the mighty mare Winx, Chautauqua's amazing hat-trick of Darley TJ Smith Stakes wins, the incredible story of She Will Reign's journey from a \$20,000

CHIEF EXECUTIVE'S REPORT

(continued)

yearling to Longines Golden Slipper winner, and the continuing dominance of leading trainer Chris Waller and jockey Hugh Bowman. The success of these horses and horse people continues to positively shape our sport.

Race day attendance grew 4% for the year (431,301 to 447,893) but fell short of Management's budgeted targets.

Key growth areas were the revitalised Canterbury Park night racing program and public holidays.

The weather affected Autumn Carnival and non-carnival Saturdays were down on last year, and Management's expectations are a key focus for the business. Isolating Autumn Carnival and non-carnival Saturdays, Rosehill Gardens crowds fell at a greater rate than Royal Randwick. Therefore some new ideas in marketing and promotion, product development and community engagement are required.

Contributing to the decline in key race days noted above was a 3% fall in Membership that the Club is now addressing through a range of initiatives.

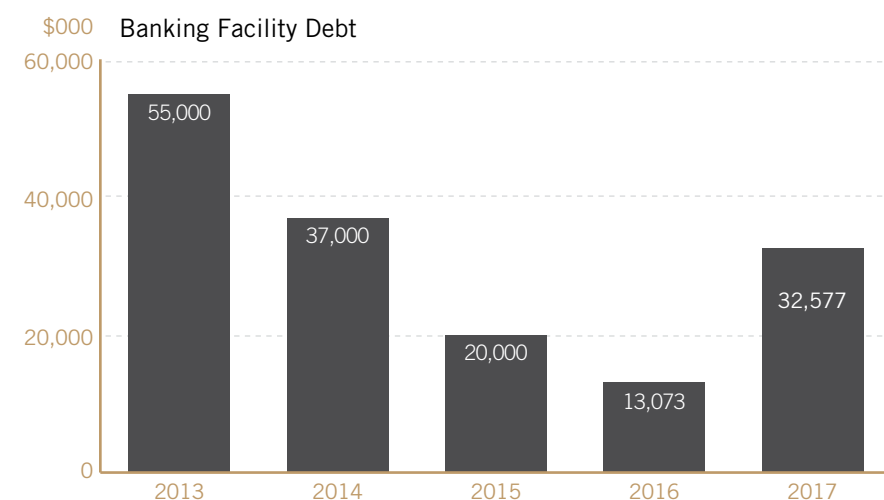
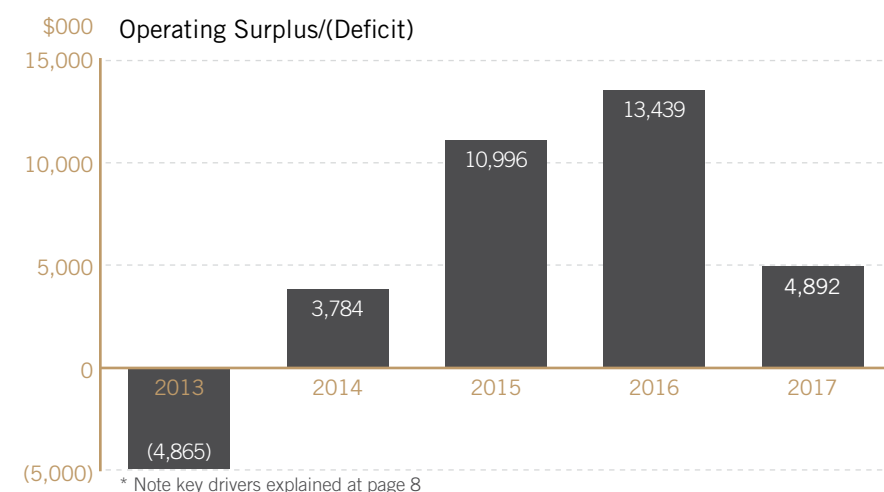
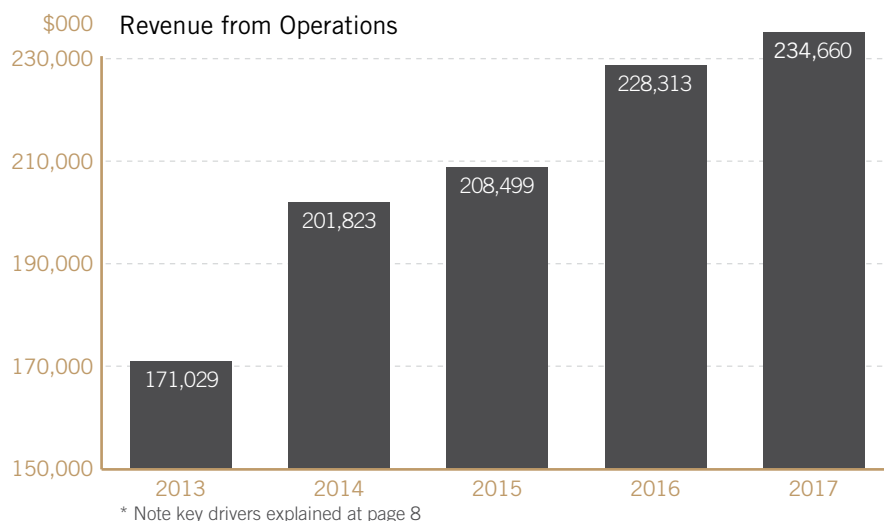
Board and Management have implemented a number of specific strategies including;

- › Price reductions across retail food and beverage offerings
- › Improved Member offers and services including reserved seating
- › Value "bundles" for General Admission packages
- › Reshaped marketing activities and recruiting new marketing talent
- › Reduced admission and Members' guest prices across a range of race days

Keeping race days vibrant and well attended is a primary target of the Board and Management.

While we pause to reflect on the past year in these pages, our minds are firmly focused on the future and the many successes and challenges that await us.

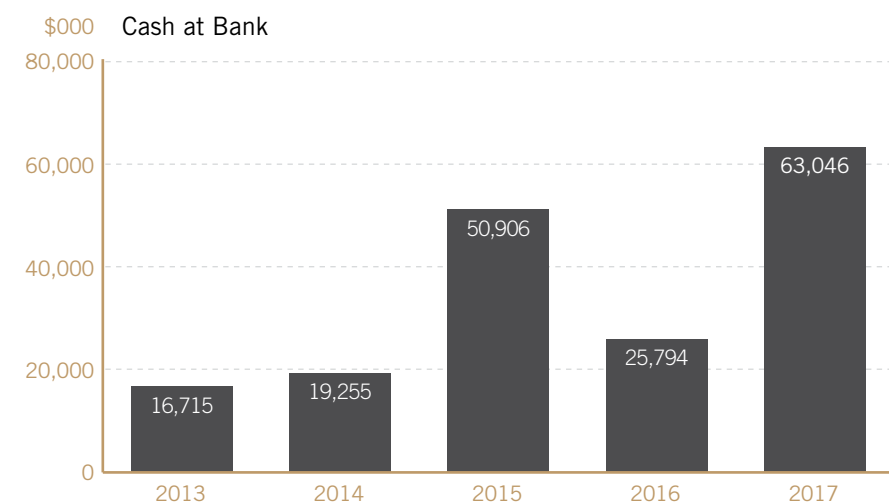
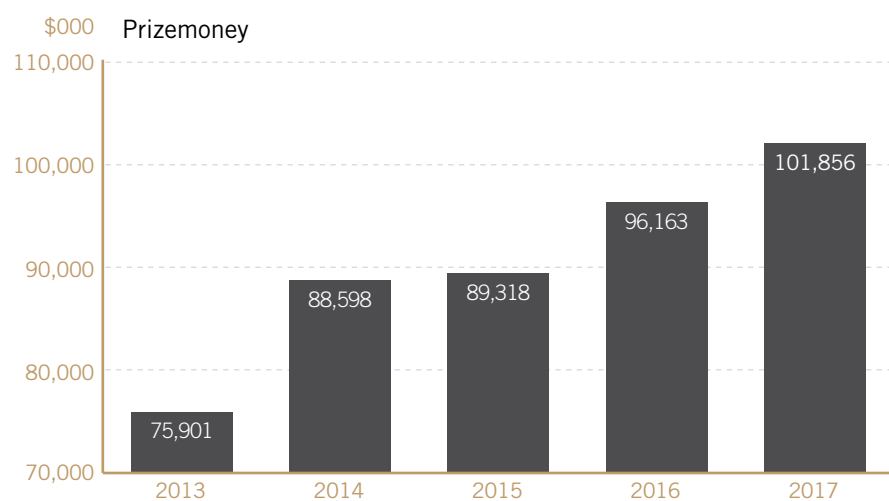
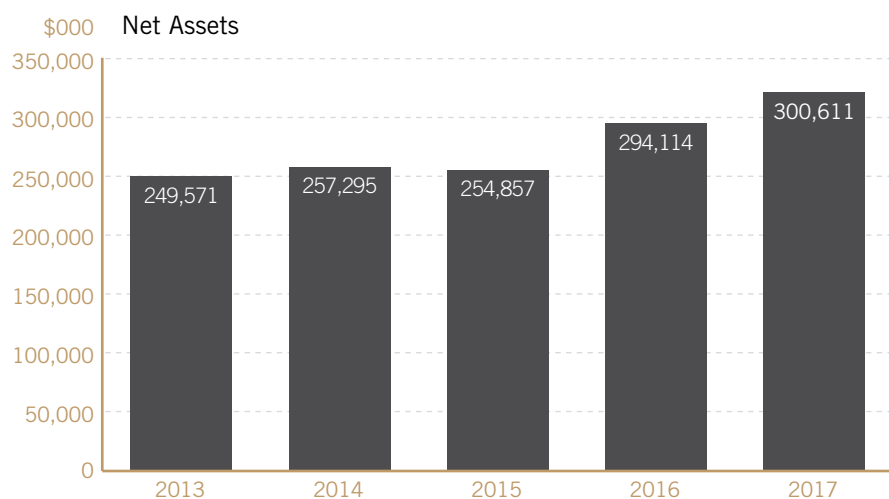
KEY FINANCIAL TRENDS



CHIEF EXECUTIVE'S REPORT

(continued)

KEY FINANCIAL TRENDS



Hugh Bowman waving to the crowd after winning the 2017 Longines Queen Elizabeth Stakes, Winx's 17th consecutive win. Photo: Bradley Photographers.

FINANCIAL PERFORMANCE REMAINS STRONG

Finance and Operations are well led by Matt Galanos, ATC's Chief Financial and Operations Officer, and I congratulate Matt on his achievements this year.

ATC is positioned to enter the next phase of its journey in a good financial position. We have major plans for racing infrastructure investment, funded via a combination of the sale and development of non-core lands in King Street Canterbury, and some short-term debt. At the time of this report our financing arrangements are being finalised to support ATC's strategic objectives for the next 5 years.

Total comprehensive income for ATC for the 12-month period ended 31 July 2017 was an accounting profit of \$6.497m. After deducting government funding received of \$25.27m, profit on sale of non-core assets of \$0.729m and defined asset plan reserves of \$0.07m; and adding back impairments in the carrying value of assets of \$24.463m, the underlying operating surplus for ATC was \$4.89m.

CHIEF EXECUTIVE'S REPORT

(continued)

SUMMARY OF MOVEMENTS IN STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Consolidated Statement of Profit or Loss and other comprehensive income for the year ended 31 July

<i>In thousands of AUD</i>	2017	2016
Revenue from operations (1)	234,660	228,313
Other income (2)	25,999	17,989
Prizemoney, trophies and subsidies (3)	(101,856)	(96,163)
Commercial expenses	(59,582)	(56,896)
Administrative expenses	(13,003)	(10,966)
Tracks and training costs	(13,121)	(12,995)
Racing costs	(17,603)	(17,287)
Facility maintenance expenses	(11,540)	(11,382)
Property costs	(46)	(50)
Depreciation and amortisation (4)	(11,919)	(9,896)
Impairments (5)	(24,464)	(853)
Finance income / (costs) (6)	(1,158)	2,613
Share of profit of equity accounted investments	59	1,389
Profit for the period	6,426	33,816
Defined benefit plan actuarial gains/(losses)	71	(566)
Total comprehensive income for the period	6,497	33,250

1. Why has revenue increased?

The increase in Revenue of \$6.3m or 2.8% was driven primarily from an increase in broadcast rights as a result of a new broadcast arrangement with William Hill. Additional revenues were generated from the full year impact of Rosehill Bowling Club operations, as well as non-race days and other activities.

2. What has caused the increase in other income?

Last year the remaining RNSW funding drawdown was utilised with no further funding of that nature received in FY17. This was offset by income received in the current year from NSW Government to support the development of the multi-deck car park.

3. What has caused a \$5.7m increase in prize money expenses?

As of 1 October 2016, ATC increased the minimum Saturday race prize

money to \$100,000 per race, up from \$85,000. In addition, further prize money increases were supported by increased RNSW subsidies.

4. What has caused the \$2m increase in depreciation expense?

Towards the end of FY16, works were completed on the Rosehill Gardens refurbishment with depreciation commencing upon completion.

5. What was impaired during FY17?

During the year an impairment on Randwick infrastructure assets was calculated by management, based on the discounted cash flow models. More conservative growth assumptions were used in the calculations compared with previous years. The historical costs for the Randwick hotel were also impaired as a result of a change in strategy to refocus on core racing assets. Finally, impairments were made for additions to Rosehill Bowling Club, Canterbury Park, Warwick Farm and

the training facilities at Rosehill and Canterbury Park.

6. Why has net finance income / (cost) increased?

In the prior year, \$4m in interest payable through the RNSW deed of advanced distribution was forgiven, as part of the Funding deed for the Randwick Capital Fund. This was recorded as a credit to finance income. The net movement of finance expense after the impact of this adjustment in the current year is approximately \$230,000.

CHIEF EXECUTIVE'S REPORT

(continued)

SUMMARY OF MOVEMENTS IN STATEMENT OF FINANCIAL POSITION

Statement of Financial Position as at 31 July

<i>In thousands of AUD</i>	2017	2016
Cash (1)	63,046	25,794
Restricted cash (2)	15,618	10,917
Trade and other receivables	24,629	25,774
Defined benefit asset	1,228	1,215
Inventories	808	783
Equity accounted investments	111	527
Assets held for sale (3)	799	-
Property, plant and equipment (4)	295,891	306,738
Intangible assets	1,100	1,072
Trade and other payables (5)	(15,526)	(12,179)
Loans and borrowings (6)	(32,577)	(13,073)
Revenue in advance (7)	(39,980)	(36,790)
Employee benefits	(8,831)	(8,595)
Provisions	(5,705)	(8,069)
Net assets	300,611	294,114

1. Why has cash increased?

To support track and facility upgrades ATC has drawn down \$10m in new borrowings and further a \$10m to fund forecast operating cash requirements. Cash has also increased from the initial fees received from Mirvac related to the Canterbury Park Development and funds from NSW Government to support the multi-deck car park build.

2. Why has restricted cash increased?

The Randwick capital fund can only be utilised for approved capital works at Randwick Racecourse. No amounts were expended during the year. The increase relates to interest and 2017 PGI income of \$4.7m.

3. What are assets held for sale?

The decision to enter into the Canterbury Park Development results in a portion of the land being reclassified to "assets held for sale". The amount was calculated based

on the proportion of the land being developed compared to the total land at the racecourse multiplied by the carrying value of Canterbury Park per square metre.

4. Why has PPE decreased?

During the year an impairment of \$24.5m was recognised in addition to \$11.9m of depreciation. This was offset by a net \$25m of additions to PPE, with the largest being in relation to the new multi-deck car park at Randwick. A number of other projects such as the rebuild of the Kensington track, and upgrade to Rosehill and Canterbury training facilities were also in progress through FY17.

5. Why has trade and other payables increased?

Trade and other payables has increased as a result of accrued expenses for capital works at Warwick Farm and the multi-deck carpark at Randwick.

6. Why did loans and borrowings increase?

Loans and borrowings increased through the additional \$20m drawn down in FY17 as noted above.

7. Why has revenue in advance increased?

Revenue in advance has increased through funds received as part of the Canterbury Park Development. This has been offset by income recognised in relation to government funding and domestic broadcast rights during the year.

CHIEF EXECUTIVE'S REPORT

(continued)

RACING INVESTS FOR THE FUTURE

ATC RACING INFRASTRUCTURE PLAN

Racing is very well led by James Heddo, Executive General Manager of Racing Services and Membership and supported by James Ross, General Manager of Racing, Wagering and International and I thank them for their strong contribution to ATC and Sydney Racing. During the year we appointed Callum Brown, formally Racing NSW, as General Manager of Racing Projects to help deliver the Racing Infrastructure Plan.

During 2016/17, ATC announced a 10-year strategic infrastructure program for its four racecourses, as it invests further for the long-term growth and sustainability of Sydney racing.

Central to ATC's strategy is a scheduled program of renovation or rebuilding of all course props and training tracks, ensuring only one main racing surface is affected at any one time.

Projects that have already commenced include;

- › A full rebuild of the Kensington track, with the potential to return to racing in late Autumn 2018
- › An upgrade of training tracks at Rosehill Gardens, including conversion of the larger circumference sand track to a synthetic surface, and the existing synthetic to a sand surface
- › A polytrack at Canterbury to improve opportunities for local, visiting, and International thoroughbreds. The Canterbury Park course proper has also been used by trainers for fastwork gallops on Tuesday mornings. This provides additional capacity for trackwork, as work on tracks at our 3 training facilities intensifies

Other projects identified in the Racing Infrastructure plan to be completed over the next 10 years include;

- › Reconstruction of the training tracks at Royal Randwick including the implementation of a synthetic training surface
- › A full course proper rebuild at Warwick Farm
- › Further renovation work at Rosehill Gardens and Canterbury Park course props including sand slitting to improve drainage
- › Lighting at Royal Randwick to expand our night racing program
- › Full course proper rebuilds at Royal Randwick, followed by Rosehill Gardens

ATC continues to investigate stabling opportunities in the Sydney basin, to increase the capacity of horses available to race on metropolitan tracks.

Together this investment and investment in training tracks will hopefully work in tandem to increase field sizes and improve the depth and competitiveness of Sydney racing.

PREMIERSHIPS

Champion Jockey Hugh Bowman won his fourth Sydney Jockeys premiership after an enthralling battle with Brenton Avdulla.

Hugh's victory was not fully secured until after the last metropolitan meeting of the season.

Coming from more than 10 wins behind with just one month remaining in the season, a late surge saw Bowman win the title by 4.5 wins from Avdulla, who had his best season yet in the saddle.

Sydney continues to produce some of the world's best jockeys, with Tommy Berry the latest to head overseas to Hong Kong and showcase Sydney talent on the world stage.

Apprentice Andrew Adkins – indentured to Royal Randwick trainer Ron Quinton – took out the Sydney Apprentices title with 36 wins, as well as ATC's Athol Mulley award for most wins at Royal Randwick. We also saw great progress during the year from Rachel King who shows tremendous promise.

Rosehill Gardens further emphasised the strength of its training ranks with Chris Waller winning his seventh consecutive Sydney title on 152 metropolitan winners, more than double his nearest rival.

Rosehill Gardens is also home to two of the world's best racehorses in the Waller stable's Winx, and the world's best sprinter, Chautauqua, with Hawkes Racing.

SYDNEY AUTUMN CARNIVAL

Despite wet weather, racegoers on-course were treated to some unforgettable and historic racing during the Sydney Autumn Carnival at Rosehill Gardens and Royal Randwick.

The Group One \$3.5 million Longines Golden Slipper, the world's richest race for two year olds, provided the ultimate evidence that thoroughbred success at the highest level, is within everyone's reach in thoroughbred racing.

Warwick Farm's Gary Portelli-trained She Will Reign stormed to victory to the delight of her large syndicate of owners, many of whom had never previously owned a racehorse.

Purchased for just \$20,000 by Darby Racing, the filly took her career earnings to more than \$2.5 million, and was immediately stamped as a contender for the world's richest race on turf, The TAB Everest.

Winx also provided a thrilling backdrop to the main event, taking out the Group One \$1 million China Horse Club George Ryder Stakes by more than seven lengths, in a race which continues to be amongst the highest rating each year on the Australian calendar.

The highlight on Day 1 of The Championships at Royal Randwick was another remarkable win by Chautauqua in the Group One \$2.5 million Darley TJ Smith Stakes (1200m).

It was his third consecutive Darley TJ Smith Stakes victory, in which he again came from a seemingly impossible position, before unleashing

CHIEF EXECUTIVE'S REPORT

(continued)

his extraordinary finish down the Royal Randwick straight to the huge roar of the crowd.

Day 2 of The Championships saw a crowd record for the “new” Royal Randwick to witness Winx's extraordinary unbeaten run continue.

Winx's victory in the \$4 million Longines Queen Elizabeth Stakes was her fourth for the Sydney Autumn Carnival, and at the time her 17th in succession.

The win by Godolphin's international visitor Polarisation in a re-run \$1 million Schweppes Sydney Cup was also testament to our Canterbury Park quarantine centre, and growing international stature of The Championships and Sydney Autumn Carnival.

ANNOUNCEMENT OF THE TAB EVEREST



The announcement and lead up to the inaugural running of the \$10 million The TAB Everest at Royal Randwick has created headlines and interest around the world.

As the world's richest race on turf, surpassing the Melbourne Cup in prizemoney, ATC and our partner Racing NSW intend to build The TAB Everest into one of Australia's biggest and most important racing and entertainment events.

We were particularly pleased with the huge interest of slot owners, with all 12 spots in the race quickly sold for the first three years, immediately ensuring the formative years of this exciting concept.

ATC is among those 12 slot owners, and we will use the race to promote the Club and Sydney racing to a global audience.

ATC and Racing NSW plan to further grow The TAB Everest.

We will also look to build lights at Royal Randwick to further explore the opportunities of night racing on the

Kensington track and Royal Randwick course proper.

Included in this would be a possible night running of The TAB Everest to maximise our exposure to new customers in Australia and overseas, and associated wagering returns back to ATC and Sydney racing.

SYDNEY SPRING CARNIVAL

ATC in partnership with Racing NSW made some important changes to programming and prizemoney for the Sydney Spring carnival, including the launch of The TAB Everest.

Amongst the major changes were the three-year-old and middle distance weight-for-age races.

The sprinting program leading into The TAB Everest was enhanced, and the staying program boosted with the Heineken 3 St Leger over 2600m and worth \$500,000, and added to The TAB Everest Day.

In addition to The TAB Everest, total Spring prizemoney was boosted by close to \$2 million for the 2017 Sydney Spring Carnival, offering more than \$22.5 million in stakes through September and October.

These changes support Racing NSW and ATC's strategy to develop The TAB Everest and Sydney Spring Carnival into a world recognised event.

The revised three-year-old program presents a more streamlined pathway towards the Group 1 De Bortoli Wines Golden Rose and a better progression for three-year-old sprinter-milers aimed at feature races.

The programming changes deliver four consecutive weeks of Group One racing at Rosehill Gardens and Royal Randwick leading into The TAB Everest.

The middle-distance program provides a progression of three weight-for-age races from 1600m to 2000m, commencing with the Group 1 Colgate

Optic White George Main Stakes, Group 2 Hill Stakes over 1800m, and culminating with the Group 3 Aqualand Craven Plate (2000m) being held on The TAB Everest program.

Prizemoney for both the Hill Stakes and Aqualand Craven Plate has been increased to \$500,000, matching that of the Colgate Optic White George Main Stakes.

In the sprinting program, the Listed City Tatts Lightning was added to The TAB Everest Day over 1200m and under weight-for-age conditions. The prizemoney for the race has been increased to \$500,000 and will be a strong support race on the program as well as providing emergency runners for The TAB Everest.

TRACK AND STABLE FEES AND OWNER BENEFITS

ATC has continued to put its surpluses back into racing by not increasing track or stable fees for Sydney trainers in the 2017/18 season.

This in turn helps to keep training costs down for thoroughbred owners, aimed at increasing the pool of owners in Sydney racing.

The 2017/18 season will be the third in succession that track fees have not risen.

All fees charged by ATC for use of metropolitan tracks and stables are generally around just 10 per cent of average daily metropolitan trainers fees charges to their owners.

As part of this return to owners, ATC introduced extra benefits in the previous year, with an Owners Benefits Card in conjunction with the NSW Racehorse Owners Association.

This includes free general admission entry to all ATC meetings throughout the year for the more than 10,000 owners who have a runner in Sydney during the racing season.

CHIEF EXECUTIVE'S REPORT

(continued)

SPONSORSHIP – DRIVING GROWTH IN REVENUE AND NEW GUEST EXPERIENCES.

In 2017 sponsorship grew by 7% due to race sales and new partnerships. My thanks to Jeff Lemon and the team. Our partners continue to grow their presence through guest experience activations during our carnivals and on other feature days. In 2017 we introduced new fashion, wagering, food and beverage brand experiences. Foundation Partners The Star, TAB and BMW renewed their partnerships, and we welcomed a number of new race sponsors throughout the Spring and Autumn Carnivals.

Sponsorship is a highly competitive discipline in Sydney's busy sports and leisure market. ATC is very proud of its tremendous partners.

ATC encourages all Members to support our sponsorship partners as they contribute to the success of ATC, and our racing events.

EVENTS by ATC

Following steady growth in the non-race day business, the Events by ATC brand was created to attract corporate events, government, association, and specialty events to the exhibition business of ATC. We had another successful year in utilising ATC venue assets outside of the racing period with \$18.1 million revenue (Up by 4% for the year).

Events by ATC attracted a number of high-profile new events that assisted with the growth in commercial revenue; including conventions, exhibitions, trade shows and music festivals under the leadership of Jimmy Busteed.

ATC was awarded best Function & Convention Centre Caterer at the 2017 Savour Restaurant & Catering Awards for Excellence, NSW division, and now goes to the national finals.

The award is very prestigious and ATC triumphed over some strong contenders including Centennial Homestead, Deckhouse, Doltone House, Luna Park, Taronga Centre and Studio.

The award recognises our dedicated and talented commercial and operations teams who combined to deliver an outstanding event. ATC were judged on the Golden Slipper – Gold Room Luncheon during Autumn Carnival. This event was a collective effort from the Rosehill Gardens and Royal Randwick teams who pulled together to deliver an exceptional result on our most iconic race day.

The Awards for Excellence is a nationally recognised, independently judged awards program that celebrates exceptional service and culinary talent across the state. The Awards for Excellence is the only program in Australia where the judging criteria is determined by consumers who rank what is important to them in a dining experience.

ENHANCED RACE DAY EXPERIENCE

The Hospitality and Events Race Day business has managed, growth of 1.4% year on year. The renovations at Rosehill Gardens saw a renewed focus on the corporate and events space on offer. The Hive on Level 3 of the J.R. Fleming was a popular location for corporate guests looking to entertain within a relaxed space with a great atmosphere. The Hive was the most popular space for race day events during the year.

A major initiative to enhance Member and customer value introduced by the ATC Board was a reduction in retail food and beverage prices, which dropped by as much as 33% across our entire food and beverage product range, which has been very popular with Members and guests alike.

Further analysis is underway to ensure there is value in our customer offers

across the full spectrum of ATC race day products.

My thanks to Tanya McManus, Matt Sharman, Adam Smith, Peter Allen and our great culinary teams for their focus on enhancing the experience for all of our customers.

DIGITAL / TICKETING

We are excited by the introduction of a new ticketing platform by way of Partnership with Moshtix. We are working closely with them to develop a greater offering of online products; not just for General Admission customers but Members' Guests, Owners, and Hospitality ticketing to rollout across 2018. This will be a very big step forward in convenience for ATC Members and customers.

The Social Media presence across the last 12 months has seen more video content being created for punters and ATC Members each week than ever before. The combined following of all ATC social channels is now over 165,000. We are, in a sense, our own community.

MEMBERSHIP

Our Membership base is lower than we would like with just over 14,000 Members. We've welcomed nearly 1,500 new Members to ATC this year but lost a greater number primarily as people were finding it difficult to attend the races as often as they would like. ATC prides itself on being one of the world's most desirable destinations for thoroughbred racing, events and hospitality, and needs to improve these numbers. Steve McMahon has recently been appointed to lead the Membership team at ATC working with James Heddo on strategies to address the decline.

Our "Surprise and Delight" theme was embraced by ATC staff and Members alike. Initiatives included; loading \$ATC on to every ATC Member card to reward

CHIEF EXECUTIVE'S REPORT

(continued)

attendance and celebrate Christmas, bathroom attendants with pampering products, complimentary guest vouchers, and various other delights designed by ATC staff to look after our valued Members.

A loyalty scheme will be enhanced in 2018 to provide even better value for Members and to reward attendance and participation.

ROSEHILL BOWLING CLUB

Rosehill Bowling Club and ATC officially amalgamated on 1 June 2016.

Prior to the 2017 Golden Slipper carnival we successfully completed both interior and exterior refurbishment of the Rosehill Bowling Club, which has greatly enhance the Member experience. We now offer live entertainment and Members receive a 20% discount on food and beverage following all race days held at Rosehill Gardens.

On 29 July, Members overwhelmingly voted to support an amalgamation with Rydalmere Central Bowling Club. In addition, Members also voted to support the transfer of existing poker machine licenses from Royal Randwick to our Rosehill Bowling Club site.

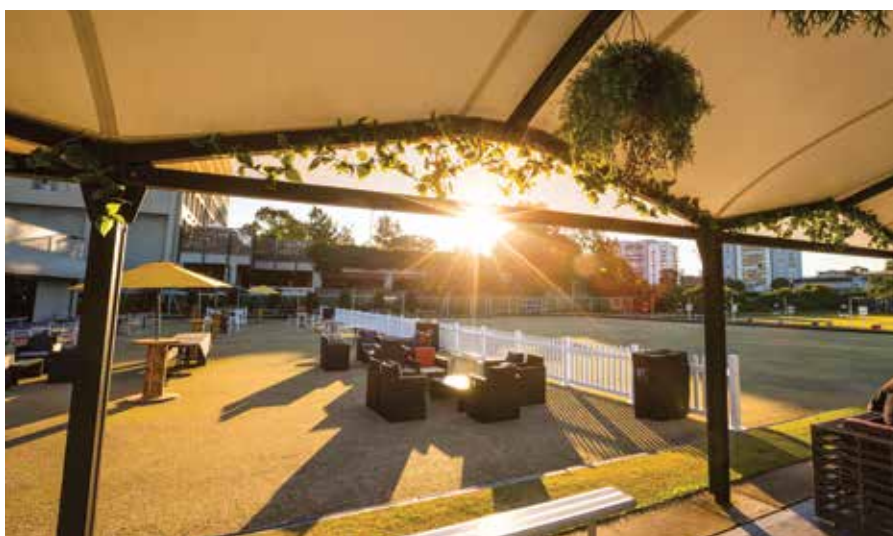
Both of these actions will support our drive to consolidate our registered club business, and lead to an improved offering to all ATC Members.

The next step is for the Independent Liquor and Gaming Authority to grant formal approval which we expect to occur later this year. ATC has agreed to keep the doors of Rydalmere Central Bowling Club open until the end of 2017. After that approval of the amalgamation the Club will run solely from the Rosehill Bowling Club premises.

Brendan Ballesty has been appointed to manage Rosehill Bowling Club during the year, and is making strong improvements to the business.



Refurbished interior of Rosehill Bowling Club



Refurbished outdoor of Rosehill Bowling Club

COMMUNITY ENGAGEMENT PLAN A CONTINUED SUCCESS

ATC have successfully implemented our Community Engagement Plan, and we continue to support charitable and community organisations, the focus being in five key areas.

Community Partnerships – ATC continues to work with schools, emergency services and universities to serve the community. ATC awarded our second scholarship to a Western Sydney University Student against socio economic criteria.

Racing Industry – ATC are very proud to advise our Industry Support Register implemented in 2017 has provided NSW Country and Provincial Clubs with support in the form of the following donations; running rails, furniture, cutlery, crockery, artwork and TVs. In addition to in-kind support, ATC also leveraged merchandise sales in the form of Winx Pins & Golden Slipper Saddle Cloths to support Thoroughbred Rehabilitation Trust & National Jockeys Trust respectively.

Social Responsibility – ATC offered its venue to charitable organisations to undertake coin collections as well

CHIEF EXECUTIVE'S REPORT

(continued)

as discounted package rates to increase their fundraising potential for program investment.

Charity Support – through monetary donations, in-kind voucher donations, Golden Slipper 'Pin & Win' and Community Grants, ATC supported charities in Health, Women's Rights, Children's Services, Hunger Relief, Disability Services, Homelessness and Animal Welfare.

Volunteering – eighty three employees provided over 415 hours of time volunteering to fourteen activities with worthy organisations such as Ronald McDonald House Westmead, Sunnyfield, Dandelion, Monika's Doggie Rescue and Riding for the Disabled, which saw an increase of 200 hours for the past year.

A summary of ATC's charitable efforts, this year is valued at \$611,391 under the London Benchmarking Group framework.

Activity Name	Details	Value of Contribution
Foregone Revenue: Hospitality Event Discounts	The value of discounted rates offered to charities to host events	\$241,700.00
In-Kind: Country and Provincial Industry Support	The value of the donation of Barriers, Running Rail, Furniture, Cutlery, Crockery, Artwork and TVs	\$45,740.00
In-Kind: Voucher Donations	Tickets and Hospitality donation to charitable fundraisers (calculated at 60% of Retail Value)	\$60,889.00
Leverage: Golden Slipper Pin & Win	Sale of Pins with all proceeds going to SpinalCure. ATC pays for the pins, rosters Promotional staff and coordinates the sale of pins with all proceeds going to charity	\$10,690.00
Leverage: Punters Club	Betting tournament with a percentage of winnings donated to a group of charities	\$5,827.00
Leverage: Saddle Cloth Auction	Facilitated an online auction to raise money for SpinalCure and National Jockeys Trust	\$6,473.00
Leverage: WINX Merchandise	Produced WINX merchandise (Caps & Stubby Holders), sold on course and donated all profits to Thoroughbred Rehabilitation Trust	\$15,282.00
Management	Administration costs of running the program	\$153,000.00
Monetary/In-Kind: Christmas Food Donation	Barnardos KinCare Christmas food donation from ATC & Staff	\$3,000.00
Monetary: Community Grants	4 grants of \$2500 each to worthy projects around racecourse communities	\$10,000.00
Monetary: Donations	Donations towards charitable causes	\$34,290.27
Monetary: Scholarship	Scholarship for Western Sydney University student means tested against socio economic criteria	\$3,750.00
Volunteering	83 employees contributed 415 hours through 14 activities. Rate is calculated at standard LBG rates (\$50 p/h).	\$20,750.00
TOTAL		\$611,391.27

The Board and all the team at ATC is very proud of our growing contribution to community and charitable efforts. Thank you to Amarjot Bagga who manages the program for ATC.

OUR TEAM

ATC continues to invest in our most valuable resource – our people.

We are pleased to announce that we have launched our inaugural Female Leaders Program. This is an extensive leadership program run over a period of 8 months. We have partnered with Women & Leadership Australia, and have 10 ATC female leaders on the program.

This year we realigned our business to drive the focus on the core business of racing. We now focus on bringing the right people into the business with the right skills and experience.

We celebrated 40 years' service of Lindsay Murphy. A major milestone for Lindsay and the organisation. Lindsay began employment on 6 January 1977 with Sydney Turf Club. Lindsay has been, and continues to be, a key member of our Racing team, being the General Manager Tracks. You can see Lindsay trackside at most ATC Race Days.

HERITAGE – PRESERVING AND SHARING OUR CLUB'S RICH HISTORY

The Heritage Office continues to raise awareness of the Club's collection and racing history through community talks, historical race book entries, and the Heritage Office "Racing Through Time" newsletter. Our collection also continues to grow through donations from the racing community.

The Heritage Office which is now located in the old Racing NSW drug laboratory at Randwick, officially opened to the public and researches by appointment on August 1, 2017. Over the next 12 months, back of house tours will be hosted.

CHIEF EXECUTIVE'S REPORT

(continued)

Milestones celebrated over the past 12 months included 25 years of Randwick being "Royal", 100 year anniversary of the opening of the totalisator building at Randwick, and the introduction of the automatic totalisator technology at racecourses as, well as the 70th running of the Theo Marks Stakes at Rosehill.

ATC thanks and congratulates our hardworking Heritage Volunteers for their amazing contribution, and to Margaret Helbeck and Hannah Hibbert for coordinating the program and archives.



1917 plan of the Totalisator Building at Randwick



Winx returning to scale after winning the 69th running of the Theo Marks Stakes, 2015.

Photo: Bradley Photographers

ONGOING PROPERTY PROJECTS AT ROYAL RANDWICK

We saw the successful completion of our temporary race day stalls on the Ledger Lawn in March, which has capacity to hold 115 horses. The purpose of the temporary day stalls, in conjunction with the new Dismount Yard and Owners Area in front of the Queen Elizabeth II Grandstand, allows for greater viewing and interaction between spectators and the horses. And also allows for safe movement and holding of horses on race days, while construction of our 600 space multi-deck car park above our permanent race day stalls takes place.

We are currently undertaking reconfiguration planning of Gate 1, Alison Road to enhance our Member's arrivals experience, and integrate with Light Rail the new parking space, which is due for completion in Autumn 2018.

CAPITAL WORKS AT WARWICK FARM

ATC has completed the new car park facility at Warwick Farm, and is in the process of completing its capital works at Governor Macquarie Drive. It is expected these works will be completed to co-incide with the opening of the new Inglis facility in early 2018. This has been a complex assignment where ground conditions and constraints have led to increase in time and costs.

ATC PARTNERS WITH MIRVAC FOR CANTERBURY KING STREET / STRATEGY TO IMPROVE SYDNEY RACING INFRASTRUCTURE

ATC took another important step this year toward building and improving Sydney racing infrastructure by

entering into a partnership with leading Australian property group, Mirvac.

ATC and Mirvac will work with the local community, NSW State Government and Canterbury Bankstown Council toward securing a suitable development for ATC's 12,800 sq/metre site that sits opposite Canterbury Park racecourse.

The parcel of land is not essential to racing operations, and has been used in recent years as an overflow parking area. Proceeds back to ATC from the development will be used on new and existing racing infrastructure as well as Club amenities. Building and maintaining world-class racing, training and customer facilities is the number one strategy for ATC, and this partnership will allow us to further invest without affecting Sydney racing operations.

It is extremely important to ATC that we leave a positive legacy in the Canterbury community which we play a significant role

CHIEF EXECUTIVE'S REPORT

(continued)

in. We are especially excited to be working with Mirvac who have a proven track record in building high-quality, modern housing that best serves this vision.

Infield parking at the racecourse will be reactivated in situations where overflow parking is required, so there is no loss of amenity for patrons.

Thanks to Zach Morrison, General Manager of Property Development for delivering this outstanding achievement.

THE YEAR AHEAD

The 2018 year will be another year of change and progress for ATC, with a number of major projects rolling out including:

- › Distributions to industry participants through record prizemoney increases, infrastructure improvements and new race programs;
- › Finalising Light Rail construction at Royal Randwick and Gate 1 entrance reconfiguration and upgrade;
- › Continuing Light Rail negotiations for Rosehill Gardens;
- › Completion of the capital works program at Governor Macquarie Drive, Warwick Farm and the Inglis development integration works;
- › Further improve night racing at Canterbury Park;
- › Complete the rebuild and re-open Kensington track;
- › Reconfigure training tracks at Rosehill Gardens, and launch a new training track at Canterbury Park;
- › Gain approval for, and installation of lights for night racing at Royal Randwick;
- › Completion of the multi-deck car park at Royal Randwick;
- › Progress property development masterplans;
- › Move from community engagement to community leadership; and
- › Development of our people and culture.

THANK YOU....

Our progress has been a massive team effort and there are many people to thank.

I thank our Chairman, Laurie Macri and Vice Chair, Trish Egan, and all the Board for their leadership, guidance and commitment as we focus on core racing operations and infrastructure.

The passion, dedication and commitment of our award-winning staff is unequalled anywhere in the industry, and I thank them all for an outstanding effort over the last year. I am grateful for the continued support from our Members, sponsors, trustees, trainers, jockeys, owners, punters, Stewards, Tabcorp, Racing NSW, NSW Government and Racing Minister Paul Toole, bookmakers, event clients, Sky, media, race callers and business partners, and the role all play in allowing ATC to conduct the best possible race day events.

Special thanks to Peter V'landys, Chief Executive of Racing NSW for his leadership and for outgoing Chair, John Messara AM for the legacy he leaves the NSW Industry. I also welcome Russell Balding AM to the Chair and look forward to further progress under his leadership.

I really value the charitable and community work delivered by ATC, and thank the Board and the team for getting behind these community initiatives.

I am sincerely appreciative of, and gratified by, the support and friendship we share with our many valued event customers, suppliers and community partners.

And a special thank you to the thoroughbred, for providing us all with such tremendous thrills and lasting memories.



Darren Pearce
Chief Executive

FINANCIAL STATEMENTS



DIRECTORS' REPORT

For the year ended 31 July 2017

The directors present their report together with the financial statements of Australian Turf Club Limited (the Company), for the year 1 August 2016 to 31 July 2017 and the auditor's report thereon.

1 DIRECTORS

The directors of the Company at any time during or since the end of the year 1 August 2016 to 31 July 2017 are:



Laurie Macri

Independent Director

- › Appointed to the Board 1 February 2011
- › Chairman of the Board of the company from 19 September 2016
- › Vice Chairman of the Board of the company from 3 February 2014 to 19 September 2016
- › Former Director of the NSW Racehorse Owners Association
- › Former Sydney Turf Club Board Member
- › Executive Director of the Macquarie Bank Group
- › Chairman of Finance and Wagering Committee
- › Member of Property and Infrastructure Committee
- › Member of Risk Committee
- › Chairman of Strategy Committee



Trish Egan

Independent Director, GAICD

- › Appointed to the Board 1 February 2015
- › Vice Chair of the Board of the company from 19 September 2016
- › Chief Operating Officer, Diabetes NSW & ACT
- › Trustee, Racing NSW Equine Welfare Fund
- › Thoroughbred racehorse owner
- › Chair of Remuneration Committee
- › Member of Finance and Wagering Committee
- › Member of Risk Committee
- › Member of Strategy Committee



Bill Evans

Elected Director

- › Appointed to the Board 25 February 2014
- › Chief Economist, Westpac Banking Corporation
- › Former Chairman Australian Business Economists; Life Member
- › Chairman of Audit Committee



Matthew McGrath

Independent Director, GAICD

- › Appointed to the Board 1 February 2015
- › Director Australis Communications
- › Director Makachla Pty Ltd
- › Thoroughbred racehorse owner over past 5 years
- › Chairman of Property and Infrastructure Committee
- › Member of the Strategy Committee

DIRECTORS' REPORT

(continued)

For the year ended 31 July 2017

1 DIRECTORS (continued)



Phil Morley

Elected Director

- › Appointed to the Board 20 May 2016
- › Chairman of Lenard's Group Holdings
- › Consultant/Advisor to the Food Industry
- › Former Director of Meat & Livestock Australia
- › Former Director of the NSW Racehorse Owners Association
- › Former Director of Aus-Meat Limited
- › Thoroughbred racehorse owner for over 20 years
- › Member of Membership, Owners and Race Day Experience Committee
- › Member of Remuneration Committee



Julia Ritchie

Elected Director

- › Elected to the Board 1 February 2015
- › Former Director NSW Racehorse Owners Association
- › Former Director of the Australian Jockey Club Limited
- › Thoroughbred breeder and racehorse owner for over 30 years
- › Owner and Director of Wild Oaks and Oak Ridge Spelling & Agistment farms
- › Owner and Director of J. Robins Manufacturing Pty Ltd
- › Chairman of Membership, Owners and Race Day Experience Committee
- › Member of Audit Committee



Angela Belle McSweeney

Elected Director, GAICD

- › Elected to the Board 1 February 2017
- › Third generation racing family and lifelong racegoer
- › Owner of over 50 thoroughbred racehorses over many years
- › Managing Director, Angela Belle McSweeney Communications, consulting for 30 years in business strategy, public relations, marketing, promotions and event management
- › Marketing Consultant to racing industry for over 25 years
- › Vice President, The Black & White Committee for Vision Australia since 2012
- › Winner, NSW Racehorse Owners Association Trophy for "The single person making the greatest contribution to NSW Racing (1991)
- › Member of Membership, Owners and Race Day Experience Committee



Michael Crismale

Elected Director, CA, FAICD

- › Appointed to the Board 1 February 2011
- › Chairman of the Board of the company from 3 February 2014 to 19 September 2016
- › Non-Executive Director of Sydney Football Club
- › Chairman of Matrium Technologies Pty Ltd
- › Non-executive Director of various private companies
- › Chairman, Carbine Club of NSW
- › Thoroughbred breeder and racehorse owner
- › Former Sydney Turf Club Board Member from 29 September 2007 to 31 January 2011
- › Resigned from the board 31 January 2017

DIRECTORS' REPORT

(continued)

For the year ended 31 July 2017

2 INCORPORATION

The Company was incorporated on 1 February 2011 as a Company limited by guarantee. Pursuant to the Australian Jockey and Sydney Turf Clubs Merger Act 2010, the Minister for Gaming and Racing declared by order published in the NSW Gazette, that the business of the Australian Jockey Club Limited and Sydney Turf Club be transferred in whole to Australian Turf Club Limited effective 7 February 2011.

3 DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the year are:

Director	Board		Finance & Wagering		Audit		Renumeration		Property & Infrastructure		Membership Owners & Race Day Experience		Risk & Compliance		Strategy	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Laurie Macri	16	16	2	2			3	3	7	7			1	1	7	6
Trish Egan	16	15	2	1			3	2	3	3	2	2	1	1	7	7
Bill Evans	16	13			2	2										
Matthew McGrath	16	16	1	-	1	1			7	7	2	2			7	6
Julia Ritchie	16	16			2	2					7	7				
Phil Morley	16	16	1	1			3	3			7	7				
Angela Belle McSweeney	7	7									5	5				
Michael Crismale	9	7	1	1	1	1			2	-	1	1			3	2

A – Number of meetings held during the time the director held office during the year

B – Number of meetings attended

4 SHORT AND LONG TERM OBJECTIVES

The Company's short and long-term objectives are to:

- › Be a world class centre for thoroughbred racing and training.
- › Develop a strong business culture within a Club framework.
- › Grow race day revenues and wagering turnover.
- › Build a strong and active Member community.
- › Investigate and where appropriate invest in diversification opportunities.
- › Leverage the strength of our balance sheet to position our business for long term sustainability and growth.

5 STRATEGY AND PRINCIPAL ACTIVITIES

The Company's key strategies for achieving these objectives are:

- › Enhance racing and training facilities and programs to increase field sizes and deliver stronger racing and wagering outcomes.
- › To conduct up to 112 metropolitan race meetings per annum in NSW including a number of iconic events on the Australian racing and social calendar.
- › The provision of training facilities for 1,750 horses stabled and in training at our three training venues.
- › Manage our 4 racecourse assets to effectively deliver operating activities.
- › The provision of membership, hospitality and event services across all venues.
- › To establish and maintain respected and productive relationships with key stakeholders.

The Company's principal activities during the year will be:

- › Act on tracks and training masterplan for Sydney Racing.
- › Complete the Kensington Track.
- › Build a polytrack training surface at Canterbury Park.
- › Reconfigure and rebuild training tracks at Rosehill Gardens.
- › Improve drainage on Rosehill Gardens course proper.
- › Complete the multi-deck car park at Royal Randwick.
- › Complete works at Warwick Farm and W.M. Inglis integration works.
- › Gain approval for installation of lights for night racing at Royal Randwick.
- › Identify key consumer segments and build new membership categories to drive acquisition.
- › Provide race day services to 500,000 visitors every year.
- › Invest in new technology and smart systems to deliver convenience and outstanding customer service to improve visitation and spend.
- › Deliver world-class carnivals in Spring and Autumn.
- › To host over 300 diverse non-race day events annually across our venues.
- › Integration of Rydalmere Central Bowling Club with Rosehill Bowling Club to build our registered club footprint.
- › Develop a wider range of consumer preferred products creating new sustainable revenue streams.
- › Work with Transport for NSW to integrate light rail roll-out on Royal Randwick.
- › Collaborate with Transport for NSW, Greater Sydney Commission, Parramatta City Council, Parramatta Light Rail, Roads and Maritime Services and the Department of Planning and Infrastructure on the Camellia District property development.
- › Prepare and lodge re-zoning and development applications for development of our King St site at Canterbury Park.
- › Complete capital works on Governor Macquarie Drive at Warwick Farm to facilitate the Inglis development.
- › Continue to work with Government, business industry and community organisations to get the best results from our venues.
- › Enhance community engagement and charitable programs.

6 PERFORMANCE MEASUREMENT

The profit of the Company for the year 1 August 2016 to 31 July 2017 was \$6,497,000.

The Company has established and will monitor the following performance measures:

- › Achieve the race day attendance target exceeding 500,000.
- › Continue to improve underlying operating profit.
- › Achieve a membership target of over 14,500 by 31 July 2018.
- › Achieve growth in our wagering sales year on year from all sources.
- › Increase international participation in carnival race programs.
- › Successful staging of the first The TAB Everest race day and leverage opportunities on ATC slot in the race.
- › Meeting project milestones and budgets on capital expenditure.

DIRECTORS' REPORT

(continued)

For the year ended 31 July 2017

7 MEMBERSHIP CLASSES AND LIABILITY

The Company is a company limited by guarantee and without share capital, with one Voting Membership class.

In accordance with the Constitution of the Company, every Voting Member is liable to contribute, for the time they are a Member, an amount not exceeding \$1 during the tenure of their membership or within one year after cessation of their membership toward the debts and liabilities in the event that the Company is wound up. These liabilities include the costs, charges and expenses of winding-up. Non-voting Members are not liable to contribute any amount in the event that the Company is wound up.

The total amount which Voting Members would be required to contribute in the event that the Company is wound up is \$14,075 (2016: \$14,518).

8 LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead auditor's independence declaration is set out on page 23 and forms part of the directors' report for the year 1 August 2016 to 31 July 2017.

9 ROUNDING OFF

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 dated 24 March 2016 and in accordance with that Instrument, amounts in the financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of the directors:



Mr Laurie Macri

Chairman

Dated at Sydney this 6th day of October 2017

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001



To the Directors of Australian Turf Club Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Australian Turf Club Limited for the financial year ended 31 July 2017 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KRMG

KPMG

A handwritten signature in black ink, appearing to read 'A W Young', with a long horizontal stroke extending to the right.

A W Young
Partner

Sydney
6 October 2017

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 July 2017

<i>In thousands of AUD</i>	<i>Note</i>	2017	2016
Revenue			
Revenue from operations	6	234,660	228,313
Other income	7	25,999	17,989
Revenue and other income		260,659	246,302
Expenditure			
Prizemoney, trophies and subsidies		(101,856)	(96,163)
Commercial expenses		(59,582)	(56,896)
Administrative expenses		(13,003)	(10,966)
Tracks and training costs		(13,121)	(12,995)
Racing costs		(17,603)	(17,287)
Facilities maintenance expenses		(11,540)	(11,382)
Property costs		(46)	(50)
Depreciation and amortisation		(11,919)	(9,896)
Impairments		(24,464)	(853)
Expenditure	8	(253,134)	(216,488)
Results from operating activities		7,525	29,814
Finance income - interest		797	4,578
Finance costs - interest		(1,955)	(1,965)
Net finance costs		(1,158)	2,613
Share of profit / (loss) of equity-accounted investees	12	59	1,389
Profit / (Loss) for the period		6,426	33,816
Other comprehensive income			
Defined benefit plan actuarial (losses) / gains	19	71	(566)
Other comprehensive income for the period		71	(566)
Total comprehensive income for the period		6,497	33,250

The notes on pages 28 to 52 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

For the year ended 31 July 2017

<i>In thousands of AUD</i>	<i>Note</i>	31 July 2017	31 July 2016
Assets			
Cash and cash equivalents	9	63,046	25,794
Restricted cash and cash equivalents	10	15,618	10,917
Trade and other receivables	11	24,629	25,774
Defined benefit asset	19	1,228	1,215
Inventories		808	783
Total current assets		105,329	64,483
Investments in equity-accounted investees	12	111	527
Assets held for sale	13	799	-
Property, plant and equipment	14	295,891	306,738
Intangible assets	15	1,100	1,072
Total non-current assets		297,901	308,337
Total assets		403,230	372,820
Liabilities			
Trade and other payables	16	15,526	12,179
Loans and borrowings	17	20,601	568
Employee benefits	18	8,272	8,059
Revenue in advance	20	13,031	12,714
Other provisions	21	5,705	8,069
Total current liabilities		63,135	41,589
Loans and borrowings	17	11,976	12,505
Revenue in advance	20	26,949	24,076
Employee benefits	18	559	536
Total non-current liabilities		39,484	37,117
Total liabilities		102,619	78,706
Net assets		300,611	294,114
Funds			
Reserve	22	135,454	135,454
Accumulated funds		165,157	158,660
Total funds		300,611	294,114

The notes on pages 28 to 52 are an integral part of these financial statements.

STATEMENT OF CHANGES IN FUNDS

For the year ended 31 July 2017

<i>In thousands of AUD</i>	Reserve	Accumulated funds	Total
Balance at 1 August 2015	129,447	125,410	254,857
Reserves recognised from business combinations	6,007	-	6,007
Total comprehensive income for the period			
Profit for the 12-month period	-	33,816	33,816
<i>Other comprehensive income</i>			
Defined benefit plan actuarial losses	-	(566)	(566)
Total other comprehensive income	-	(566)	(566)
Total comprehensive income for the period	-	33,250	33,250
Balance at 31 July 2016	135,454	158,660	294,114

Balance at 1 August 2016	135,454	158,660	294,114
Total comprehensive income for the period			
Profit for the 12-month period	-	6,426	6,426
<i>Other comprehensive income</i>			
Defined benefit plan actuarial gains	-	71	71
Total other comprehensive income	-	71	71
Total comprehensive income for the period	-	6,497	6,497
Balance at 31 July 2017	135,454	165,157	300,611

The notes on pages 28 to 52 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 July 2017

<i>In thousands of AUD</i>	<i>Note</i>	2017	2016
Cash flows from operating activities			
Cash receipts from operations		253,518	244,242
Cash paid to suppliers and employees		(236,323)	(223,132)
Cash generated from operating activities		17,195	21,110
Interest received		797	578
Interest paid		(1,955)	(1,943)
Net cash from operating activities		16,037	19,745
Cash flows from investing activities			
Acquisition of property, plant and equipment		(26,355)	(30,912)
Contracted capital work obligations on sold property		(2,364)	(3,133)
Proceeds from sale of investment properties		1,365	2,131
Proceeds from sale of non-core property		8,000	-
Settlement proceeds from equity-accounted investees		-	797
Proceeds from dissolution of equity-accounted investees		-	166
Net cash used in investing activities		(19,354)	(30,951)
Cash flows from financing activities			
Proceeds from Racing NSW funding deed		-	19,858
Proceeds from government funding		25,270	-
Repayment of Racing NSW Deed of Advance Distribution		-	(13,217)
Proceeds of bank borrowings		20,000	(10,000)
Net cash from financing activities		45,270	(3,359)
Net increase in cash and cash equivalents		41,953	(14,565)
Cash and cash equivalents at beginning of period		36,711	50,906
Cash and cash equivalents transferred on business combination		-	370
Cash and cash equivalents at end of period		78,664	36,711
Included in the financial statements as:			
Cash and cash equivalents	9	63,046	25,794
Restricted cash and cash equivalents	10	15,618	10,917
		78,664	36,711

The notes on pages 28 to 52 are an integral part of these financial statements.

1. REPORTING ENTITY

Australian Turf Club Limited (the Company) is a company limited by guarantee which was incorporated on 1 February 2011. Financial statements of the Company are as at and for the year ended 31 July 2017 and comprise the Company, and the interest in an associate.

The Company is a for-profit entity.

The Company was incorporated on 1 February 2011 pursuant to the Australian Jockey and Sydney Turf Club's Merger Act 2010 (the Act).

2. BASIS OF PREPARATION

a. Tier 2 general purpose financial statements

The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASBs) adopted by the Australian Accounting Standards Board (AASB), the Registered Clubs Act 1976 (NSW) and the Corporations Act 2001.

The financial statements were authorised for issue by the Board of Directors on 6 October 2017.

b. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the defined benefit liability which is recognised as the net total of the plan assets, plus unrecognised past service costs and unrecognised actuarial losses, less unrecognised actuarial gains and the present value of the defined benefit obligations.

c. Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 dated 24 March 2016 and in accordance with that Instrument, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

d. Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

Information about critical judgements, assumptions and estimation uncertainties in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

- › Note 12 – Investments in equity accounted investees
- › Note 14 – Property, plant and equipment
- › Note 19 – Defined benefit asset / (liability)

3. SIGNIFICANT ACCOUNTING POLICIES

a. Investments in equity accounted investees

The Company's interests in equity accounted investees comprise an interest in an associate. Associates are those entities over which the Company has significant influence, but not control, over their financial and operating policies.

The Company's interest in Australian Prices Network (APN) has been accounted for as an associate.

Investments are initially recorded at cost. Where the Company previously did not have significant influence and recorded the investment at fair value, the fair value is used as the basis for the equity accounting value. Subsequently, increments/decrements in the investment values are recorded, representing the Company's share of current year profits/losses and distributions. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest is reduced to zero and the recognition of further losses is discontinued except to the extent that the Company has an obligation or made payments on behalf of the investee.

b. Financial instruments

(i) *Non-derivative financial assets*

The Company initially recognises loans, receivables and deposits on the date the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets: loans, receivables and deposits.

Loans and receivables

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

Loans and receivables comprise cash and cash equivalents, trade and other receivables (excluding prepayments).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)**b. Financial instruments** (continued)*Cash and cash equivalents*

Cash and cash equivalents (and restricted cash and cash equivalents) comprise cash on hand, cash at bank and call deposits with original maturities of three months or less. Cash at bank is interest bearing with the interest rate at reporting date being 0.01%. Deposits at call are bearing an interest rate at reporting date of 1.75% (2016: 2.15%).

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. Trade receivables are generally due for settlement within 30 days.

The collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

(ii) Non-derivative financial liabilities

Financial liabilities are recognised initially on the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables (excluding accruals) and loans and borrowings.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Loans and borrowings

The Company's loans and borrowings comprise a line of credit and bank loans. The interest expense is recognised on an effective yield basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

d. Property, plant and equipment

(i) *Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses except for assets transferred to the Company at the date of the merger which were recorded at fair value on date of merger.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, plus any other costs directly attributable to bringing the assets to a working condition for their intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

For the year ended 31 July 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Property, plant and equipment (continued)

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives for the current period are as follows:

- › Buildings 40 - 50 years
- › Plant and equipment 3 - 15 years

These estimated useful lives, residual values and depreciation method of assets are reviewed at the end of each reporting year with the effect of any changes recognised on a prospective basis.

e. Intangible assets

Intangible assets are recognised at cost. Intangible assets relating to poker machine entitlements are assessed as having an indefinite life under current NSW legislation and accordingly have not been amortised. As they are not amortised, they are assessed annually for impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

g. Impairment

The carrying amount of the Company's material assets are reviewed at each reporting date to determine whether events or changes in circumstances indicate that the carrying amount may no longer be recoverable at each reporting date. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the asset's fair value less costs to sell or its value in use.

(i) Non-derivative financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the statement comprehensive income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

(ii) Non-financial assets

The carrying amounts of the Company's material non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the statement of comprehensive income. The recoverable amount of all CGU's has been reviewed and impairment testing has been performed at 31 July 2017. This has resulted in the recognition of an impairment of \$24.5m during the period (2016: \$0.9m) in the statement of profit or loss and other comprehensive income.

(iii) Calculation of recoverable amount

For the purpose of assessing impairment, assets are grouped at the lowest levels that are largely independent of the cash flows from other assets or groups of other assets.

The recoverable amount of a CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Employee benefits

(i) *Defined contribution (accumulation style) superannuation plans*

Obligations for contributions to defined contribution (accumulation style) superannuation funds are recognised as an expense in the statement of profit or loss and other comprehensive income when they are due.

(ii) *Defined benefit superannuation funds*

The Company is the employer sponsor of one defined benefit superannuation fund. The employer sponsor is required to recognise a liability (or asset) where the present value of the defined benefit obligation, adjusted for unrecognised past service cost exceeds (or is less than) the fair value of the underlying net assets of the fund (hereinafter referred to as the "defined benefit obligation"). Any resulting liability or asset will be grossed up for any contributions tax.

When the calculation results in plan assets exceeding liabilities, the recognised asset is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan.

The discount rate is the yield at the reporting date on corporate bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

The Company recognises all actuarial gains and losses arising from the defined benefit plans directly in the statement of profit or loss and other comprehensive income.

(iii) *Other long-term employee benefits*

The Company's net obligation in respect of long-term employee benefits, other than defined benefit superannuation funds, is the amount of future benefit that employees have earned in return for their service in both the current and prior periods plus related on-costs. Consideration is given to on-costs, expected future salary and wage levels, and experiences of employee departures and service periods. Expected future payments are discounted to determine its present value. The rate used for the 2017 reporting date was 2.64% (2016: 1.93%).

(iv) *Termination benefits*

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment or where benefits are payable on known resignation or retirement.

(v) *Short-term employee benefits*

Liabilities for employee benefits for wages, salaries and annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at reporting date including related on- costs, such as workers compensation insurance and payroll tax.

i. Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Revenue in advances

Membership fees, nomination and acceptance fees and other revenues of the Company which have been received in the reporting period, but which relate to a subsequent accounting period, have been deferred in the statement of financial position and will be brought to account as revenue during the period to which they relate.

k. Revenue

Revenue is recognised at the fair value of the consideration received or receivable.

(i) TAB distribution

The TAB distribution includes distributions paid or owed by Tabcorp Holdings Limited (Tabcorp) to the racing industry for the supply of racing for the year ended 31 July 2017.

The TAB / racing industry agreements set out a formula under which distributions to the NSW racing industry, and amongst various stakeholders are made. Those agreements stipulate that each stakeholder will receive an amount determined after the deduction of industry related expenses such as administration costs associated with running NSW racing's regulatory bodies. The Company recognises this income on a net income basis.

(ii) Commercial

Sponsorship

Sponsorship revenue is recognised based on contractual invoice dates and the fulfilment of sponsor race day requirements and sponsorship activity.

Membership

Membership revenue collected in advance is recognised equally throughout each month of the year. Membership revenue collected throughout the period is recognised equally in the remaining months of the year.

Events and hospitality

Events and hospitality revenue comprises venue hire, food and beverage sales for race day and non-race day events. These are recognised when the race day or events occur.

(iii) Broadcast rights

Broadcast revenue is recognised on an accruals basis over the life of the contract with any amounts received upfront as base rights deferred and recognised over the life of the contract.

(iv) Racing NSW prizemoney subsidy

Racing NSW prizemoney subsidy is recognised on an accruals basis.

(v) Racing

Racing revenue comprises of bookmakers fees, nominations and acceptances fees. These are recognised on an accrual basis.

(vi) Training

Training revenue is recognised at the time the training services are provided.

(vii) Property

Property revenue is the rental income from investment property and is recognised in the statement of profit or loss and other comprehensive income on a straight-line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

For the year ended 31 July 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Revenue (continued)

(viii) Government Grants

Grants are considered non-reciprocal transfers to the Company. Grants that compensate for expenses incurred or which contribute to the cost of capital expenditure are recognised immediately when there is reasonable assurance that the Company has the right to receive it.

l. Racing NSW and Racing Corp

Racing NSW and Racing Corp deductions comprise the allocation to the Company of Breeders' and Owners' Bonus Scheme (BOBS), NSW unplaced starters' rebates, rider fees, rider superannuation, Racing NSW administration costs and Racing Corp costs. These amounts are deducted from TAB distribution revenue.

m. Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recorded at their fair value or, if lower, at amounts to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Lease commitments are reported inclusive of GST with the input tax credit recoverable from the Australian Taxation Office (ATO).

n. Interest income and interest expense

Interest income is the income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Interest expense on borrowings is recognised in the statement of profit or loss and other comprehensive income using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

For the year ended 31 July 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Income tax

All income of the Company is exempt from income tax as specified by Section 23(g) (amended to S50-45 SS9.1(a)) of the Income Tax Assessment Act 1997.

p. Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

4 NEW STANDARDS AND INTERPRETATION NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 August 2016, and have not been applied in preparing these financial statements. Those which may be relevant to the entity are set out below. The entity does not plan to adopt these standards early.

AASB 9 Financial Instruments

AASB 9, approved in December 2014, replaces the existing guidance in AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139. AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 9.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 *Revenue*, AASB 111 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 15.

AASB 16 Leases

AASB 16 *Leases* removes the lease classification test and requires all leases (including operating leases) to be brought onto the balance sheet by lessees. AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019. Early adoption will be permitted for entities that also adopt AASB 15 *Revenue* from contracts with customers. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 16.

5 DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Where applicable, further information about the assumptions made in determining fair values is disclosed in the accounting policies and notes specific to that asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

For the year ended 31 July 2017

6 REVENUE

<i>In thousands of AUD</i>	2017	2016
TAB distribution	86,222	86,378
Commercial	71,062	68,955
Broadcast rights	23,374	20,340
Racing NSW prizemoney subsidy	35,182	33,579
Racing	7,748	8,028
Training	8,578	8,641
Property	890	803
Other revenue	1,604	1,589
	234,660	228,313

7 OTHER INCOME

<i>In thousands of AUD</i>	2017	2016
Racing NSW funding drawdown - Rosehill	-	17,058
Transport for NSW – Randwick Multideck carpark funding	25,270	-
Profit on sale of investment properties	650	-
Settlement proceeds from equity-accounted investments	-	797
Profit on sale of property, plant and equipment	79	134
	25,999	17,989

8 EXPENDITURE

Expenditure includes the following items:

<i>In thousands of AUD</i>	2017	2016
<i>Personnel expenses</i>		
Wages and salaries	38,735	33,930
Contributions to defined contribution plans	3,227	2,725
Change in liability for annual leave and long service leave	190	537
Expenses related to defined benefit plans	71	426
Other employment expenses	3,300	4,277
	45,163	41,895

NOTES TO THE FINANCIAL STATEMENTS

(continued)

For the year ended 31 July 2017

9 CASH AND CASH EQUIVALENTS

<i>In thousands of AUD</i>	2017	2016
Cash on hand	98	70
Cash at bank	27,509	25,724
Cash on deposit	35,439	-
Cash and cash equivalents in the statement of cash flows	63,046	25,794

10 RESTRICTED CASH AND CASH EQUIVALENTS

<i>In thousands of AUD</i>	2017	2016
Cash at bank – Randwick Capital Fund*	15,618	10,917
Restricted cash and cash equivalents in the statement of cash flows	15,618	10,917

* During the 2016 financial year the Company entered into an agreement whereby it committed to expend an amount equal to its PGI fee entitlements on capital works at Randwick to improve the public precinct areas, Randwick course proper and potentially other capital improvements. At year end there is \$15.62m of cash held in a separate bank account of the Company that is committed to these capital works and is considered to be restricted cash as it is not otherwise available to the Company for its day to day operations.

The Company has recognised the 2017 PGI fees as income on the basis that the Company has agreed in writing with Racing NSW what the funds would be expended upon and the Company is able to control the expenditure to ensure it meets the agreed outcomes.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

For the year ended 31 July 2017

11 TRADE AND OTHER RECEIVABLES

<i>In thousands of AUD</i>	2017	2016
Current		
Trade receivables	7,114	8,034
Allowance for impairment on trade receivables	(69)	(159)
	7,045	7,875
Other receivables	12,543	13,374
Allowance for impairment on other receivables	-	(100)
	12,543	13,274
Loans receivable	50	-
Prepayments	4,991	4,625
	24,629	25,774

The movement in the allowance for impairment in respect of trade receivables during the period was as follows:

<i>In thousands of AUD</i>	2017	2016
At 1 August	(159)	(112)
Reversal of impairment recognised	90	20
Impairment loss recognised	-	(67)
Balance at 31 July	(69)	(159)

The movement in the allowance for impairment in respect of other receivables during the period was as follows:

<i>In thousands of AUD</i>	2017	2016
At 1 August	(100)	(2,972)
Reversal of impairment recognised	100	2,872
Balance at 31 July	-	(100)

NOTES TO THE FINANCIAL STATEMENTS

(continued)

For the year ended 31 July 2017

12 INVESTMENTS IN EQUITY-ACCOUNTED INVESTEEES

<i>In thousands of AUD</i>	2017	2016
Share of net profit / (loss) of associates and joint ventures included in the statement of profit or loss and other comprehensive income		
Associates		
Share of operating profit of associates	59	198
Write-back / (loss) on disposal of associates	-	1,166
Share of net profit / (loss) of associates	59	1,364
Joint Ventures		
Write-back / (costs) associated with acquisition of controlling interest in joint ventures	-	25
	59	1,389
Investments accounted for using the equity method in the statement of financial position		
Associates	111	527
	111	527

13 ASSETS HELD FOR SALE

<i>In thousands of AUD</i>	2017	2016
Assets and assets of disposal groups classified as held for sale		
Land	799	-
	799	-

The Company owns a parcel of property which is not core property (as defined in the Registered Clubs Act 1976) at Canterbury Park, known as the 'King Street Site'. This was reclassified as held for sale on 28 June 2017.

A 'Project Delivery Agreement' has been entered into in respect of the King Street Site (adjacent to the Canterbury racecourse (the site being Lots 2 to 19 in DP2951, Lot 1 in DP123777 and Lots 25 to 26 in DP2951 (Land)) with Mirvac King St Pty Ltd (Developer), under which the Developer will:

- (i) in conjunction with the Company seek to procure an acceptable rezoning and subsequent development consent to enable the construction on the Land of residential apartment buildings and ancillary retail;
- (ii) together with the Company enter into and complete off the plan sales contracts with end purchasers; and
- (iii) be granted a mortgage and charge against the Land and the Company to secure the Company's obligations under the Project Delivery Agreement.

The above asset classified as held for sale is classified as non-current due to the completion of the transaction being completed beyond 12 months of being classified as held for sale unless events or circumstances occur that are beyond the control of the Company.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

For the year ended 31 July 2017

14 PROPERTY, PLANT AND EQUIPMENT

<i>In thousands of AUD</i>	Land and buildings	Plant and equipment	Construction work in progress	Assets under finance lease	Total
Cost					
Balance at 1 August 2016	312,200	33,739	27,786	3,138	376,863
Additions	-	-	26,327	120	26,447
Disposals	-	(705)	-	(119)	(824)
Construction work in progress transfers	29,473	7,650	(37,123)	-	-
Reclassification to held for sale	(799)	-	-	-	(799)
Balance at 31 July 2017	340,874	40,684	16,990	3,139	401,687
Balance at 1 August 2015	305,263	29,689	2,842	-	337,794
Additions	-	-	30,882	3,138	34,020
Additions from business combinations	5,000	168	-	-	5,168
Disposals	-	(119)	-	-	(119)
Construction work in progress transfers	1,937	4,001	(5,938)	-	-
Balance at 31 July 2016	312,200	33,739	27,786	3,138	376,863
Depreciation and impairment					
Balance at 1 August 2016	58,920	10,877	-	328	70,125
Depreciation for the period	5,677	5,703	-	539	11,919
Impairment for the period	6,683	791	16,990	-	24,464
Disposals	-	(700)	-	(12)	(712)
Balance at 31 July 2017	71,280	16,671	16,990	855	105,796
Balance at 1 August 2015	52,827	6,632	-	-	59,459
Depreciation for the period	5,844	3,724	-	328	9,896
Impairment for the period	249	604	-	-	853
Disposals	-	(83)	-	-	(83)
Balance at 31 July 2016	58,920	10,877	-	328	70,125
Carrying amounts					
At 1 August 2016	253,280	22,862	27,786	2,810	306,738
At 31 July 2017	269,594	24,013	-	2,284	295,891
At 1 August 2015	252,436	23,057	2,842	-	278,335
At 31 July 2016	253,280	22,862	27,786	2,810	306,738

NOTES TO THE FINANCIAL STATEMENTS

(continued)

For the year ended 31 July 2017

14 PROPERTY, PLANT AND EQUIPMENT (continued)

Core and Non-core Property

In accordance with Section 41(j)(2) of the Registered Clubs Act 1976 (NSW) (as amended), the Company defines its core property and non-core property as follows:

Core property

The Company has determined the following to comprise its core-property as at 31 July 2017:

1. the course proper (and Kensington Track) at Royal Randwick Racecourse, the course proper at Rosehill Gardens Racecourse, the course proper at Warwick Farm Racecourse, and the course proper at Canterbury Park Racecourse, along with all training tracks at Royal Randwick, Rosehill Gardens, Warwick Farm and Canterbury Park Racecourses;
2. the premises owned or occupied by the Company on Royal Randwick Racecourse (including the defined area of the licensed premises of the registered club) comprising facilities, provided by the Company for the race day use of members and their guests;
3. the premises owned or occupied by the Company on Rosehill Gardens Racecourse comprising facilities, provided by the Company for the race day use of members and their guests;
4. the premises owned or occupied by the Company on Warwick Farm Racecourse comprising facilities, provided by the Company for the race day use of members and their guests; and
5. the premises owned or occupied by the Company on Canterbury Park Racecourse comprising facilities, provided by the Company for the race day use of members and their guests.

Non-core property

The Company has determined that as at 31 July 2017 all property which is not specifically defined as core-property is non-core property.

15 INTANGIBLE ASSETS

<i>In thousands of AUD</i>	2017	2016
Poker machine entitlements		
Deemed cost		
At 1 August	930	270
Additions from business combinations	-	660
Balance at 31 July	930	930
Trademarks		
At 1 August	142	112
Additions	28	30
Balance at 31 July	170	142
	1,100	1,072

NOTES TO THE FINANCIAL STATEMENTS

(continued)

For the year ended 31 July 2017

15 INTANGIBLE ASSETS (continued)

Poker machine licenses have been assessed as having an indefinite useful life under current legislation in NSW and are valued at cost. The recoverable amount has been assessed on a fair value, less costs to sell basis. The fair value of the licenses was derived from recent third party transaction prices for the transfer of such entitlements by Sydney Metropolitan Clubs between December 2015 and June 2016, which is above the Company's carrying value per Poker Machine license. Accordingly at 31 July 2017, the carrying amount of assets remains appropriate, with no impairment required (2016: No impairment required).

16 TRADE AND OTHER PAYABLES

<i>In thousands of AUD</i>	2017	2016
Current		
Trade payables	1,770	735
Other payables and accruals	13,756	11,444
	15,526	12,179

17 LOANS AND BORROWINGS

<i>In thousands of AUD</i>	2017	2016
Current liabilities		
Bank borrowings	20,000	-
Finance lease liabilities	601	568
	20,601	568
Non-current liabilities		
Bank borrowings	10,000	10,000
Finance lease liabilities	1,976	2,505
	11,976	12,505

Financing facilities

The Company's existing financing facility with Westpac Banking Corporation matures on 15 November 2017. At 31 July 2017 the \$10,000,000 working capital facility and the drawn balance of the term loan facility of \$10,000,000 have been classified as a current liability.

As at the date of this report, the Company is negotiating a new financing facility and expects to have the facilities in place before 15 November 2017.

The company entered into a further facility with Westpac Banking Corporation on 27 July 2017 to the value of \$10,000,000 to finance the Canterbury Park – King Street development. The drawn balance of the facility of \$10,000,000 has been classified as a non-current liability at 31 July 2017.

The Company entered into a lease financing facility on 28 September 2015 with Commonwealth Bank of Australia. The Company has access to total lease finance facilities of \$5,000,000 which is open-ended and cancellable by one month's written notice by either the Company or Commonwealth Bank of Australia. At 31 July 2017, \$2,577,000 of the lease financing facility has been utilised.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

For the year ended 31 July 2017

18 EMPLOYEE BENEFITS

<i>In thousands of AUD</i>	2017	2016
Current		
Liability for annual leave	2,802	2,779
Liability for long service leave	2,349	2,207
Other employee benefits	3,121	3,073
	8,272	8,059
Non-current		
Liability for long service leave	559	536
	559	536

19 DEFINED BENEFIT ASSET / (LIABILITY)

<i>In thousands of AUD</i>	2017	2016
Total fair value of plan assets	8,443	7,971
Total present value of defined benefit obligations	(6,993)	(6,756)
Unrecognised asset due to Asset Ceiling	(222)	-
Total surplus / (deficits) in the plans recognised in the statement of financial position	1,228	1,215

The Company makes contributions to the defined benefit superannuation fund originating from the Sydney Turf Club that provide defined benefit amounts for employees upon retirement. The Plan consists of two sections, the Defined Benefits Section based on the number of years of membership and final average salary, and the Accumulation Section based on contributions made and investment earnings.

Fair value of plan assets comprise:

<i>in percentage</i>	2017	2016
Equity securities	64%	59%
Fixed interest securities	17%	18%
Property	6%	6%
Other	13%	17%
	100%	100%

Movement in the present value of the defined benefit obligations

<i>In thousands of AUD</i>	2017	2016
Defined benefit obligations at 1 August	6,756	7,511
Benefits paid by the plan	(295)	(1,970)
Current service costs and interest	523	885
Actuarial (gains) / losses in other comprehensive income	9	330
Defined benefit obligations at 31 July	6,993	6,756

NOTES TO THE FINANCIAL STATEMENTS

(continued)

For the year ended 31 July 2017

19 DEFINED BENEFIT ASSET / (LIABILITY) (continued)

Movement in fair value of plan assets

<i>In thousands of AUD</i>	2017	2016
Fair value of plan assets at 1 August	7,971	9,513
Contributions paid into the plan	190	307
Benefits paid by the plan	(253)	(1,970)
Expected return on plan assets	233	357
Actuarial gains / (losses) in other comprehensive income	302	(236)
Fair value of plan assets at 31 July	8,443	7,971
Actual gain/(loss) on plan assets	537	121

Actuarial (gains) and losses recognised in other comprehensive income

<i>In thousands of AUD</i>	2017	2016
Cumulative amount at 1 August	(126)	(692)
Recognised during the period	(71)	566
Cumulative amount at 31 July	(197)	(126)

Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages)

<i>In thousands of AUD</i>	2017	2016
Discount rate at 31 July	3.5%	3.1%
Future salary increases	3.0%	3.0%

NOTES TO THE FINANCIAL STATEMENTS

(continued)

For the year ended 31 July 2017

20 REVENUE IN ADVANCE

<i>In thousands of AUD</i>	2017	2016
Current		
Revenue in advance	13,031	12,714
	13,031	12,714
Non-Current		
Revenue in advance	26,949	24,076
	26,949	24,076

Revenue in advance includes amounts received in advance from the NSW Government on account of light rail, Tabcorp on account of media rights, Mirvac on account of the Canterbury Park - King Street Development, sponsorship arrangements, memberships, function arrangements, private suites, Chairman's club tables and other contractual arrangements.

21 OTHER PROVISIONS

<i>In thousands of AUD</i>	2017	2016
Current		
Other provisions	5,705	8,069
	5,705	8,069

A provision has been recognised as a result of contractual obligations owing in relation to the sale of land by the Company at Warwick Farm. During FY17, \$2.4m of costs were incurred against the provision.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

For the year ended 31 July 2017

22 ACCUMULATED FUNDS AND RESERVES

Accumulated funds

The Company is a company limited by guarantee and without share capital, with one Voting Membership class.

In accordance with the Constitution of the Company, every Voting Member is liable to contribute, for the time they are a Member, an amount not exceeding \$1 during the tenure of their membership or within one year after cessation of their membership toward the debts and liabilities in the event that the Company is wound up. These liabilities include the costs, charges and expenses of winding-up. Non-voting Members are not liable to contribute any amount in the event that the Company is wound up.

The total amount which Voting Members would be required to contribute in the event that the Company is wound up is \$14,075 (2016: \$14,518).

Reserve

All net assets received by the Company and Day 1 fair value adjustments were recorded against equity, being the "Day 1 reserve".

The net assets of Rosehill Bowling and Recreation Club Limited, restated to fair value, were merged with the Company on 1 June 2016.

23 LEASES

Finance leases

The Company leases some plant and equipment and motor vehicles under finance leases. The remaining term of these leases are generally between three and six years. At the conclusion of the term and final payment, full ownership is transferred to the Company.

	Minimum future lease payments		Present value of minimum future lease payments	
<i>In thousands of AUD</i>	2017	2016	2017	2016
Finance lease liabilities				
Less than one year	695	682	601	568
Between one and five years	1,999	2,373	1,848	2,149
Later than five years	129	367	128	356
	2,823	3,422	2,577	3,073
			2017	2016
Included in the financial statements as: (Note: 16)				
Current loans and borrowings			601	568
Non-current loans and borrowings			1,976	2,505
			2,577	3,073

NOTES TO THE FINANCIAL STATEMENTS

(continued)

For the year ended 31 July 2017

23 LEASES (continued)

Operating leases

Non-cancellable operating lease rentals are payable as follows:

<i>In thousands of AUD</i>	2017	2016
Less than one year	202	202
Between one and five years	287	489
	489	691

The Company leases some plant and equipment under operating leases. The remaining term of these leases are generally between one and three years.

On 2 October 2008, the Australian Jockey Club Limited signed a 99 year lease over the Randwick Racecourse. This lease was transferred to the Company as a result of the Act (refer to Note 1). The lease, due to expire in 2107, is for a nominal rent. Due to the nature of the property and the restrictive use conditions under the arrangement, the Company is not able to reliably measure the value of the entitlement to use the property. Accordingly no amounts are recognised. As it has no net effect on the result each period, it is not considered to affect the fair presentation of the financial report.

During the year ended 31 July 2017 an amount of \$202,143 (2016: \$153,389) was recognised as an expense in the statement of profit or loss and other comprehensive income in respect of operating leases.

24 CAPITAL COMMITMENTS

During the year ended 31 July 2017 the Company entered into contracts to purchase property, plant and equipment for a total of \$37,580,000 (2016: \$13,117,000) which consists of the following:

<i>In thousands of AUD</i>	2017	2016
Randwick Capital Fund	15,618	10,917
Randwick Multi-deck Carpark	14,903	-
Kensington Track	1,470	-
Canterbury Training Track	1,669	-
Other	3,920	2,200
	37,580	13,117

NOTES TO THE FINANCIAL STATEMENTS

(continued)

For the year ended 31 July 2017

25 RELATED PARTIES

The following were key management personnel of the Company at any time during the year and unless otherwise indicated were key management personnel for the entire period:

Board Members

- › Mr Laurie Macri
- › Mrs Trish Egan
- › Mr Bill Evans
- › Mr Matthew McGrath
- › Mr Phil Morley
- › Ms Julia Ritchie
- › Ms Angela Belle McSweeney (appointed 1 February 2017)
- › Mr Michael Crismale (resigned 31 January 2017)

All members of the Board act in an honorary capacity and receive no remuneration or other benefits for their services. Board Members may be reimbursed for expenditure incurred in the conduct of their official duties. All of these transactions were on normal commercial terms and conditions.

Executives:

Chief Executive:

- › Mr Darren Pearce

During the period the executives were:

- › Mr Graham Brown - Infrastructure, Property and Special Projects (separated 11 August 2017)
- › Mr Matthew Galanos - Chief Financial and Operations Officer
- › Mr James Heddo – Racing Services and Membership
- › Mr Tony Partridge - Chief Operating Officer (separated 10 February 2017)
- › Ms Jennifer Schembri - Human Resources (separated 31 May 2017)

Key management personnel compensation

During the year ended 31 July 2017, the total key management personnel compensation recognised in profit or loss was \$2,922,777 (2016: \$2,427,269).

NOTES TO THE FINANCIAL STATEMENTS

(continued)

For the year ended 31 July 2017

25 RELATED PARTIES (continued)

Other related party transactions

<i>In AUD</i>	2017	2016
Services provided to the Australian Prices Network by the Company	441,498	319,040
Services provided by the Australian Prices Network to the Company	(39,440)	(32,230)
	2017	2016
<i>The Company's receivables as at 31 July:</i>		
Australian Prices Network	103,864	23,409
	103,864	23,409
	2017	2016
<i>The Company's payables and provisions as at 31 July:</i>		
Australian Prices Network	-	6,240
	-	6,240

The Company provides accounting and administrative services to the associate, Australian Prices Network. Charges for these services are based on commercial terms and conditions.

All outstanding balances with the associates and joint ventures are priced on an arm's length basis. None of these balances are secured.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

For the year ended 31 July 2017

26 CONTINGENCIES

Financial assistance was provided to both the Australian Jockey Club Limited and the Sydney Turf Club by way of interminable loans from the Racecourse Redevelopment Fund. These loans were transferred to the Company as a result of the Act (refer to Note 1). These loans are only repayable either on the sale of properties which have benefited by the expenditure of loans, or in the event the Company ceasing its current operations. The maximum contingent liability at 31 July 2017 in respect of these loans which has not been provided for in the Financial Statements amounts to \$101,407,000 (2016: \$101,407,000). On 1 July 1998 the operations of the Racecourse Development Fund were transferred to the respective controlling authorities. Accordingly, any contingent liability will be in favour of Racing NSW.

27 SUBSEQUENT EVENTS

On 29 July 2017 ATC Members voted to support an amalgamation with Rydalmere Central Bowling Club (RCBC). In addition, Members also voted to support the transfer of existing poker machine licenses from Royal Randwick to our Rosehill Bowling Club (RBC) site.

Currently ATC is awaiting the Independent Liquor and Gaming Authority (ILGA) to grant formal approval which is expected to occur late 2017. ATC has agreed to keep the doors of RCBC open until the end of 2017. After that date the amalgamated club will run solely from the RBC premises.

DIRECTORS DECLARATION

For the year ended 31 July 2017

In the opinion of the directors of Australian Turf Club Limited (the Company):

- (a) the financial statements and notes, set out on pages 24 to 52, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 31 July 2017 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.

A handwritten signature in black ink, appearing to read 'L Macri', written in a cursive style.

Mr Laurie Macri
Chairman

Dated at Sydney this 6th day of October 2017.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN TURF CLUB



OPINION

We have audited the Financial Report of Australian Turf Club Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- › giving a true and fair view of the Company's financial position as at 31 July 2017 and of its financial performance for the year ended on that date; and
- › complying with *Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001*.

The Financial Report comprises:

- › Statement of financial position as at 31 July 2017;
- › Statement of profit or loss and other comprehensive income, Statement of changes in funds, and Statement of cash flows for the year then ended;
- › Notes including a summary of significant accounting policies;
- › Directors' Declaration.

BASIS FOR OPINION

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

OTHER INFORMATION

Other Information is financial and non-financial information in Australian Turf Club Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN TURF CLUB

(continued)



RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL REPORT

The Directors are responsible for:

- › preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards - Reduced Disclosure Requirements* and the *Corporations Act 2001*.
- › implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- › assessing the Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL REPORT

Our objective is:

- › to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- › to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our Auditor's Report.

A handwritten signature in black ink, appearing to read 'KRMG'.

KPMG

A handwritten signature in black ink, appearing to read 'AW Young'.

AW Young
Partner

Sydney
6 October 2017

A handwritten signature in black ink, appearing to read 'T Duvall'.

T Duvall
Partner

Sydney
6 October 2017

FEATURE RACE RESULTS



FEATURE RACE RESULTS

Prize Money	Race Name	Winner/Rider	Distance (Metres)	Weight (Kg)	Managing Owner	Trainer
Group 1						
\$4,000,000	Longines Queen Elizabeth Stakes	Winx/Hugh Bowman	2000m	57.0	Magic Bloodstock Racing	Chris Waller
\$3,500,000	Longines Golden Slipper	She Will Reign/Ben Melham	1200m	54.5	M D Holland	Gary Portelli
\$3,000,000	The Star Doncaster Mile	It's Somewhat (USA)/Zac Purton	1600m	55.0	Godolphin	John O'Shea
\$2,500,000	Darley T.J Smith Stakes	Chautauqua/Tommy Berry	1200m	58.5	R & C Legh Racing	M, W & J Hawkes
\$2,000,000	BMW Australian Derby	Jon Snow (NZ)/Damian Lane	2400m	56.5	Zame Partnership	Murray Baker & Andrew Forsman
\$2,000,000	Schweppes Sydney Cup	Polarisation (GB)/Corey Brown	3200m	51.5	Godolphin	Charlie Appleby
\$1,500,000	The BMW	Jameka/Hugh Bowman	2400m	56.5	C L Maher	Ciaron Maher
\$1,000,000	Inglis Sires'	Invader/Hugh Bowman	1400m	56.5	Newgate S F	Peter & Paul Snowden
\$1,000,000	China Horse Club George Ryder Stakes	Winx/Hugh Bowman	1500m	57.0	Magic Bloodstock Racing	Chris Waller
\$1,000,000	De Bortoli Wines Golden Rose	Astern/James McDonald	1400m	56.5	Godolphin	John O'Shea
\$1,000,000	James Boag's Premium Australian Oaks	Bonneval (NZ)/Hugh Bowman	2400m	56.0	A R Lawrence	Murray Baker & Andrew Forsman
\$1,000,000	Coolmore Legacy Stakes (Queen of the Turf)	Foxplay/Kerrin McEvoy	1600m	54.5	Mrs C M Cook	Chris Waller
\$1,000,000	TAB Epsom Handicap	Hauraki/James McDonald	1600m	56.0	Godolphin	John O'Shea
\$1,000,000	Girvan Waugh Randwick Guineas	Inference/Tommy Berry	1600m	56.5	L P Maxsted	M, W & J Hawkes
\$750,000	McGrath Estate Agents Metropolitan	Sir John Hawwood (IRE)/Blake Spriggs	2400m	54.0	Waratah Thoroughbreds	John P Thompson
\$700,000	Ranvet Stakes	Our Ivanhowe (GER)/Kerrin McEvoy	2000m	59.0	A Kheir	Lee & Anthony Freedman
\$700,000	Nathan's Famous Hotdogs Galaxy	Russian Revolution/Kerrin McEvoy	1100m	50.5	Newgate S F	Peter & Paul Snowden
\$600,000	Coolmore Classic	Heavens Above/Tye Angland	1500m	55.0	President Bloodstock Pty Ltd	Tim Martin
\$600,000	TAB Chipping Norton Stakes	Winx/Hugh Bowman	1600m	57.0	Magic Bloodstock Racing	Chris Waller
\$600,000	SKY Racing Rosehill Guineas	Gingernuts (NZ)/Opie Bosson	2000m	56.5	Te Akau Gingernuts	Stephen Autridge & Jamie Richards
\$600,000	Schweppes All Aged Stakes	Tivaci/Damien Oliver	1400m	59.0	L Petagna	Michael Moroney
\$500,000	Canterbury BMW Stakes	Le Romain/Glyn Schofield	1300m	59.0	A Carusi	Kris Lees
\$500,000	Colgate Optic White Stakes (George Main)	Winx/Hugh Bowman	1600m	57.0	Magic Bloodstock Racing	Chris Waller
\$500,000	Sydney Airport Flight Stakes	Global Glamour/Tim Clark	1600m	56.0	It's All About The Girls No 1 & No 2	Gai Waterhouse & Adrian Bott
\$500,000	Moët & Chandon Champagne Stakes	The Mission/Damian Lane	1600m	56.5	Ms C G Collis	Paul Perry
\$500,000	Vinery Stud Stakes	Montoya's Secret/Noel Callow	2000m	56.0	T A Corstens	Leon & Troy Corstens
\$500,000	Moët & Chandon Spring Champion Stakes	Yankee Rose/Dean Yendall	2000m	54.5	S G Darby	David Vandyke

She Will Reign, winner of the Longines Golden Slipper, 2017.
Photo: Bradley Photographers.

FEATURE RACE RESULTS

(continued)

Prize Money	Race Name	Winner/Rider	Distance (Metres)	Weight (Kg)	Managing Owner	Trainer
Group 2						
\$600,000	IG Share Trading Percy Sykes Stakes	Shoals/Mark Zahra	1200m	55.0	Pinecliff Racing	Lee & Anthony Freedman
\$600,000	Arrowfield 3YO Sprint	Derryn/Mark Zahra	1200m	56.5	Pinecliff Racing	David & B Hayes & T Dabernig
\$500,000	Hyland Race Colours Challenge Stakes	English/Blake Shinn	1000m	56.5	Newhaven Park	Gai Waterhouse & Adrian Bott
\$400,000	Ronald McDonald House Westmead Golden Pendant	Tycoon Tara/Joshua Parr	1400m	57.0	A L Krushka	Peter & Paul Snowden
\$400,000	Schweppes Hobartville Stakes	Man From Uncle/Jason Collett	1400m	56.5	P James	Anthony Cummings
\$300,000	Affinity Shipping Reisling Stakes	Frolic/Tommy Berry	1200m	55.5	J W Kelly Suffolk Vale & Co	Michael Freedman
\$300,000	UNSW Todman Stakes	Gunnison/Blake Shinn	1200m	55.5	James Harron Bloodstock Colts	Peter & Paul Snowden
\$300,000	Schweppes Chairman's Handicap	Big Duke (IRE)/Craig Williams	2600m	58.0	Australian Bloodstock	Darren Weir
\$300,000	TAB Sapphire Stakes	Secret Agenda/Damien Oliver	1200m	55.5	Blueblood Thoroughbreds Synd	Mick Price
\$300,000	The Star Roman Consul Stakes	Russian Revolution/Kerrin McEvoy	1200m	56.5	Newgate S F	Peter & Paul Snowden
\$300,000	Santos Coffee Premiere Stakes	Takedown/Blake Shinn	1200m	58.5	R M & Mrs D A Anderson	Gary Moore
\$250,000	Tattersalls Club Chelmsford Stakes	Hartnell (GB)/James McDonald	1600m	59.0	Godolphin	John O'Shea
\$250,000	Warwick Stakes	Winx/Hugh Bowman	1400m	57.0	Magic Bloodstock Racing	Chris Waller
\$250,000	The Star Apollo Stakes	Winx/Hugh Bowman	1400m	57.0	Magic Bloodstock Racing	Chris Waller
\$250,000	TAB Silver Slipper Stakes	She Will Reign/Ben Melham	1100m	54.5	M D Holland	Gary Portelli
\$250,000	Inglis Villiers Stakes	Sense of Occasion/Ben Melham	1600m	54.0	A J Hall	Kris Lees
\$200,000	Stan Fox Stakes	Impending/James McDonald	1500m	56.5	Godolphin	John O'Shea
\$200,000	Bowermans Office Furniture Shorts	Takedown/Tim Clark	1100m	56.5	R M & Mrs D A Anderson	Gary Moore
\$200,000	Ascend Sales Trophies Hill Stakes	Hartnell (GB)/James McDonald	2000m	59.0	Godolphin	John O'Shea
\$200,000	Task Retail Theo Marks Stakes	Mackintosh (NZ)/Joao Moreira	1300m	53.0	T Muollo	Chris Waller
\$200,000	Expressway Stakes	Music Magnate (NZ)/Kerrin McEvoy	1200m	58.5	Bjorn Baker Racing	Bjorn Baker
\$200,000	China Horse Club Breeders Classic	In Her Time/Andrew Adkins	1200m	54.0	P J Brown	Benjamin Smith
\$200,000	TAB Light Fingers Stakes	Global Glamour/Joshua Parr	1200m	56.0	It's All About The Girls No 1 & No 2	Gai Waterhouse & Adrian Bott
\$200,000	Ranvet Millie Fox Stakes	In Her Time/Joshua Parr	1300m	56.0	P J Brown	Benjamin Smith
\$200,000	Vale Edgar Britt OAM Sweet Embrace Stakes	One More Honey/Jay Ford	1200m	55.5	Emirates Park	John P Thompson
\$200,000	Schweppes Skyline Stakes	Diamond Tathagata/Glyn Schofield	1200m	55.5	K K Ng	Mark Newnham
\$200,000	THERACES.COM.AU Surround Stakes	La Bella Diosa (NZ)/Jason Collett	1400m	56.0	Calder Bloodstock Ltd	Mandy & Matt Brown
\$200,000	Cellarbrations Phar Lap Stakes	Foxplay/Kerrin McEvoy	1500m	54.5	Mrs C M Cook	Chris Waller
\$200,000	Hyland Race Colours Ajax Stakes	It's Somewhat (USA)/William Buick	1500m	59.0	Godolphin	John O'Shea
\$200,000	Guy Walter Stakes	Dixie Blossoms/Tim Clark	1400m	55.0	A S Osburg	Ron Quinton
\$200,000	Power Distribution Australia Tulloch Stakes	Jon Snow (NZ)/Damian Lane	2000m	56.0	Zame Partnership	Murray Baker & Andrew Forsman
\$200,000	Ascend Sales Trophies Emancipation Stakes	Zanbagh/Hugh Bowman	1500m	56.0	O P & Mrs K H Tait	John P Thompson
\$175,000	MTA Run to the Rose	Astern/James McDonald	1200m	58.0	Godolphin	John O'Shea
\$175,000	TAB Tea Rose Stakes	Foxplay/Hugh Bowman	1400m	56.0	Mrs C M Cook	Chris Waller
\$175,000	Fitzy & Wippa's Fast & Furious Stakes	Foxplay/Hugh Bowman	1200m	56.0	Mrs C M Cook	Chris Waller
\$175,000	Shannon Stakes	Moral Victory/Jason Collett	1500m	53.0	K Papanicolaou	Tim Martin
\$175,000	Alpha Flight Services Silver Shadow Stakes	Omei Sword/Brenton Avdulla	1200m	55.0	C C Lai	Chris Waller
\$175,000	Mark Moran Missile Stakes	Tycoon Tara/Blake Shinn	1200m	56.5	A L Krushka	Peter & Paul Snowden
\$175,000	Tattersalls Club Tramway Stakes	Hauraki/James McDonald	1400m	57.0	Godolphin	John O'Shea

FEATURE RACE RESULTS

(continued)

Prize Money	Race Name	Winner/Rider	Distance (Metres)	Weight (Kg)	Managing Owner	Trainer
Group 3						
\$350,000	McGrath Estate Agents Sky High Stakes	Tavago (NZ)/Blake Shinn	2000m	58.0	S Oldfield	Trent Busuttin & Natalie Young
\$200,000	Schweppes Gloaming Stakes	Veladero/Rory Hutchings	1800m	56.5	Paramount Racing	Chris Waller
\$200,000	Widden 150th Anniversary Stakes	Property/Hugh Bowman	1100m	56.5	Price Bloodstock Management Ltd	Robert Smerdon
\$200,000	China Horse Club Carbine Club Stakes	Acatour/Blake Shinn	1600m	56.0	James Harron Bloodstock Colts	Peter & Paul Snowden
\$200,000	The Green Guys P J Bell Stakes	Diddums/Sam Clipperton	1200m	54.0	Torryburn Stud	Gerald Ryan
\$200,000	TAB Adrian Knox Stakes	Waking Moment/Jason Collett	2000m	56.0	W J Sexton	John P Thompson
\$175,000	Cafe Culture + Insitu Pago Pago Stakes	Single Bullet/Tye Angland	1200m	55.5	Mrs K Portelli	Gary Portelli
\$175,000	Chandon S Magic Night Stakes	Tulip/Kerrin McEvoy	1200m	55.5	Coolmore	David & B Hayes & T Dabernig
\$150,000	City Ford Group Aspiration Quality	Elle Lou/Glyn Schofield	1600m	55.5	Mrs L V Maley	Chris Waller
\$150,000	Widden Stakes	Teaspoon/Hugh Bowman	1100m	56.0	Arrowfield Pastoral Pty Ltd	Michael Freedman
\$150,000	Canonbury Stakes	Pariah/Kerrin McEvoy	1100m	54.5	James Harron Bloodstock Colts	Peter & Paul Snowden
\$150,000	The Chi-X Southern Cross Stakes	Le Romain/Hugh Bowman	1200m	61.0	A Carusi	Kris Lees
\$150,000	Robrick Lodge Triscay Stakes	Zestful/Jason Collett	1200m	53.5	P S Frampton	Kris Lees
\$150,000	Openmarkets & BMYG Liverpool City Cup	McCreery (GB)/Hugh Bowman	1300m	56.0	Magic Bloodstock Racing	Chris Waller
\$150,000	Schweppes Wenona Girl Quality	Rocket Commander/Tommy Berry	1200m	54.5	Mrs S G McGuinness	Matthew Dale
\$150,000	Smooth FM Maurice McCarten Stakes	Artistry/Sam Clipperton	1100m	55.0	Botsky Pty Ltd	Peter & Paul Snowden
\$150,000	Irresistible Pools & Spas N E Manion Cup	Big Duke (IRE)/Craig Williams	2400m	54.0	Australian Bloodstock	Darren Weir
\$150,000	TAB Birthday Card Stakes	Raiment/Craig Williams	1200m	53.0	Godolphin	John O'Shea
\$150,000	Bradford Black Epona Stakes	Consommateur (NZ)/Dwayne Dunn	1900m	54.0	G W Evers Pty Ltd	Michael Kent
\$150,000	The Schweppesvicescence	The Mission/Corey Brown	1400m	56.5	Ms C G Collis	Paul Perry
\$150,000	The Daily Telegraph Neville Sellwood Stakes	Assign (IRE)/Ben Melham	2000m	56.5	N C Williams	Robert Hickmott
\$150,000	E-Group Security Star Kingdom Stakes	Jungle Edge/Kevin Forrester	1200m	56.0	I D Dunkley	Mick Bell
\$150,000	Rydges Parramatta Doncaster Prelude	Spectroscope (USA)/Corey Brown	1500m	53.0	Godolphin	John O'Shea
\$150,000	Mostyn Copper Group Frank Packer Plate	Mongolian Wolf/Brenton Avdulla	2000m	56.5	Australian Bloodstock	Darren Weir
\$150,000	TAB Hall Mark Stakes	Redzel/Kerrin McEvoy	1200m	58.0	Triple Crown Syndicate	Peter & Paul Snowden
\$150,000	McGrath Estate Agents J H B Carr Stakes	Raiment/James Doyle	1400m	56.0	Godolphin	John O'Shea
\$150,000	Sharp Japan Racing Association Plate	Top of My List/Tim Clark	2000m	53.0	A Cummings Thoroughbreds	Anthony & Edward Cummings
\$150,000	Australian Chinese Jockey Club Eskimo Prince Stakes	Man From Uncle/Jason Collett	1200m	56.0	P James	Anthony Cummings
\$150,000	The Steel Builders Festival Stakes	Sweet Redemption/Brenton Avdulla	1500m	54.0	A P & Mrs A L Bolton	Gai Waterhouse & Adrian Bott
\$150,000	APN Outdoor Craven Plate	It's Somewhat (USA)/James McDonald	2000m	59.0	Godolphin	John O'Shea
\$150,000	Smithfield RSL Club San Domenico Stakes	Star Turn/Tommy Berry	1100m	56.0	A R Bell	M, W & J Hawkes
\$150,000	TAB Angst Stakes	Dixie Blossoms/Tim Clark	1600m	54.0	A S Osburg	Ron Quinton
\$150,000	ICD Property Nivison	Egyptian Symbol/Jason Collett	1200m	54.0	Cressfield	Bjorn Baker
\$150,000	Summer Cup	Red Excitement/Adam Hyeronimus	2000m	57.0	G R & Mrs V C Williams	Gerald Ryan
\$125,000	Kingston Town Stakes	McCreery (GB)/Joao Moreira	2000m	54.0	Magic Bloodstock Racing	Chris Waller
\$125,000	Queen's Cup (Colin Stephen Quality)	Allergic/James McDonald	2400m	58.0	Godolphin	John O'Shea
\$125,000	Primo Smallgoods Up and Coming Stakes	Divine Prophet/Tommy Berry	1300m	55.0	A Falcone	M, W & J Hawkes
\$125,000	Bill Ritchie Handicap	Sons of John/Blake Shinn	1400m	55.0	J Kelly	Jason Attard
\$125,000	James Boag's Premium Concorde Stakes	Felines/Jason Collett	1000m	54.0	G Harvey	Kris Lees
\$125,000	Daily Telegraph Ming Dynasty Quality	Swear/Tommy Berry	1400m	57.5	Spendthrift Australia Syndicate	M, W & J Hawkes
\$125,000	Irresistible Pools Sheraco Stakes	Heavens Above/Tye Angland	1200m	56.0	President Bloodstock Pty Ltd	Tim Martin
\$125,000	Bob Ingham Show County Quality	Tycoon Tara/Kerrin McEvoy	1200m	54.0	A L Krushka	Peter & Paul Snowden
\$125,000	Forum Group Toy Show Quality	Pearls/Brenton Avdulla	1300m	54.0	Godolphin	John O'Shea

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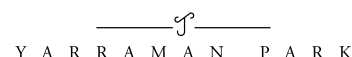
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