



# 2020 ANNUAL REPORT

Australian Turf Club<sup>®</sup>





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# CHAIRMAN'S REPORT



AUSTRALIAN TURF CLUB HOSTS  
AND OPERATES - 52 WEEKS A  
YEAR - AMONGST THE BEST  
THOROUGHbred RACING OF  
ANYWHERE IN THE WORLD.

That nine of our Group 1 races officially rated within the top 100 in the world at the Longines World's Best Race and Racehorse awards is testament to this in itself.

New, innovative races such as the TAB Everest and Iron Jack Golden Eagle have taken our racing to a new level, part of 110 race meetings which offer prizemoney totaling more than \$126.4 million.

But while this racing is always at our very core we are not a Club without our Members.

As we reflect on the previous year and particularly the past six months it is Australian Turf Club Members who should be at first singled out.

Members are undoubtedly the lifeblood of this Club.

Amid the disruption of COVID-19 when some of this world-class racing was conducted without Members or spectators on course we relied on your great passion and loyalty more than ever.

Directors and Management were able to thank and reward Members as we welcomed you back on track, but balanced this with the financial certainty and strength that we must maintain and sustain into the future.

We were especially pleased to be able to freeze any increase in Membership subscriptions as we prepare to align annual subscriptions to the horse's birthday and the Club's business year as well as add up to \$200 credit on your Membership card to enjoy on track through food and beverages.

Almost 1500 Members attended racedays on multiple occasions when we were able to open to spectators again, and around \$55,000 was redeemed by Members on their cards.

Further example of the great passion of Members was their engagement with our racing during several months of not being able to be on track.

Australian Turf Club's #Funofftrack campaign was incredibly well received by Members and was actually a forerunner to similar campaigns used by other race Clubs around the world.

With some Members Reserve spaces empty, we have also taken the opportunity to renovate these areas around the Official Stand, including the Doncaster Room.

We know that these spaces remain popular with a section of our Membership and are confident their amenity and integrity has been greatly enhanced.

I thank all Australian Turf Club Members for their ongoing support of your Club as we now continue to welcome more people back to our racedays.

We have been able to keep racing in Sydney uninterrupted for the benefit of horses, participants and thousands of jobs thanks to the strong partnership we continue to have with our regulator Racing NSW.

The raceday protocols drawn up between Australian Turf Club and Racing NSW were world-leading.

I am very grateful for the relationship we enjoy with Racing NSW Chairman Russell Balding, CEO Peter V'landys and our respective Boards and management teams including our own CEO Jamie Barkley.

This extends to the ongoing support of the NSW Government and especially Minister for Better Regulation and Innovation Kevin Anderson who includes racing in his portfolio.

The employment and enjoyment that our racing brings is recognised by the NSW Government and we look forward to furthering this for Sydney and our state with a new partnership now being forged with Destination NSW.

Whilst it is the racing that commands much of the public attention, Australian Turf Club's role in providing stabling and training facilities across our racecourses and more than 1700 horses in work at peak times is extremely important.



Added to our courses proper, a total of 27 tracks are managed and maintained by our tracks and racing department.

This is an ongoing and considerable investment by the Club and I was delighted that over the past 12 months we were able to open new Polytracks at Rosehill Gardens and Warwick Farm.

There are now Polytrack surfaces at each of our four racecourses to complement the many grass tracks used for trackwork and barrier trials.

These Polytrack surfaces have been very well received by trainers who have reported a significant drop in the number of injuries suffered by horses, which in turn is a saving and benefit to owners and punters.

We were also pleased to work with Racing NSW on funding a full renovation of the A Grass at Warwick Farm.

One horse which continues to be a part of our Club long after retirement is the extraordinary Winx.

What great memories and history Winx will always hold for our Members.

I am pleased to say work on the new stand at Royal Randwick named by the Club in honour of Winx is progressing well and is on target to be completed and open by the Spring of 2021.

Along with this, the Club in consultation with Winx's owners is involved in another lasting tribute to the mighty mare through a statue to soon be built at her home track, Rosehill Gardens.

The exploits and tributes to Winx remind us all of the exceptional power and grace of those thoroughbreds who are the stars of our stage.

The welfare of the horses directly under our care remains a critical part of our reason for being as a race Club.

The relocation of the Clerk of Course team to Warwick Farm has allowed the horses to enjoy more natural surroundings whilst not working.

Amongst many other continual improvements has been an ongoing review and upgrade of facilities in common horse flow areas including extensive rubberising of walkways and infrastructure that has further reduced potential for injuries.

Australian Turf Club and all of our industry stakeholders must continue to constantly evolve our practices and our policies to ensure the very best of health and care of all racehorses at our venues.

We of course do this shoulder to shoulder with Racing NSW.

It is important that as Chairman and on behalf of Directors that I acknowledge the tremendous Management and staff of Australian Turf Club, led by Jamie Barkley.

Our staff define everything that we do and who we are as a Club in the Australian racing landscape.

We are continuing to invest in our staff, which is crucial especially during these times of ongoing business disruption brought about by COVID-19.

I also greatly commend the work of ATC Foundation, the brainchild of our former Chairman Laurie Macri and now being diligently chaired by fellow ATC Director Phil Morley.

Over the past financial year ATC Foundation has helped to raise and distribute hundreds of thousands of dollars through the generosity of our Members and customers.

A large portion of this money has gone directly to racing participants across NSW, notably those severely impacted by drought and the New Year bushfires.





Artist Impression: Winx Stand

## CHAIRMANS' REPORT (continued)

Our team traveled to many towns north, south and west of NSW to help on the ground with practical measures such as hay and horse feed, and fencing damaged by fires, to nominate just a few initiatives.

Several of our major partners deserve special mention.

They are vital to the success of a race Club and the past year – with reduced crowds and a strain on Club business – this has been particularly apparent.

To TABCORP, Longines, Lion Co and Heineken, The Star and Moët & Chandon – as Foundation partners we send our great thanks.

We are grateful for the continued support of our industry partners Coolmore, Inglis, Darley, Arrowfield, Ranvet and Hyland.

We are also thrilled to add Bentley as our luxury car partner and Drinkwise to the portfolio, alongside our long term partners including Schweppes, De Bortoli Wines and Sky Racing

Finally, may I thank and commend my fellow directors of Australian Turf Club.

They very much share the passion of our Members for the continued benefit of Australian Turf Club and Sydney racing.

Our Board is a diverse and talented group and have played a major part in keeping racing going through the past few months.

They devote many hours of their free time to attending raceday and official functions, as well as monthly Board and regular sub-committee meetings.

A special mention to fellow ATC Member-elected Director Bill Evans whose tenure ends after this year's Annual General Meeting.

Bill began as an ATC Director in February 2014 and along with sharing his immense racing and financial knowledge and expertise, has also served as Honorary Treasurer since 2019, and has chaired the Finance and Audit Committee.

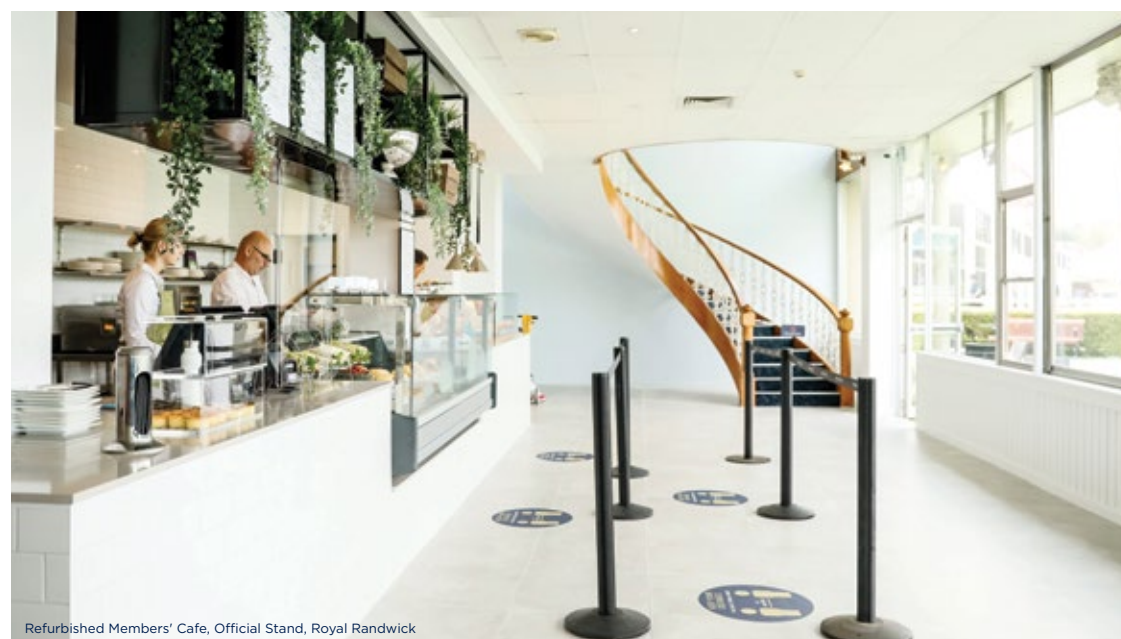
We warmly thank Bill on behalf of Members and we know he – as a keen racing fan and punter – will continue to be seen at our racedays for many years to come.

I conclude by again thanking Members for their support.

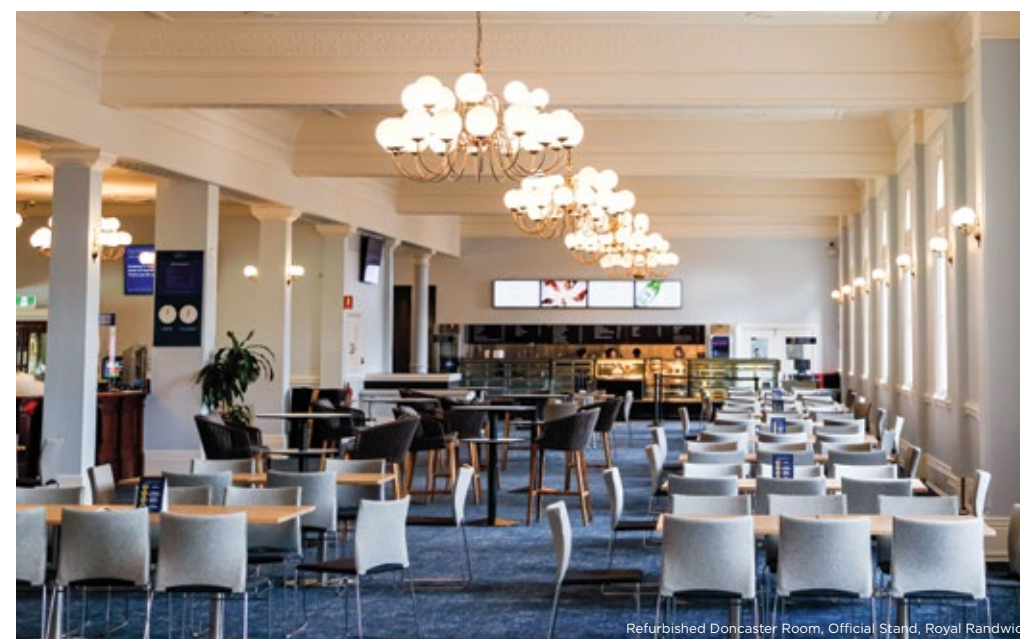
Membership of Australian Turf Club is one of the hottest tickets in town in Sydney.

We look forward to seeing many of you throughout the coming racing season.

**Matt McGrath**  
Chairman  
Australian Turf Club



Refurbished Members' Cafe, Official Stand, Royal Randwick



Refurbished Doncaster Room, Official Stand, Royal Randwick



# CHIEF EXECUTIVE'S REPORT



AUSTRALIAN TURF CLUB HAS BEEN A  
WORLD LEADER IN THOROUGHBRED  
RACING OVER THE PAST 12 MONTHS  
DURING ONE OF THE MOST CHALLENGING  
TIMES IN THE CLUB'S HISTORY.

The 2019/2020 financial year started with another successful Everest Carnival amid the ongoing glow of Winx's farewell at Royal Randwick the previous Autumn.

But it was impossible to predict what then lay ahead and how COVID-19 would completely reshape the way in which the world now works.

In March, the Australian Turf Club with Racing NSW immediately implemented measures for the benefit of the entire racing industry.

Our strict protocols around biosecurity and the safety of participants were soon replicated across Australia.

We were driven to keep thoroughbred racing going.

With this, we ensured costs to industry were reduced to ensure racing's sustainability along with innovative labour and workplace changes including multi-skilling and job sharing.

I am extremely pleased Australian Turf Club management and staff were able to keep racing operating for the benefit of so many, including ultimately our passionate and loyal Members.

The Club has been able to post an Operating Surplus of \$1.5 million and EBITDA of \$18.5 million despite the disruption to our business caused by COVID-19.

Members renewed subscriptions with our total number of Members and guests sitting at 17,516 at the end of the 2019/2020 financial as we now begin a process of changing the full Membership year to start from August to align with the racing calendar and the Club's financial year.

As we look back on 2019/2020 it is important to firstly acknowledge the staff of the Australian Turf Club – they define who we are and what we do as a Club.

Employee wellbeing was a focus of management strategy before COVID-19 and an area which became especially crucial in the past six months.

With this a more flexible environment and one which focuses on the wellbeing of our employees has been created -- Collaborate, Care, Bold and Own.

It is thanks to our staff we can look back and be proud of how Sydney racing kept running during COVID-19 in a safe environment for the staff, Members and customers.

Our Club's employees showed resilience, persistence and great care and professionalism.

We have maintained the employment and welfare of our staff which has meant racing could continue for the employment and enjoyment of millions more people.

That has foremost included Australian Turf Club Members.

In response to a gradual easing of NSW Government Public Health Orders we celebrated Members back on track in June ahead of the Spring Racing Carnival, with a benefit program to add value to annual subscriptions.

The program included ATC Dollar food and beverage credits plus additional Member Guest ticket vouchers.

Amenity improvements for Members in the Official Stand included refurbishment of the Doncaster Room, Villiers Bar and Owners & Trainers Café which were completed in time for Spring 2020.

Guest experiences in Autumn included the new Pony Palms at Royal Randwick and Golden Palms at Rosehill Gardens; while a premium hospitality concept The Estate launched for the 2019 Everest Carnival.

Away from the track, we created new ways to engage with Members and customers.

A market-first "at home" digital campaign for racegoers to Get Their Fun Back Off Track during Sydney Autumn Racing Carnival saw audiences across Australia and beyond enjoy our racing from home with fashion competitions, food hampers, special Member offers through our partners and racing guides.



TV audiences increased significantly across the year as people kept watching Sydney racing through our great partners SKY Racing and Channel 7.

Coupled with this was further strong growth and engagement with ATC's commercial partners during the changing and challenging business conditions of COVID-19.

ATC is proud of our market-leading partnership portfolio and thanks all and their staff for such confident and continued support and investment into Sydney racing.

A dedicated sales and marketing program now supports the Club's new \$6.5 million Digital Transformation project.

Central to this have been 150m-long digital advertising screens along the home straights and around the winning posts at Royal Randwick and Rosehill Gardens.

As part of this world-leading and game-changing rollout we have added technology around the Theatre Of The Horse and wider racecourse precinct at Royal Randwick.

This exciting new content program elevates the raceday experience and enhances the on-course atmosphere and information for Members and patrons, including dynamic racing and wagering information.

Within the Australian Turf Club's world-class racing program we delivered new milestones in the 2019/2020 season.

Following the enormous success of two previous renewals, TAB Everest prizemoney increased to \$14 million and continued its elevation amongst the world's best sprint races, won by three-year-old Yes Yes Yes for trainer Chris Waller and jockey Glen Boss.

The launch of the inaugural \$7.5 million Iron Jack Golden Eagle as the richest race for four-year-olds in the world added a new dimension to the Rosehill Gardens racing program.

Kolding won the inaugural race after his TAB Epsom victory.

Other racing highlights included:

- » Hall of Fame trainer Gai Waterhouse breaking her own record by winning a 7th Longines Golden Slipper with Farnan, partnered by co-trainer Adrian Bott and leading rider Hugh Bowman
- » Rosehill Gardens trainer Chris Waller continuing his reign in Sydney racing with five Group 1 wins highlighted by Nature Strip in the TAB TJ Smith Stakes as he earned the title of the world's highest rated sprinter
- » Godolphin trainer James Cummings prominent in Group 1 results taking out two of the feature races for three year olds including his first De Bortoli Wines Golden Rose with Bivouac
- » Warwick Farm trainer Wendy Roche providing one of the fairytale wins of the Sydney Autumn Racing Carnival in the Group 1 The Star Doncaster Mile.
- » Blueblood Kings Legacy began a promising career winning the Group 1 Inglis Sires and Group 1 Moët & Chandon Champagne Stakes for Royal Randwick trainers Peter and Paul Snowden.

Sydney racing continues to be amongst the very best in the world.

Nine Group 1 races were officially rated amongst the Top 100 in the world at the Longines World's Best Race and Racehorse awards in London.



# CHIEF EXECUTIVE'S REPORT (continued)

The Group 1 Longines Queen Elizabeth Stakes at Royal Randwick (9th highest in world) and Group 1 TAB Chipping Norton (13th) were high on the overall list.

Our racecourses are home to the best trainers, best jockeys and best horses.

Rosehill Gardens' Chris Waller was the leading metropolitan trainer winning his tenth consecutive Sydney premiership with 135.5 metropolitan wins, ahead of James Cummings on 72 wins.

In the jockey ranks, James McDonald cemented his place in Sydney racing history by winning a fourth premiership (103.5 metropolitan wins). Nash Rawiller was runner up on 90.

Robbie Dolan was the leading apprentice in the metropolitan area with 31 victories and also took out the Australian Turf Club's Athol Mulley award for Royal Randwick's leading apprentice for a 2nd year.

Eight horses from Europe and Japan across the season competed in feature races in Sydney which in turn generated significant wagering turnover in leading international jurisdictions via our wagering partner SKY International.

The last year has also seen significant milestones met on strategically important projects and developments.

There continues to be further opportunities around Royal Randwick to further elevate our world-class racecourse so close to the Sydney CBD.

In July 2020, in accordance with the strict project program set by ATC and RNSW, the club secured the State Significant Development Consent through the Department of Planning, Infrastructure & Environment for the new Winx Stand at Royal Randwick.

Construction works will commence post Everest Carnival 2020 and be operational in time for the Spring Carnival 2021.

We will also strategically continue to assess development opportunities at Rosehill Gardens, Warwick Farm and Canterbury Park without impacting core business.

Apart from our racing and business, the work of the ATC Foundation stands out as what our Club means to our industry and Members.

The Australian Turf Club's charitable arm has proudly helped the NSW racing industry as well as communities around our racecourses.

More than 1100 hay bales supported 70 trainers in drought affected areas around Tamworth.

Hundreds of children with disabilities and special needs at The Shepherd Centre, Rainbow Club and John Berne School received assistance.

After the devastating New Year and summer bushfires, 2644 emergency hay bales were sent to Cobargo, Moruya, Wauchope and Port Macquarie, fences were repaired in many towns, and animal welfare and habitat restoration covering 1328 hectares benefitted.

I want to thank and acknowledge Racing NSW, its Chairman Russell Balding and CEO Peter V'landys.

Our strong and collaborative relationship sets the highest standards for Australian racing which flows through to our customers, partners and participants.

As I conclude, I thank and commend the Executive and all of the staff of the Australian Turf Club.

We are a unique business in Australian racing, operating racedays and Meetings and Events 52 weeks a year. Our staff and hospitality are without peer.

I also thank Chairman Matthew McGrath and the Board of Directors who selflessly give so much time for the benefit of Members and Sydney racing.

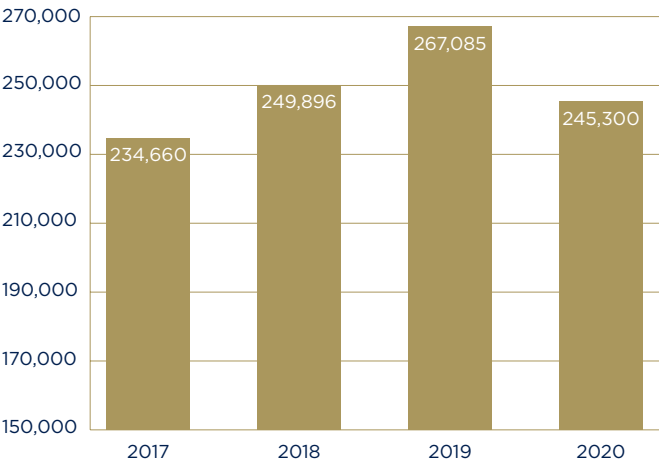
Finally, I again thank Australian Turf Club Members for their loyalty and support as we look forward to another year of world-class racing.



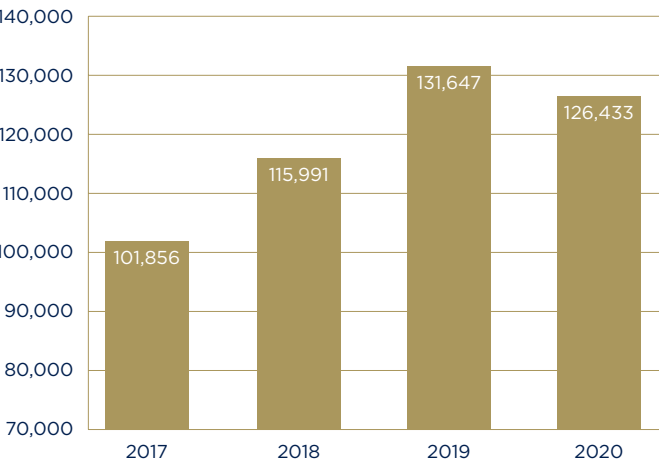
**Jamie Barkley**  
Chief Executive  
Australian Turf Club

# CHIEF EXECUTIVE'S REPORT COMMENTARY

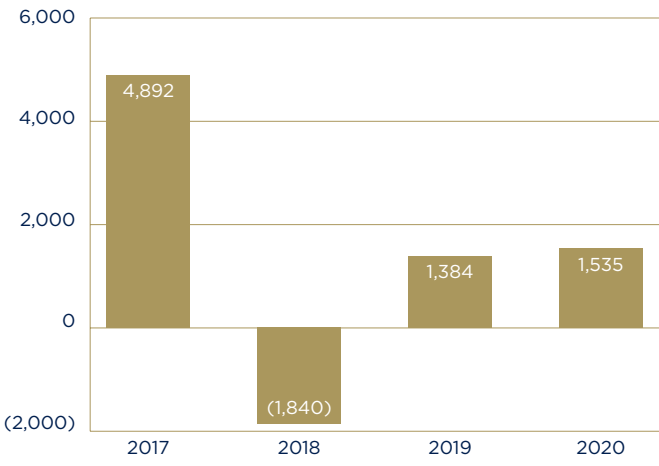
REVENUE FROM OPERATIONS



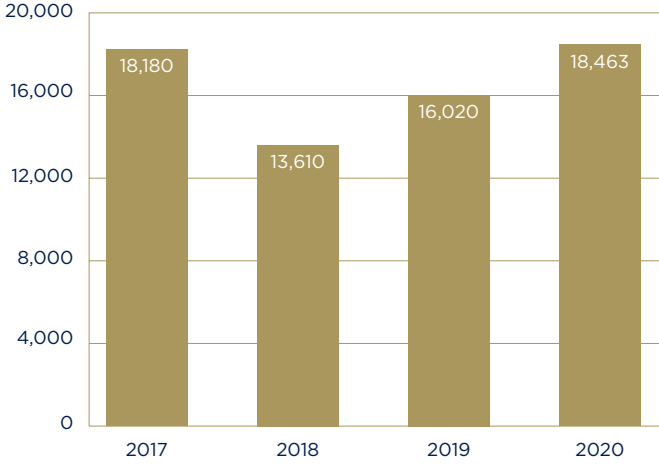
PRIZEMONEY



OPERATING SURPLUS/(DEFICIT)



EBITDA



All above graphs are in thousands of AUD.





# CHIEF EXECUTIVE'S REPORT COMMENTARY (continued)

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 JULY 2020

<i>In thousands of AUD</i>	<i>Note</i>	<b>2020</b>	<b>2019</b>
Revenue from operations	1	245,300	267,085
Other income	2	17,406	1,507
Prizemoney, trophies and subsidies	3	(126,433)	(131,647)
Commercial expenses	4	(48,924)	(59,604)
Administrative expenses	5	(19,825)	(15,129)
Tracks and training costs		(14,670)	(13,940)
Racing costs		(18,799)	(20,852)
Facility maintenance expenses		(10,147)	(9,995)
Property costs		(101)	(122)
Depreciation and amortisation	6	(15,893)	(13,327)
QEII Grandstand cladding works	7	-	(12,000)
Finance income/(costs)		(1,031)	(1,095)
Share of profit of equity accounted investments		-	10
<b>Profit/(loss) for the period</b>		<b>6,883</b>	<b>(9,109)</b>
Defined benefit plan actuarial gains/(losses)		536	(188)
<b>Total comprehensive income for the period</b>		<b>7,419</b>	<b>(9,297)</b>

### NOTES

- Why has revenue from operations decreased?**  
The decrease in revenue from operations was primarily due to a decrease in commercial operations of \$23.1m because of COVID-19 restrictions on events. Additionally, TAB distributions saw a decline of \$5.7m year on year. These unfavourable movements were offset by a \$4.7m increase in RNSW Subsidy and increased broadcast rights of \$3.4m.
- What has caused \$15.9m increase in other income?**  
In FY20, there was an additional \$1.9m in contribution from RNSW for track upgrades and we received an extra \$1.9m in profit from sale of non-core property at Warwick Farm. As a result of COVID-19 we also received \$7m through JobKeeper and had insurance recoveries of \$5.1m.
- Why was there a decrease in prizemoney?**  
As a result of the impact of COVID-19 on wagering, RNSW determined that prizemoney reductions were necessary from 12 April to 30 June 2020.
- What has caused the decrease in commercial expenses?**  
Year on year reductions in commercial expenses of \$10.7m are due to COVID-19 restrictions which resulted in significantly lower expenditure in raceday and non-raceday events, combined with lower marketing, sponsorship, membership and Rosehill Bowling Club expenditure.
- Why have administrative expenses increased?**  
Administrative expenses have increased by \$4.6m largely due to capital project write-offs of \$1.2m, an increase in insurance costs of \$0.8m, additional IT expenditure of \$0.5m and accrual of annual leave for casual staff of \$0.4m. Additionally in FY19 there was a reversal of a superannuation liability of \$0.8m.
- Why has depreciation and amortisation increased?**  
Depreciation and amortisation has increased due to capitalising a number of significant assets in FY20 such as our new training tracks and having a full year of deprecation of items capitalised in FY19, as well an impairment relating to the conversion of the Rosehill training track.
- Why is there no provision for QEII Grandstand cladding works in FY20?**  
Management raised a provision in FY19 for remediation works for QEII Grandstand. Based on latest cost estimates, no additional provision was required in FY20.



## BALANCE SHEET STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2020

<i>In thousands of AUD</i>	<i>Note</i>	<b>2020</b>	<b>2019</b>
Cash		26,147	30,706
Restricted cash	1	14,230	16,237
Trade and other receivables	2	30,453	21,121
Defined benefit asset		762	502
Inventories		895	1,281
Assets held for sale		834	799
Property, plant and equipment		335,224	334,026
Intangible assets		1,335	1,585
Trade and other payables		(9,684)	(10,787)
Loans and borrowings		(43,311)	(42,035)
Revenue in advance	3	(35,031)	(39,914)
Employee benefits		(11,232)	(9,761)
Provisions		(14,408)	(14,965)
<b>Net assets</b>		<b>296,214</b>	<b>288,795</b>

### NOTES

- Why has restricted cash decreased?**  
The Randwick Capital Fund can only be utilised for capital works approved by both Racing NSW and ATC at Randwick Racecourse. Funds were spent during the year on training tracks and initial works on the Winx Stand. This was offset by interest and FY20 PGI income.
- Why has trade and other receivables increased?**  
The increase in trade and other receivables can primarily be attributed to outstanding funds at year-end relating to insurance claims, JobKeeper and other items.
- Why has revenue in advance decreased?**  
Revenue in advance has decreased due to the release of funds from the SKY broadcasting contract and sponsorship contracts.





# CHIEF EXECUTIVE'S REPORT COMMENTARY (continued)

## FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 JULY 2020

<i>In thousands of AUD</i>	2020	2019
Total Income	262,790	268,997
Total Expenses	(255,371)	(278,294)
<b>Total Comprehensive Income for the period</b>	<b>7,419</b>	<b>(9,297)</b>
Add/(Subtract):		
RNSW Capital Works Funding	(3,390)	(1,500)
Provision for Cladding remediation	-	12,000
(Profit)/Loss on Sale of Non-Core Assets	(1,956)	(7)
Defined Benefit Plan Actuarial (Profits)/Losses - Reserves	(536)	188
	<b>(5,882)</b>	<b>10,681</b>
<b>Operating Surplus/(Deficit)</b>	<b>1,537</b>	<b>1,384</b>
Depreciation	15,894	13,327
Interest	1,032	1,095
Legacy Stables Expenses	-	72
Other	-	142
	<b>16,926</b>	<b>14,636</b>
<b>Operating EBITDA</b>	<b>18,463</b>	<b>16,020</b>

After removing the impact of non-operating items from Total Comprehensive Income, the Operating Surplus has improved from \$1.38m to \$1.54m, and after removing the impact of depreciation and interest, the EBITDA has improved from \$16.02m to \$18.46m.



# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2020

The directors present their report together with the financial statements of Australian Turf Club Limited (the Company), for the year 1 August 2019 to 31 July 2020 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 2019 to 31 July 2020 are:



**MATTHEW McGRATH**  
Independent Director, GAICD

### Experience and special responsibilities

Appointed to the Board 1 February 2015  
Chair of the Board of the Company from 11 September 2018  
Director Australis Communications  
Director Makachla Pty Ltd  
Thoroughbred racehorse owner over past ten years  
Chairman of Property and Racing Infrastructure Committee  
Member of Finance and Audit Committee  
Member of Remuneration and Nomination Committee



**JULIA RITCHIE**  
Elected Director, MAICD

### Experience and special responsibilities

Appointed to the Board 1 February 2015  
Vice-Chair of the Board of the Company from 11 September 2018  
Former Director NSW Racehorse Owners Association  
Former Director of the Australian Jockey Club Limited  
Thoroughbred breeder and racehorse owner for over 40 years  
Owner and Director of Wild Oaks and Oak Ridge Spelling & Agistment farms  
Chairman of Commercial Committee  
Member of Finance and Audit Committee  
Executive Director The Bill & Patricia Ritchie Foundation



**BILL EVANS**  
Elected Director, GAICD

### Experience and special responsibilities

Appointed to the Board 25 February 2014  
Honorary Treasurer of the Board of the Company from 4 February 2019  
Graduate of the Australian Institute of Company Directors  
Graduate of Sydney University (Hons 1)  
Graduate of London School of Economics (MSc)  
Chief Economist, Westpac Banking Corporation  
Former Chairman Australian Business Economists; Life Member  
Chairman of Finance and Audit Committee

# DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 JULY 2020



**TRISH EGAN**  
Independent Director, GAICD

### Experience and special responsibilities

Appointed to the Board 1 February 2015  
Vice-Chair of the Board of the Company from 19 September 2016 to 11 September 2018  
Chief Operating Officer, Diabetes NSW & ACT  
General Manager, Community and Consumer, Diabetes NSW & ACT, Diabetes Queensland  
Trustee, Racing NSW Equine Welfare Fund  
Thoroughbred racehorse owner  
Member of Remuneration and Nomination Committee  
Chair of Safety and Risk Committee  
Member of Commercial Committee



**PHIL MORLEY**  
Elected Director, MAICD

### Experience and special responsibilities

Appointed to the Board 20 May 2016 as a casual vacancy  
Chairman of Australian Turf Club Foundation  
Chairman of the Remuneration and Nominations Committee  
Member of Property and Racing Infrastructure Committee  
Consultant/Advisor to the Food Industry  
Previous Metcash Limited – Head of Fresh Protein Strategy  
Former Chairman of Lenard's Group Holdings  
Former Director of Meat & Livestock Australia  
Former Director of Aus-Meat Limited  
Former Director of the NSW Racehorse Owners Association  
Thoroughbred racehorse owner for over 20 years



**ANGELA BELLE McSWEENEY**  
Elected Director, GAICD

### Experience and special responsibilities

Appointed to the Board 1 February 2017  
Managing Director H Q Productions  
Winner of NSW Racehorse Owners Association Trophy for the single person contributing the most to racing  
Established "Fashions on the Field" at request of AJC, leading to wider "Fashions on the Field" throughout NSW  
Third generation of the McSweeney/Nailon racing family  
Graduate Australian Institute of Directors  
Owner of over 50 thoroughbred racehorses over many years  
Vice President The Black & White Committee for Vision Australia since 2012  
Member of Commercial Committee  
Member of Safety and Risk Committee



**PAUL BARNETT**  
Independent Director, GAICD

### Experience and special responsibilities

Appointed to the Board 1 February 2019  
Chief Executive Officer, Mingara Leisure Group  
Director of ClubsNSW, Director of Club Keno Holdings Pty Ltd, Chairman of ClubBiz  
Graduate of Australian Institute of Company Directors 2014  
Master of Management Enterprise (MME) University of Newcastle 2005  
Former Director Salvation Army Central Coast Advisory Board 2011-2015  
Former Director Coast Community Connections 2015-2017  
Former Director Regional Development Australia Central Coast 2009-2011  
Member of Property and Racing Infrastructure Committee  
Member of Safety and Risk Committee



# DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 JULY 2020

## 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 & Audit		Safety & Risk		Remuneration & Nominations		Commercial		Property & Racing Infrastructure	
	A	B	A	B	A	B	A	B	A	B	A	B
Matthew McGrath	14	14	6	6	3	3	4	4	5	5	4	4
Julia Ritchie	14	14	6	6					5	5		
Bill Evans	14	14	6	6								
Trish Egan	14	13			3	3	4	4	5	4		
Phil Morley	14	13					4	4			4	4
Angela Belle McSweeney	14	14			3	3			5	4		
Paul Barnett	14	14			3	2					4	4

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.
- » Build a strong and active Member community.
- » Leverage the strength of our balance sheet to position our business for long term sustainability and growth.
- » Prioritise asset divestment to create a future fund to protect the future of racing.

# DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 JULY 2020

## 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 110 metropolitan race meetings per annum in NSW with 9 of the top 100 races in the world.
- » The provision of training facilities for 1,750 horses stabled and in training at our three training venues.
- » Manage our four 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:

- » Commence construction of the new Winx Stand.
- » Act on tracks and training masterplan for Sydney Racing.
- » Work with RNSW to ensure the Company receive its full entitlement to funding from its wagering activities.
- » Identify key consumer segments and build new membership categories to drive acquisition.
- » Invest in new technology and smart systems to deliver convenience and outstanding customer service to improve visitation and spend.
- » Invest in carnivals as entertainment product.
- » To host over 300 diverse non-raceday events annually across our venues. Consideration to COVID-19.
- » Develop a wider range of consumer preferred products creating new sustainable revenue streams.
- » 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.
- » Development of concept masterplan for Canterbury Park.
- » Complete capital works on Governor Macquarie Drive at Warwick Farm.
- » 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 2019 to 31 July 2020 was \$6,883,000.

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

- » Improve underlying operating profit.
- » Increase international participation in carnival race programs.
- » Meeting project milestones and budgets on capital expenditure.





DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 JULY 2020

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 \$12,958 (2019: \$13,847).

8. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead auditor's independence declaration is set out on page 19 and forms part of the directors' report for the year 1 August 2019 to 31 July 2020.

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 Matthew McGrath  
Chairman

Dated at Sydney this 8th day of October 2020



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 2020 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.



KPMG



T Duvall  
Partner

Sydney  
8 October 2020



# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2020

<i>In thousands of AUD</i>	<i>Note</i>	<b>2020</b>	<b>2019*</b>
<b>Revenue</b>			
Revenue from operations	6	245,300	267,085
Other income	7	17,406	1,507
<b>Revenue and other income</b>		<b>262,706</b>	<b>268,592</b>
<b>Expenditure</b>			
Prizemoney, trophies and subsidies		(126,433)	(131,647)
Commercial expenses		(48,924)	(59,604)
Administrative expenses		(19,825)	(15,129)
Tracks and training costs	8	(14,670)	(13,940)
Racing costs		(18,799)	(20,852)
Facilities maintenance expenses		(10,147)	(9,995)
Property costs		(101)	(122)
Depreciation and amortisation		(15,643)	(13,077)
Impairments		(250)	(250)
<b>Expenditure</b>		<b>(254,792)</b>	<b>(264,616)</b>
<b>Results from core operating activities</b>		<b>7,914</b>	<b>3,976</b>
QEII Grandstand cladding works	21	-	(12,000)
<b>Results from total operating activities</b>		<b>7,914</b>	<b>(8,024)</b>
Finance income - interest		84	395
Finance costs - interest		(1,115)	(1,490)
<b>Net finance costs</b>		<b>(1,031)</b>	<b>(1,095)</b>
Share of profit/(loss) of equity-accounted investees	12	-	10
<b>Profit/(loss) for the period</b>		<b>6,883</b>	<b>(9,109)</b>
<b>Other comprehensive income</b>			
Defined benefit plan actuarial gains/(losses)	19	536	(188)
<b>Other comprehensive income for the period</b>		<b>536</b>	<b>(188)</b>
<b>Total comprehensive income for the period</b>		<b>7,419</b>	<b>(9,297)</b>

\*See Note 3(l) The Company has initially applied AASB 16 at 1 August. Under the transition method chosen, comparative information has not been restated.

The notes on pages 24 to 51 are an integral part of these financial statements.

# STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2020

<i>In thousands of AUD</i>	<i>Note</i>	<b>2020</b>	<b>2019*</b>
<b>Assets</b>			
Cash and cash equivalents	9	26,147	30,706
Restricted cash and cash equivalents	10	14,230	16,237
Trade and other receivables	11	29,820	20,488
Defined benefit asset	19	762	502
Inventories		895	1,281
<b>Total current assets</b>		<b>71,854</b>	<b>69,214</b>
Trade and other receivables	11	633	633
Assets held for sale	13	834	799
Property, plant and equipment	14	335,224	334,026
Intangible assets	15	1,335	1,585
<b>Total non-current assets</b>		<b>338,026</b>	<b>337,043</b>
<b>Total assets</b>		<b>409,880</b>	<b>406,257</b>
<b>Liabilities</b>			
Trade and other payables	16	9,684	10,787
Loans and borrowings	17	1,221	751
Employee benefits	18	10,744	9,271
Revenue in advance	20	11,977	12,536
Other provisions	21	9,090	2,602
<b>Total current liabilities</b>		<b>42,716</b>	<b>35,947</b>
Loans and borrowings	17	42,090	41,284
Revenue in advance	20	23,054	27,378
Employee benefits	18	488	490
Other provisions	21	5,318	12,363
<b>Total non-current liabilities</b>		<b>70,950</b>	<b>81,515</b>
<b>Total liabilities</b>		<b>113,666</b>	<b>117,462</b>
<b>Net assets</b>		<b>296,214</b>	<b>288,795</b>
<b>Funds</b>			
Reserve	22	136,060	136,060
Accumulated funds		160,154	152,735
<b>Total funds</b>		<b>296,214</b>	<b>288,795</b>

\*See Note 3(l) The Company has initially applied AASB 16 at 1 August. Under the transition method chosen, comparative information has not been restated.

The notes on pages 24 to 51 are an integral part of these financial statements.



# STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED 31 JULY 2020

<i>In thousands of AUD</i>	Reserves	Accumulated funds	Total
Balance at 1 August 2018	136,060	162,032	298,092
<b>Total comprehensive income for the period</b>			
Profit/(loss) for the 12-month period	-	(9,109)	(9,109)
<i>Other comprehensive income</i>			
Defined benefit plan actuarial gains	-	(188)	(188)
<b>Total other comprehensive income/(loss)</b>	-	(188)	(188)
<b>Total comprehensive income/(loss) for the period</b>	-	<b>(9,297)</b>	<b>(9,297)</b>
<b>Balance at 31 July 2019</b>	<b>136,060</b>	<b>152,735</b>	<b>288,795</b>
Balance at 1 August 2019	136,060	152,735	288,795
<b>Total comprehensive income for the period</b>			
Profit/(loss) for the 12-month period	-	6,883	6,883
<i>Other comprehensive income</i>			
Defined benefit plan actuarial gains	-	536	536
<b>Total other comprehensive income/(loss)</b>	-	536	536
<b>Total comprehensive income/(loss) for the period</b>	-	<b>7,419</b>	<b>7,419</b>
<b>Balance at 31 July 2020</b>	<b>136,060</b>	<b>160,154</b>	<b>296,214</b>

The notes on pages 24 to 51 are an integral part of these financial statements.

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2020

<i>In thousands of AUD</i>	Note	2020	2019
<b>Cash flows from operating activities</b>			
Cash receipts from operations		245,413	278,628
Cash paid to suppliers and employees		(241,266)	(261,379)
<b>Cash generated from operating activities</b>		<b>4,147</b>	<b>17,249</b>
Interest received		84	395
Interest paid		(1,115)	(1,490)
<b>Net cash from operating activities</b>		<b>3,116</b>	<b>16,154</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(15,626)	(20,092)
Proceeds from sale of property, plant and equipment		1,959	-
Contracted capital work obligations on sold property		(85)	(761)
Payment for asset remediation works		(473)	-
<b>Net cash used in investing activities</b>		<b>(14,225)</b>	<b>(20,853)</b>
<b>Cash flows from financing activities</b>			
Proceeds from government funding		5,151	1,377
Repayment of lease principal		(608)	-
<b>Net cash from financing activities</b>		<b>4,543</b>	<b>1,377</b>
Net increase in cash and cash equivalents		(6,566)	(3,322)
Cash and cash equivalents at beginning of period		46,943	50,265
<b>Cash and cash equivalents at end of period</b>		<b>40,377</b>	<b>46,943</b>
Included in the financial statements as:			
Cash and cash equivalents	9	26,147	30,706
Restricted Cash and cash equivalents	10	14,230	16,237
		<b>40,377</b>	<b>46,943</b>

The notes on pages 24 to 51 are an integral part of these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2020

## 1. REPORTING ENTITY

Australian Turf Club Limited (the Company) is a not for profit company limited by guarantee. Financial statements of the Company are as at and for the year ended 31 July 2020. 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.

This is the first set of the Company's financial statements in which AASB15 *Revenue from Contracts with Customers* and AASB 16 *Leases* has been applied. Changes to significant accounting policies are described in Note 3.

The financial statements were authorised for issue by the Board of Directors on 8 October 2020.

### (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.

The financial report has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. COVID-19 and the associated social distancing obligations imposed by Federal and State Governments has significantly impacted the racing industry as a whole and the commercial operations of the ATC and particularly raceday and non raceday revenues have declined during the period of COVID-19 restrictions. ATC has prepared risk adjusted cash flow projections to the 12 month period ending 31 October 2021 incorporating a range of down side scenarios over this period that may arise from reasonably foreseeable impacts from COVID-19 based on information available at the time of approving this financial report. These forecasts support the use of the going concern conclusion. Further, under no scenario are banking covenants forecast not to be complied with.

### (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 note 14 – Property, plant and equipment and note 19 – Defined benefit.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2020

## 3. SIGNIFICANT ACCOUNTING POLICIES

### (a) Investments in equity accounted investees

#### (i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### (ii) Classification and subsequent measurement

The Company classifies its financial instruments in accordance with AASB 9 in the following measurement categories: at amortised cost, at FVTPL and at fair value through other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- » It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- » Its contractual terms give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- » It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- » Its contractual terms give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### *Financial assets at amortised cost*

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

#### *Financial liabilities – Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.



NOTES TO THE  
FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Financial instruments (continued)

(iii) Derecognition

*Financial assets*

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

When the Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

*Financial liabilities*

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

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

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs.

(b) 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.

NOTES TO THE  
FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) 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.

During the prior year the Company incurred capital works associated with the development of Governor Macquarie Drive precinct at Warwick Farm as a result of obligations imposed under revisions to the Development Application and requirements of local government. These costs represented additional unforeseen costs associated with the development and disposal of this property in prior years and accordingly have been expensed during the prior year.

(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.



# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2020

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (d) 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.

### (e) 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.

### (f) 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) Financial Assets

The impairment of financial assets is based on the expected credit loss (ECL) approach, as introduced by AASB 9. Prior to the introduction of AASB 9, the incurred loss model of AASB 139 required the recognition of an allowance once a loss event occurred. An additional allowance was recorded based on risk for receivables overdue more than one year. AASB 9 replaces the incurred loss model under AASB 139.

The Company recognises loss allowances for ECLs on financial assets measured at amortised costs.

The Company measures loss allowance at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- » The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- » The financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2020

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (f) Impairment (continued)

#### (i) Financial Assets (continued)

##### Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present values of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

##### Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- » Significant financial difficulty of the borrower or issuer;
- » A breach of contract such as a default or being more than 90 days past due;
- » The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- » It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- » The disappearance of an active market for a security because of financial difficulties.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

##### Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

##### Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

#### (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 2020 where indicators of impairment exist. This has resulted in the recognition of an impairment of \$250,000 during the period (2019: \$250,000) in the statement of profit or loss and other comprehensive income.



# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2020

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (f) Impairment (continued)

#### (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.

In assessing value in use, the Company may use either a discounted cash flow approach or a depreciated replacement cost approach. In using the discounted cash flow approach 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.

A depreciated replacement cost approach may be used by a not for profit entity to assess the recoverable amount of an asset or group of assets where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use shall be determined as the depreciated replacement cost of the asset. The depreciated replacement cost is today's estimated replacement cost notionally depreciated from the date of original construction or acquisition.

### (g) 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 2020 reporting date was 0.92% (2019: 2.64%).

#### (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.

#### (vi) 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.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2020

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (h) 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.

### (i) Revenue in advance

Membership fees, nomination and acceptance fees and other revenues of the Company which have been received in the reporting period, but which the performance obligations related to the fees have not been met, have been deferred in the statement of financial position and will be brought to account as revenue during the period in which the related performance obligations are met.

### (j) Revenue

The Company has initially applied AASB 15 from 1 August 2019. Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer and has no unusual payment terms. No significant judgements were made in the determination of the amount and timing of revenue.

#### (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 2020.

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 over time as its performance obligations are met in line with race meetings held.

#### (ii) Commercial

##### Sponsorship

Sponsorship revenue is recognised based on delivery of performance obligations in the contract at a point in time specific to each agreement and obligation. The method used to measure the satisfaction of performance obligations is either the date of the event(s) specified in the contract or over time when there are no specified events.

##### Membership

Membership revenue is collected in advance and is recognised over time as member benefits are provided as per the membership agreement and as the membership year elapses. Membership revenue collected throughout the period is recognised equally in the remaining months of the year as the membership year elapses.

##### Events and hospitality

Events and hospitality revenue comprises venue hire, food and beverage sales for raceday and non-raceday events. These are recognised based on delivery of the performance obligation in the contract at a point in time. The method used to measure the satisfaction of performance obligations is the date of the event.

#### (iii) Broadcast rights

Broadcast revenue is recognised on an accruals basis over time in line with the terms of the contract with any amounts received upfront as base rights deferred and recognised over the life of the contract. The Company recognises this income over time in line with race meetings held.

#### (iv) Racing NSW prizemoney subsidy

Racing NSW prizemoney subsidy is recognised on an accruals basis and are recognised based on the completion of a race at a point in time in line with the contractual terms.



# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2020

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (j) Revenue (continued)

#### (v) Racing

Racing revenue comprises bookmakers fees, nominations and acceptances fees. These are recognised based on delivery of the performance obligation in the contract at a point in time.

#### (vi) Training

Training revenue is recognised based on delivery of the performance obligation in the contract over time.

#### (vii) Property

Property revenue is the rental income from investment property and is recognised based on delivery of the performance obligation in the contract over time.

#### (viii) Government Grants

AASB1058 replaces most of the existing requirements in AASB1004 Contributions. The scope of AASB1004 is now limited mainly to contributions by owners (including parliamentary appropriations that satisfy the definition of a contribution by owners), administrative arrangements and liabilities of government departments assumed by other entities.

AASB1058 applies to income with a donation component, i.e. transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives; and volunteer services. AASB1058 adopts a residual approach, meaning that entities first apply other applicable Australian Accounting Standards (e.g. AASB 1004, AASB 15, AASB 16, AASB 9, AASB 137) to a transaction before recognising income.

Not-for-profit entities need to determine whether a transaction is/contains a donation (accounted for under AASB1058) or a contract with a customer (accounted for under AASB 15).

AASB1058 requires recognition of receipt of an asset, after the recognition of any related amounts in accordance with other Australian Accounting Standards, as income:

- » When the obligations under the transfer is satisfied, for transfers to enable an entity to acquire or construct a recognisable non-financial asset that will be controlled by ATC;
- » immediately, for all other income within the scope of AASB 1058.

In accordance with the transition provisions in AASB1058, ATC has adopted AASB1058 retrospectively with the cumulative effect of initially applying the standard at the date of initial application, i.e. 1 August 2019. ATC has adopted the practical expedient in AASB1058 whereby existing assets acquired for consideration significantly less than fair value principally to enable ATC to further its objectives, are not restated to their fair value.

### (k) 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.

### (l) Leases

The Company has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117 and AASB Interpretation 4. The details of accounting policies under AASB 117 and AASB Interpretation 4 are disclosed separately.

#### *Policy applicable from 1 August 2019*

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in AASB 16.

This policy is applied to contracts entered into, on or after 1 August 2019.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2020

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (l) Leases (continued)

#### *Policy applicable from 1 August 2019 (continued)*

#### (i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone process. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the follow:

- » fixed payments, including in-substance fixed payments;
- » variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised insubstance fixed lease payment.

When the lease liability is remeasure in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

#### *Short-term leases and leases of low-value assets*

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.



# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (l) Leases (continued)

*Policy applicable from 1 August 2019 (continued)*

##### (ii) As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies AASB 15 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in AASB 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Generally, the accounting policies applicable to the Company as a lessor in the comparative period were not different from AASB 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

*Policy applicable before 1 August 2019*

For contracts entered into before 1 August 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- » fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- » the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met;
  - » the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - » the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - » facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

##### (i) As a lessee

In the comparative period, as a lessee the Company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (l) Leases (continued)

*Policy applicable before 1 August 2019 (continued)*

##### (ii) As a lessor

When the Company acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Company made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Company considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

#### (m) 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.

#### (n) 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.

#### (o) 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.





NOTES TO THE  
FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2020

4. NEW STANDARDS AND INTERPRETATIONS

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 August 2020 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.

*New Standards Adopted*

The Company initially applied AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases* from 1 August 2019.

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced AASB 118 *Revenue*, AASB 111 *Construction Contracts* and related interpretations. Under AASB 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Company has adopted AASB 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of the initial application (i.e. 1 August 2019). Accordingly, the information present for 2019 has not been restated – i.e. it is present, as previously reported under AASB118, AASB 111 and related interpretations. Additionally, the disclosure requirements in AASB 15 have not generally been applied to comparative information. There have been no material impacts on transition to AASB15.

The Company applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 August 2019. Accordingly, the comparative information presented for the year ended 31 July 2019 is not restated – i.e. it is presented, as previously reported, under AASB 117 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in AASB 16 have not generally been applied to comparative information.

(a) Definition of a lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under AASB Interpretation 4 Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 3(l).

(b) As a lessee

(i) *Leases classified as operating leases under AASB 117*

Previously, the Company classified property leases as operating leases under AASB 117. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 August 2019 (see note 3(l)). Right-of-use assets are measured at either:

- » there carrying amount as if AASB 16 had been applied since the commencement date, discounted using the Company's incremental borrowing rate at the date of initial application: the Company applied this approach to its largest property lease; or
- » an amount equal to the lease liability adjustment by the amount of any prepaid or accrued lease payments: the Company applied this approach to all other leases.

The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Company used a number of practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117. In particular, the Company:

- » Did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- » Did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- » Excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- » Used hindsight when determining the lease term.

NOTES TO THE  
FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2020

4. NEW STANDARDS AND INTERPRETATIONS (continued)

(b) As a lessee (continued)

(ii) *Leases classified as finance leases under AASB 117*

The Company leases a number of items of plant and equipment, motor vehicles and IT and audio visual equipment. These leases were classified as finance leases under AASB 117. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 August 2019 were determined at the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

(c) Impact on financial statements

(i) *Impact of transition\**

On transition to AASB 16, the Company recognised additional right-of-use assets and additional lease liabilities. The impact on the transition is summarised below.

<i>In thousands of AUD</i>	<b>1 Aug 2019</b>
<b>On transition to AASB 16 recognised additional right-of-use assets</b>	
Right of use assets - plant and equipment	849
Lease Liabilities	(849)

\*For the impact of AASB 16 on profit or loss for the period, see note 23. For details of accounting policies under AASB 16 and AASB 117, see note 3(l).

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 August 2019. The weighted-average rate applied is 4.52%.

<i>In thousands of AUD</i>	<b>1 Aug 2019</b>
Operating lease commitment at 31 July 2019 as disclosed under AASB 117 in the financial statements	
	896
Discounted using the incremental borrowing rate at 1 August 2019	
Finance lease liabilities recognised as at 31 July 2019	849
Lease liabilities recognised at 1 August 2019	2,035
	<b>2,884</b>

*New Standards and interpretations not yet adopted*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 August 2020, and have not been applied in preparing these financial statements and they are not expected to have a material impact on the financial statements. The entity does not plan to adopt these standards early.

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 such as property, plant and equipment. 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 2020

## 6. REVENUE FROM CONTRACTS WITH CUSTOMERS

<i>In thousands of AUD</i>	2020	2019
TAB distribution	80,448	86,171
Commercial	50,890	74,026
Broadcast rights	28,357	24,934
Racing NSW prizemoney subsidy	66,215	61,431
Racing	8,475	9,105
Training	9,829	9,286
Property	920	993
Other revenue	166	1,139
	<b>245,300</b>	<b>267,085</b>

## 7. OTHER INCOME

<i>In thousands of AUD</i>	2020	2019
RNSW track upgrade contributions	3,390	1,500
Profit on sale of property plant and equipment	1,956	7
Government assistance	7,008	-
Insurance recoveries	5,052	-
	<b>17,406</b>	<b>1,507</b>

## 8. EXPENDITURE

Expenditure includes the following items:

<i>In thousands of AUD</i>	2020	2019
<b><i>Personnel expenses</i></b>		
Wages and salaries	42,325	39,838
Contributions to defined contribution plans	3,424	2,643
Change in liability for annual leave and long service leave	(90)	460
Expenses related to defined benefit plans	192	144
Other employment expenses	4,316	4,569
	<b>50,167</b>	<b>47,654</b>
<b><i>Tracks &amp; training</i></b>		
Core operations	14,670	13,869
Legacy stables	-	71
	<b>14,670</b>	<b>13,940</b>

# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2020

## 9. CASH AND CASH EQUIVALENTS

<i>In thousands of AUD</i>	2020	2019
Cash on hand	110	146
Cash at bank	26,037	30,560
<b>Cash and cash equivalents in the statement of cash</b>	<b>26,147</b>	<b>30,706</b>

## 10. RESTRICTED CASH AND CASH EQUIVALENTS

<i>In thousands of AUD</i>	2020	2019
Cash at bank - Randwick Capital Fund*	14,230	16,237
<b>Restricted cash and cash equivalents in the statement of cash flows</b>	<b>14,230</b>	<b>16,237</b>

\* During the 2020 financial year the Company extended its agreement with Racing NSW, 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 \$14,230,000 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.





# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2020

## 11. TRADE AND OTHER RECEIVABLES

<i>In thousands of AUD</i>	2020	2019
<b>Current</b>		
Trade receivables	4,734	4,688
Allowance for impairment on trade receivables	(284)	(367)
	4,450	4,321
Other receivables	23,000	11,065
Allowance for impairment on other receivables	-	-
	23,000	11,065
Loans receivable	-	-
Prepayments	2,370	5,102
	29,820	20,488
<b>Non-current</b>		
Other receivables	633	633
	633	633

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

<i>In thousands of AUD</i>	2020	2019
At 1 August	(367)	(171)
Reversal of impairment recognised	137	40
Impairment loss recognised	(54)	(236)
Balance at 31 July	(284)	(367)

# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2020

## 12. INVESTMENTS IN EQUITY-ACCOUNTED INVESTEEES

<i>In thousands of AUD</i>	2020	2019
<b>Share of net profit/(loss) of associates and joint ventures included in the statement of profit or loss and other comprehensive income</b>		
<b>Associates</b>		
Share of operating profit of associates	-	10
<b>Share of net profit/(loss) of associates</b>	-	10

## 13. ASSETS HELD FOR SALE

<i>In thousands of AUD</i>	2020	2019
<b>Assets and assets of disposal groups classified as held for sale</b>		
Land	834	799
	834	799

The Company owns a parcel of non-core property 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 2020

## 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	Right of use asset	Total
<b>Cost</b>						
Balance at 1 August 2019	392,118	46,300	23,224	3,879	-	465,521
Recognition of right-of-use assets on initial application of AASB 16	-	-	-	(3,879)	4,728	849
Additions	-	-	16,138	-	-	16,138
Disposals	(12,718)	(484)	-	-	-	(13,202)
Construction work in progress transfers	12,976	2,903	(16,854)	-	975	-
Balance at 31 July 2020	392,376	48,719	22,508	-	5,703	469,306
Balance at 1 August 2018	354,052	44,391	45,972	3,685	-	448,100
Additions	-	-	17,512	-	-	17,512
Disposals	-	(91)	-	-	-	(91)
Construction work in progress transfers	38,066	2,000	(40,260)	194	-	-
Balance at 31 July 2019	392,118	46,300	23,224	3,879	-	465,521
<b>Depreciation and impairment</b>						
Balance at 1 August 2019	84,888	27,533	16,990	2,084	-	131,495
Recognition of right-of-use assets on initial application of AASB 16	-	-	-	(2,084)	2,084	-
Depreciation for the period	9,953	4,730	-	-	960	15,643
Disposals	(12,576)	(480)	-	-	-	(13,056)
Balance at 31 July 2020	82,265	31,783	16,990	-	3,044	134,082
Balance at 1 August 2018	77,436	22,644	16,990	1,439	-	118,509
Depreciation for the period	7,452	4,980	-	645	-	13,077
Disposals	-	(91)	-	-	-	(91)
Balance at 31 July 2019	84,888	27,533	16,990	2,084	-	131,495
<b>Carrying amounts</b>						
At 1 August 2019	307,230	18,767	6,234	1,795	-	334,026
<b>At 31 July 2020</b>	<b>310,111</b>	<b>16,936</b>	<b>5,518</b>	<b>-</b>	<b>2,659</b>	<b>335,224</b>
At 1 August 2018	276,616	21,747	28,982	2,246	-	329,591
<b>At 31 July 2019</b>	<b>307,230</b>	<b>18,767</b>	<b>6,234</b>	<b>1,795</b>	<b>-</b>	<b>334,026</b>

# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2020

## 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 2020:

- 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;
- 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 raceday use of members and their guests;
- the premises owned or occupied by the Company on Rosehill Gardens Racecourse comprising facilities, provided by the Company for the raceday use of members and their guests;
- the premises owned or occupied by the Company on Warwick Farm Racecourse comprising facilities, provided by the Company for the raceday use of members and their guests; and
- the premises owned or occupied by the Company on Canterbury Park Racecourse comprising facilities, provided by the Company for the raceday use of members and their guests.

### Non-core property

The Company has determined that as at 31 July 2020 all property which is not specifically defined as core-property is non-core property.

## 15. INTANGIBLE ASSETS

<i>In thousands of AUD</i>	2020	2019
<i>Poker machine entitlements</i>		
<b>Deemed cost</b>		
At 1 August	1,395	1,645
Impairment	(250)	(250)
<b>Balance at 31 July</b>	<b>1,145</b>	<b>1,395</b>
<b>Trademarks</b>		
At 1 August	190	190
<b>Balance at 31 July</b>	<b>190</b>	<b>190</b>
	<b>1,335</b>	<b>1,585</b>

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 July 2019 and June 2020. Accordingly, at 31 July 2020, the carrying amount required an impairment of required \$250,000 (2019: \$250,000).

## 16. TRADE AND OTHER PAYABLES

<i>In thousands of AUD</i>	2020	2019
<b>Current</b>		
Trade payables	1,838	3,046
Other payables and accruals	7,846	7,741
	<b>9,684</b>	<b>10,787</b>



# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2020

## 17. LOANS AND BORROWINGS

<i>In thousands of AUD</i>	2020	2019
<b>Current liabilities</b>		
Lease liabilities (2019: Finance lease liabilities)	1,221	751
	<b>1,221</b>	<b>751</b>
<b>Non-current liabilities</b>		
Bank borrowings	40,000	40,000
Lease liabilities (2019: Finance lease liabilities)	2,090	1,284
	<b>42,090</b>	<b>41,284</b>

### Financing facilities

The Company entered into a financing facility with Westpac Banking Corporation in 2017 for a period of 5 years. The Company's \$10,000,000 King St development facility was rolled over and combined with the financing facility in 2019. The Company secured an additional \$20,000,000 in financing in February 2020. The revised financing facility has a maturity date of November 2022. An amount of \$40,000,000 has been drawn down as at 31 July 2020 and has been classified as a non-current liability.

### Finance leases

Lease liabilities are payable as follows:

<i>In thousands of AUD</i>	Future minimum lease payments	2019
<b>Finance lease liabilities</b>		
Less than one year		828
Between one and five years		1,360
Later than five years		-
		<b>2,188</b>

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 2020, \$2,527,000 of the lease financing facility has been utilised.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2020

## 18. EMPLOYEE BENEFITS

<i>In thousands of AUD</i>	2020	2019
<b>Current</b>		
Liability for annual leave	3,128	3,051
Liability for long service leave	3,097	2,534
Other employee benefits	4,519	3,686
	<b>10,744</b>	<b>9,271</b>
<b>Non-current</b>		
Liability for long service leave	488	490
	<b>488</b>	<b>490</b>

## 19. DEFINED BENEFIT ASSET/LIABILITY

<i>In thousands of AUD</i>	2020	2019
Total fair value of plan assets	5,585	7,486
Total present value of defined benefit obligations	(4,823)	(6,158)
Unrecognised asset due to Asset Ceiling	-	(826)
<b>Total surplus/(deficit) in the plan recognised in the statement of financial position</b>	<b>762</b>	<b>502</b>

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>	2020	2019
Equity securities	57%	62%
Fixed interest securities	18%	21%
Property	5%	6%
Other	20%	11%
	<b>100%</b>	<b>100%</b>



# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2020

## 19. DEFINED BENEFIT ASSET/LIABILITY (continued)

### Movement in the present value of the defined benefit obligations

<i>In thousands of AUD</i>	2020	2019
Defined benefit obligations at 1 August	6,158	6,756
Benefits paid by the plan	(1,810)	(1,345)
Current service costs and interest	370	500
Actuarial gains/(losses) in other comprehensive income	105	247
<b>Defined benefit obligations at 31 July</b>	<b>4,823</b>	<b>6,158</b>

### Movement in fair value of plan assets

<i>In thousands of AUD</i>	2020	2019
Fair value of plan assets at 1 August	7,486	8,319
Contributions paid into the plan	13	25
Benefits paid by the plan	(1,810)	(1,345)
Expected return on plan assets	142	282
Actuarial gains/(losses) in other comprehensive income	(246)	205
<b>Fair value of plan assets at 31 July</b>	<b>5,585</b>	<b>7,486</b>
<b>Actual gain/(loss) on plan assets</b>	<b>(104)</b>	<b>486</b>

### Movement in the asset ceiling of the plan

<i>In thousands of AUD</i>	2020	2019
Asset ceiling at 1 August	827	699
Interest Income	17	25
Re-measurements	(844)	103
<b>Asset ceiling at 31 July</b>	<b>-</b>	<b>827</b>

### Actuarial (gains) and losses recognised in other comprehensive income

<i>In thousands of AUD</i>	2020	2019
Cumulative amount at 1 August	98	(90)
Defined benefit plan actuarial (gains)/losses	(536)	188
<b>Cumulative amount</b>	<b>(438)</b>	<b>98</b>

### Actuarial assumptions

	2020	2019
Discount rate at 31 July	1.5%	2.1%
Future salary increases	3.0%	3.0%

# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2020

## 20. REVENUE IN ADVANCE

<i>In thousands of AUD</i>	2020	2019
<b>Current</b>		
Revenue in advance	11,977	12,536
	<b>11,977</b>	<b>12,536</b>
<b>Non-current</b>		
Revenue in advance	23,054	27,378
	<b>23,054</b>	<b>27,378</b>

Revenue in advance includes amounts received in advance from the 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>	2020	2019
<b>Current</b>		
QEII Grandstand Cladding Provision	7,500	1,161
Governor Macquarie Drive Provision	1,590	1,441
	<b>9,090</b>	<b>2,602</b>
<b>Non-current</b>		
QEII Grandstand Cladding Provision	3,942	10,747
Governor Macquarie Drive Provision	1,376	1,616
	<b>5,318</b>	<b>12,363</b>

### Movement in provision

<b>Current</b>		
Opening balance	2,602	1,850
Provision recognised	7,140	1,251
Provision utilised	(652)	(499)
<b>Closing balance</b>	<b>9,090</b>	<b>2,602</b>
<b>Non-current</b>		
Opening balance	12,363	1,616
Provision recognised	(7,045)	10,747
<b>Closing balance</b>	<b>5,318</b>	<b>12,363</b>

In FY18, a provision was recognised as a result of contractual obligations owing in relation to the sale of land by the Company at Warwick Farm.

In FY19, a provision has been recognised as a result of reviewing and upgrading the cladding in the QEII Grandstand at Randwick.

NOTES TO THE  
FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2020

22. ACCUMULATED FUNDS & 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 \$12,958 (2019: \$13,847).

Reserve

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

23. LEASES

See accounting policy in Note 3(l)

(a) Leases as lessee (AASB 16)

The Company leases plant and equipment, the leases typically run for 3 years, with an option to renew the lease after that date. Lease payments are renegotiated every 3 years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

The Company leases plant and equipment, motor vehicles and IT and audio visual equipment under a number of leases, which were classified as finance leases under AASB 117.

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.



NOTES TO THE  
FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2020

23. LEASES (continued)

Information about leases for which the Company is a lessee is presented below.

(i) Right-of-use assets

<i>In thousands of AUD</i>	2020
	Plant and equipment
Balance at 1 Aug 2019 (value of finance leases transferred)	1,795
Recognition of right-of-use assets on initial application of AASB16	849
Depreciation charge for the year	(960)
Additions to Right-of-use assets	975
<b>Balance at 31 July 2020</b>	<b>2,659</b>

(ii) Amounts recognised in profit or loss

2020 - Leases under AASB16

Interest on lease liabilities	81
Depreciation on right of use assets	960

	2019
<b>2019 - Operating Leases under AASB 117</b>	
Lease expense -2019	275

(iii) Amounts recognised in statement of cash flows

Amounts recognised in statement of cashflow

Total cash outflows for leases	917
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24. CAPITAL COMMITMENTS

During the year ended 31 July 2020 the Company entered into contracts to purchase property, plant and equipment for a total of \$15,347,000 (2019: \$16,909,000) which consists of the following:

<i>In thousands of AUD</i>	2020	2019
Randwick Capital Fund	14,230	16,237
Other	1,117	672
	<b>15,347</b>	<b>16,909</b>



# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2020

## 25. KEY MANAGEMENT PERSONNEL

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 Matthew McGrath (Chairman)
- » Ms Julia Ritchie (Vice-Chair)
- » Mr Bill Evans (Honorary Treasurer)
- » Mrs Trish Egan
- » Mr Phil Morley
- » Ms Angela Belle McSweeney
- » Mr Paul Barnett

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 Jamie Barkley

During the period the executives were:

- » Mr Matt Galanos - Chief Financial Officer
- » Ms Corina Black - Executive General Manager Commercial
- » Ms Jane Coles - Executive General Manager Membership and Customer Service
- » Mr Piers Thompson - Executive General Manager Infrastructure & Strategic Projects (commenced 5 August 2019)
- » Mrs Melissa Richards - Executive General Manager People and Culture (commenced 21 November 2019)
- » Ms Christy Mckay - Executive General Manager People and Culture (separated 30 August 2019)
- » Mr James Heddo - Executive General Manager Racing Services (separated 31 July 2020)

### Key management personnel compensation

During the year ended 31 July 2020, the total key management personnel compensation recognised in profit or loss was \$3,875,483 (2019: \$2,364,541). Total compensation includes paid salary, annual leave and superannuation. In the current year there were 7 executive positions filled for the entire year. In the previous year there were 3 positions filled for the entire year.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2020

## 26. RELATED PARTIES

### Other related party transactions

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

During the year the Company provided administrative services to the ATC Foundation for no charge. The Company has control of the ATC Foundation, but due to the immaterial nature of the ATC Foundation's balance sheet and statement of comprehensive income, it is not being consolidated as a subsidiary.

## 27. 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 ceases its current operations. The maximum contingent liability at 31 July 2020 in respect of these loans which has not been provided for in the Financial Statements amounts to \$101,407,000 (2019: \$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.

The Company and Racing NSW have entered into contractual agreement to waive a potential obligation relating to past prizemoney associated with the Championships Sponsorship Agreement. The obligation has been converted to an Interminable loan of \$4,050,000 and is only repayable in the event that the Company sells an asset valued at more than \$7,500,000. This contingent liability will be recorded when it is probable that such a transaction will take place.

The Company has received a claim from a third party related to the previous disposal of land. The Directors intend to fully defend the matter. Based on all information currently available, the Directors are of the opinion that provision is not necessary as it is not probable that a future sacrifice of economic benefit will be required.

## 28. SUBSEQUENT EVENTS

There have been no subsequent events after the balance sheet date through to the date the financial statements were issued that need disclosure.



# DIRECTORS' DECLARATION

- 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 51, 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 2020 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.



Mr Matthew McGrath  
Chairman

Dated at Sydney this 8th day of October 2020.





# 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 2020 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 2020;
- » 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* (including Independence Standards) (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. The Other Information we obtained prior to the date of this Auditor's Report was the Chairman's Report, CEO Report and the Director's Report.

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 (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 and whether the use of the going concern basis of accounting is appropriate. 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 the 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\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our Auditor's Report.

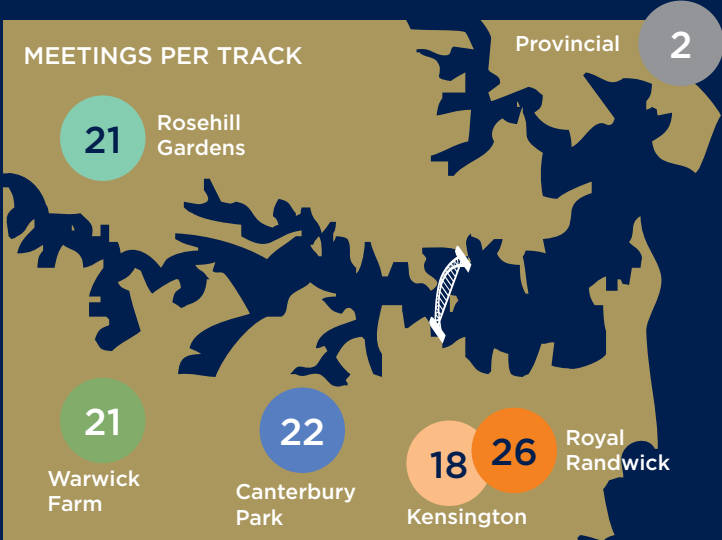
KPMG

T Duvall  
Partner

Sydney  
8 October 2020

FACTS  
& FIGURES

110 RACE MEETINGS



WORLD RACES

9 Australian Turf Club races have been officially rated amongst the the 2019 Longines World's Top 100 Group/Grade 1 Races for 3YOs and upwards

6<sup>TH</sup> IN THE WORLD  
\$4 million Longines Queen Elizabeth Stakes at Royal Randwick

13<sup>TH</sup> IN THE WORLD  
\$1 million TAB Chipping Norton Stakes at Royal Randwick

PRIZEMONEY

TOTAL PRIZEMONEY  
\$126.4 MILLION

THE STAR CHAMPIONSHIPS  
\$21 MILLION  
prizemoney over two days

FEATURE RACE PRIZEMONEY  
\$92 MILLION

THE EVEREST  
\$14 MILLION  
The world's richest race on turf

AREAS

278 Ha  
Total land area of four Racecourse's Land

64 Ha  
Total Area of all 27 tracks

32 Ha  
Total area of our 5 racing surfaces (Royal Randwick, Kensington, Rosehill Gardens, Warwick Farm and Canterbury Park)

27  
Total number of tracks at four venues

RACES

885 races

141 Group & Listed races

29 Group 1 races

14 Night/twilight meetings

9038 total starters

1700 Horses in ATC training centers

FEATURE RACE RESULTS

Prizemoney	Race Name	Winner/Rider	Distance (metres)	Weight (kg)	Managing Owner	Trainer
GROUP 1						
\$3,500,000	Longines Golden Slipper	Farnan/Hugh Bowman	1200m	56.5	Aquis Farm	Gai Waterhouse & Adrian Bott
\$2,000,000	Longines Queen Elizabeth Stakes	Addeybb (IRE)/Tom Marquand	2000m	59	Sheikh Al Maktoum	William Haggas
\$1,500,000	Kia Tancred Stakes	Verry Elleegant (NZ)/James McDonald	2400m	56.5	Jomara Bloodstock Ltd	Chris Waller
\$1,500,000	The Star Doncaster Mile	Nettoyer/James Innes Jnr	1600m	51.5	Ms W M Roche	Wendy Roche
\$1,250,000	TAB T.J Smith Stakes	Nature Strip/James McDonald	1200m	58.5	Mr R A E Lyons	Chris Waller
\$1,000,000	Bentley Australian Derby	Quick Thinker/Opie Bosson	2400m	56.5	O T I Racing	Murray Baker & Andrew Forsman
\$1,000,000	De Bortoli Wines Golden Rose Stakes	Bivouac/Hugh Bowman	1400m	56.5	Godolphin	James Cummings
\$1,000,000	Moët & Chandon Spring Champion Stakes	Shadow Hero/Joshua Parr	2000m	56.5	Sweetbriar Equine	Mark Newnham
\$1,000,000	Mostyn Copper Randwick Guineas	Shadow Hero/Joshua Parr	1600m	56.5	Sweetbriar Equine	Mark Newnham
\$1,000,000	Schweppes Sydney Cup	Etah James (NZ)/Glen Boss	3200m	51.5	Mr M Lupton	Ciaran Maher & David Eustace
\$1,000,000	TAB Epsom Handicap	Kolding (NZ)/Glen Boss	1600m	50.5	Mr N Morgan	Chris Waller
\$1,000,000	The Agency George Ryder Stakes	Dreamforce/Nash Rawiller	1500m	59	Joy Luck	John Thompson
\$750,000	Heineken 3 Metropolitan	Come Play With Me/Brenton Avdulla	2400m	54	Mrs V Durrant	Chris Waller
\$700,000	City Tattersalls Club Galaxy	I Am Excited/Tim Clark	1100m	52	Bell River Thoroughbreds	David Pfeiffer
\$700,000	Ranvet Stakes	Addeybb (IRE)/Tom Marquand	2000m	59	Sheikh Al Maktoum	William Haggas
\$600,000	Coolmore Classic	Con Te Partiro (USA)/Tim Clark	1500m	55	Newgate S F	Gai Waterhouse & Adrian Bott
\$600,000	SKY Racing Active Rosehill Guineas	Castelvecchio/Craig Williams	2000m	56.5	Arrowfield Pastoral Pty Ltd	Richard Litt
\$600,000	TAB Chipping Norton Stakes	Te Akau Shark (NZ)/Opie Bosson	1600m	59	D C Ellis	Jamie Richards
\$500,000	Colgate Optic White Stakes (George Main)	Avilius (GB)/Kerrin McEvoy	1600m	59	Godolphin	James Cummings
\$500,000	Coolmore Legacy Stakes (Queen of the Turf)	Con Te Partiro (USA)/Tim Clark	1600m	57	Newgate S F	Gai Waterhouse & Adrian Bott
\$500,000	Darley Flight Stakes	Funstar/James McDonald	1600m	56	Anton Koolman Bloodstock Pty Ltd	Chris Waller
\$500,000	Heineken 3 Canterbury Stakes	The Bostonian (NZ)/Nash Rawiller	1300m	59	Mr D Archer	Tony Pike
\$500,000	Heineken 3 Surround Stakes	Probabeel (NZ)/Opie Bosson	1400m	56	B J & Mrs J E A Lindsay	Jamie Richards
\$500,000	Inglis Sires'	King's Legacy/Hugh Bowman	1400m	56.5	James Harron Bloodstock Colts	Peter & Paul Snowden
\$500,000	The Star Australian Oaks	Colette/Glen Boss	2400m	56	Godolphin	James Cummings
\$500,000	Vinery Stud Stakes	Shout The Bar/Adam Hyeronimus	2000m	56	Mystery Downs	Gai Waterhouse & Adrian Bott
\$500,000	Winx Stakes	Samadoubt/Tim Clark	1400m	59	Mr S G Darby	Bjorn Baker
\$480,000	Schweppes All Aged Stakes	Tofane (NZ)/Opie Bosson	1400m	57	Ballymore Stables (Aust) Pty Ltd	Michael Moroney
\$400,000	Moët & Chandon Champagne Stakes	King's Legacy/Hugh Bowman	1600m	56.5	James Harron Bloodstock Colts	Peter & Paul Snowden
GROUP 2						
\$500,000	Arrowfield 3YO Sprint	Splintex/Robbie Dolan	1200m	56.5	Mr G L Grimish	Mark Newnham
\$500,000	Bisley Workwear Premiere Stakes	Brutal (NZ)/Tommy Berry	1200m	58.5	R & C Legh Racing Pty Ltd	Michael, Wayne & John Hawkes
\$500,000	Bowermans Office Furniture Shorts	Pierata/Tommy Berry	1100m	58	Mr G Hickman	Greg Hickman
\$500,000	Heineken 3 Percy Sykes Stakes	Away Game/Glen Boss	1200m	56	Miss H Mathiesen	Ciaran Maher & David Eustace
\$500,000	Hyland Race Colours Challenge Stakes	Nature Strip/James McDonald	1000m	58.5	Mr R A E Lyons	Chris Waller
\$500,000	Hyland Race Colours Hot Danish Stakes	Reelem In Ruby/Tim Clark	1400m	57	Triple Crown Syndications	Peter & Paul Snowden
\$500,000	SKY Racing Active Hill Stakes	Verry Elleegant (NZ)/James McDonald	2000m	56	Jomara Bloodstock Ltd	Chris Waller
\$400,000	Arrowfield Hobartville Stakes	Brandenburg (NZ)/Rachel King	1400m	56.5	Seymour Bloodstock	John Sargent
\$400,000	TAB Golden Pendant	Mizzy/Tommy Berry	1400m	56	Anthony Cummings Thoroughbreds Pty Ltd	Anthony Cummings
\$300,000	Polytrack Roman Consul Stakes	Cosmic Force/Tim Clark	1200m	56.5	Newgate S F	Peter & Paul Snowden
\$300,000	Schweppes Chairman's Quality	Raheen House (IRE)/Hugh Bowman	2600m	56	Australian Bloodstock	Kris Lees



FEATURE  
RACE RESULTS (continued)

Prizemoney	Race Name	Winner/Rider	Distance (metres)	Weight (kg)	Managing Owner	Trainer
GROUP 2 (continued)						
\$300,000	TAB Sapphire Stakes	White Moss/Nash Rawiller	1200m	58	D & M Esplin Pty Ltd	Jason Coyle
\$300,000	UNSW Todman Stakes	Farnan/Hugh Bowman	1200m	55.5	Aquis Farm	Gai Waterhouse & Adrian Bott
\$300,000	Yarraman Park Reisling Stakes	Dame Giselle/Kerrin McEvoy	1200m	55.5	Go Bloodstock Australia	Peter & Paul Snowden
\$250,000	Aquis Apollo Stakes	Alizee/Hugh Bowman	1400m	57	Godolphin	James Cummings
\$250,000	Bob Ingham Chelmsford Stakes	Samadoubt/Tim Clark	1600m	59	Mr S G Darby	Bjorn Baker
\$250,000	Inglis Silver Slipper Stakes	Farnan/Hugh Bowman	1100m	56.5	Aquis Farm	Gai Waterhouse & Adrian Bott
\$250,000	Quincy Seltzer Villiers Stakes	Quackerjack/Rachel King	1600m	56	Mr F Mittiga	Mark Newnham
\$250,000	Yulong Australia Stan Fox Stakes	Colada/Robbie Dolan	1500m	56.5	Sun Stud	Gerald Ryan
\$200,000	Chandon Phar Lap Stakes	Funstar/James McDonald	1500m	54.5	Anton Koolman Bloodstock Pty Ltd	Chris Waller
\$200,000	Darley Furious Stakes	Libertini/Tommy Berry	1200m	56	Mr G Harvey	Anthony Cummings
\$200,000	Darley Silver Shadow Stakes	Libertini/Tommy Berry	1200m	55	Mr G Harvey	Anthony Cummings
\$200,000	Darley Tea Rose Stakes	Funstar/James McDonald	1400m	56	Anton Koolman Bloodstock Pty Ltd	Chris Waller
\$200,000	Drinkwise Sweet Embrace Stakes	Hungry Heart/James McDonald	1200m	55.5	Mrs Y Zhang	Chris Waller
\$200,000	Guy Walter Proven Thoroughbreds Stakes	Dawn Dawn/Tommy Berry	1400m	54	R R & Mrs P L Crosby	Michael, Wayne & John Hawkes
\$200,000	Harvey Norman Tramway Stakes	Dreamforce/Nash Rawiller	1400m	56.5	Joy Luck	John Thompson
\$200,000	Hyland Race Colours Ajax Stakes	Imaging (GB)/James McDonald	1500m	57	Mr N A Greenhalgh	Chris Waller
\$200,000	Jim Beam Emancipation Stakes	Positive Peace/Tim Clark	1500m	54	Mr S N Gillard	Bjorn Baker
\$200,000	Schweppes Sheraco Stakes	Mizzy/Tommy Berry	1200m	55	Anthony Cummings Thoroughbreds Pty Ltd	Anthony Cummings
\$200,000	Schweppes Skyline Stakes	Mamaragan/Blake Shinn	1200m	55.5	Aston Bloodstock	John Thompson
\$200,000	Smithfield RSL Missile Stakes	Alizee/Hugh Bowman	1200m	56.5	Godolphin	James Cummings
\$200,000	Sydney Markets Run to the Rose	Bivouac/Joshua Parr	1200m	57	Godolphin	James Cummings
\$200,000	TAB Expressway Stakes	Standout/Tommy Berry	1200m	55.5	Corumbene Stud Pty Ltd	Gerald Ryan
\$200,000	TAB Light Fingers Stakes	Flit/Hugh Bowman	1200m	56	Godolphin	James Cummings
\$200,000	TAB Millie Fox Stakes	Savatiano/James McDonald	1300m	56	Godolphin	James Cummings
\$200,000	TAB Tulloch Stakes	Quick Thinker/James McDonald	2000m	56	O T I Racing	Murray Baker & Andrew Forsman
\$200,000	Tooheys 150th Birthday Shannon Stakes	Mister Sea Wolf (IRE)/James McDonald	1500m	58.5	Mr D Spratt	Chris Waller
\$200,000	Tooheys 150th Birthday Theo Marks Stakes	Arcadia Queen/James McDonald	1300m	56	Peters Investments Pty Ltd	Chris Waller
GROUP 3						
\$500,000	Camera House Sydney Stakes	Deprive/Hugh Bowman	1200m	58.5	Godolphin	James Cummings
\$500,000	Yulong Australia Craven Plate	Happy Clapper/Tommy Berry	2000m	59	Mr M W Thomas	Patrick Webster
\$350,000	TAB Sky High Stakes	Master Of Wine (GER)/Tommy Berry	2000m	55	R & C Legh Racing Pty Ltd	Michael, Wayne & John Hawkes
\$200,000	Antler Gloaming Stakes	Shadow Hero/Joshua Parr	1800m	56.5	Sweetbriar Equine	Mark Newnham
\$200,000	De Bortoli Wines P J Bell Stakes	Rubisaki/Nash Rawiller	1200m	57	Mr J V O'Neill	Patrick Payne
\$200,000	ICD Property Nivison	Madam Rouge/Brenton Avdulla	1200m	54	Mr N A Greenhalgh	Chris Waller
\$200,000	Quincy Seltzer Carbine Club Stakes	Entente/Tim Clark	1600m	56	Dodmark Thoroughbreds	Gai Waterhouse & Adrian Bott
\$200,000	TAB Adrian Knox Stakes	Collette/James McDonald	2000m	54.5	Godolphin	James Cummings
\$200,000	Widden Kindergarten Stakes	Doubtland/Brenton Avdulla	1100m	56.5	Orbis Bloodstock	Michael, Wayne & John Hawkes
\$175,000	Antler Luggage Magic Night Stakes	Thermosphere/James McDonald	1200m	55.5	Godolphin	James Cummings
\$175,000	Bowermans Commercial Furniture Pago Pago Stakes	Prague/Tom Marquand	1200m	55.5	Aquis Farm	Ciaron Maher & David Eustace
\$160,000	Aquis Farm Eskimo Prince Stakes		1200m	not run on 8 February 2020 - meeting abandoned		

FEATURE  
RACE RESULTS (continued)

Prizemoney	Race Name	Winner/Rider	Distance (metres)	Weight (kg)	Managing Owner	Trainer
GROUP 3 (continued)						
\$160,000	Arrowfield Breeders' Plate	Global Quest/James McDonald	1000m	56	Aquis Farm	Chris Waller
\$160,000	Bentley Angst Stakes	Nettoyer/Glen Boss	1600m	56	Ms W M Roche	Wendy Roche
\$160,000	Bill Ritchie Handicap	Kolding/Glen Boss	1400m	57	Mr N Morgan	Chris Waller
\$160,000	Canadian Club Maurice McCarten Stakes	Star Of The Seas (NZ)/James McDonald	1100m	57	Mr A M Muollo	Chris Waller
\$160,000	Cellarbrations Epona Stakes	Missybeel (NZ)/Tim Clark	1900m	54	Bjorn Baker Racing	Bjorn Baker
\$160,000	Cellarbrations Southern Cross Stakes	Special Reward/Brenton Avdulla	1200m	54	Australian Bloodstock	Kris Lees
\$160,000	Chandon Doncaster Prelude	Cascadian (GB)/James McDonald	1500m	58	Godolphin	James Cummings
\$160,000	E-Group Security Star Kingdom Stakes	Vegadaze/Tom Marquand	1200m	54.5	Mr R D Spratt	Anthony Cummings
\$160,000	Forum Concorde Stakes	Redzel/Kerrin McEvoy	1000m	60	Triple Crown Syndications	Peter & Paul Snowden
\$160,000	Iron Jack Canonbury Stakes	Prague/Tom Marquand	1100m	54.5	Aquis Farm	Ciaron Maher & David Eustace
\$160,000	Iron Jack Festival Stakes	Ranier/Kathy O'Hara	1500m	53	Godolphin	James Cummings
\$160,000	Iron Jack N E Manion Cup	Young Rascal (FR)/Tom Marquand	2400m	59	Mr B Kantor	William Haggas
\$160,000	Iron Jack Neville Sellwood Stakes	Night's Watch (NZ)/James McDonald	2000m	56.5	O T I Racing	Chris Waller
\$160,000	Iron Jack Premier's Cup	Wu Gok/Tommy Berry	1900m	53	Hermitage	Chris Waller
\$160,000	JRA Colin Stephen Quality	Stampede/Adam Hyeronimus	2400m	59	Mr B A Stracey	Gai Waterhouse & Adrian Bott
\$160,000	Keeneland Gimcrack Stakes	Every Rose/Joshua Parr	1000m	56	Ms P J Newnham	Mark Newnham
\$160,000	Liverpool City Cup	Quackerjack/Joshua Parr	1300m	56.5	F Mittiga	Mark Newnham
\$160,000	Ming Dynasty Quality	Quick Thinker/Hugh Bowman	1400m	57	O T I Racing	Murray Baker & Andrew Forsman
\$160,000	Mostyn Copper Show County Quality	Deprive/Rachel King	1200m	53.5	Godolphin	James Cummings
\$160,000	Robrick Lodge Triscay Stakes	Sweet Deal/Nash Rawiller	1200m	56.5	Miss C J Stone	John Thompson
\$160,000	Sharp Extensive IT Aspiration Quality	Nettoyer/Hugh Bowman	1600m	56	Ms W M Roche	Wendy Roche
\$160,000	Sky Racing Active San Domenico Stakes	Exceedance/Tommy Berry	1100m	55	Vinery Stud	Michael, Wayne & John Hawkes
\$160,000	Summer Cup	Luvaluva (NZ)/Koby Jennings	2000m	56.5	Seymour Bloodstock	John Sargent
\$160,000	TAB Birthday Card Stakes	Miss Exfactor/Jay Ford	1200m	53	Mr P W Mariani	Joseph Pride
\$160,000	The Agency Real Estate Kingston Town Stakes	Finche (GB)/Kerrin McEvoy	2000m	56	Mr K Abdullah	Chris Waller
\$160,000	The Luxury Network Up and Coming Stakes	True Detective/James McDonald	1300m	55.5	Dr P H Hughes	Chris Waller
\$160,000	The Schweppervescence	Holyfield/Tom Marquand	1400m	57	Aquis Farm	Ciaron Maher & David Eustace
\$160,000	Toy Show Quality	Mizzy/Tommy Berry	1100m	53	Anthony Cummings Thoroughbreds Pty Ltd	Anthony Cummings
\$160,000	Tricolours Wenona Girl Quality	Fasika/Brenton Avdulla	1200m	56.5	Tricolours Racing & Syndications Pty Ltd	Joseph Pride
\$160,000	Widden Stakes	Away Game/Tom Marquand	1100m	57.5	Miss H Mathiesen	Ciaron Maher & David Eustace
\$140,000	Cactus Imaging Frank Packer Plate	Kinane (NZ)/Chris Waller	2000m	56.5	Mr J B O'Rourke	Chris Waller
\$140,000	Japan Racing Association Plate	Life Less Ordinary(IRE)/Jason Collett	2000m	57	Mr R A Pegum	Chris Waller
\$140,000	Mostyn Copper J H B Carr Stakes	Rubisaki/Nash Rawiller	1400m	57	Mr J V O'Neill	Patrick Payne
\$140,000	TAB Hall Mark Stakes	Greyworm/Tommy Berry	1200m	56	Capt G Lui	Michael, Wayne & John Hawkes
FEATURES						
\$14,000,000	The TAB Everest	Yes Yes Yes/Glen Boss	1200m	53	Yes Yes Yes Syndicate	Chris Waller
\$7,500,000	Iron Jack Golden Eagle	Kolding (NZ)/Glen Boss	1500m	57.5	Mr N Morgan	Chris Waller
\$1,300,000	The Kosciuszko	Handle The Truth/Nash Rawiller	1200m	57	Laurel Oak Bloodstock Pty Ltd	Keith Dryden
\$400,000	Newhaven Park Country Championships Final	Gracie Belle/Kerrin McEvoy	1400m	55.5	Graceville Thoroughbreds	Matthew Dunn
\$400,000	Polytrack Provincial Championships Final	Through The Cracks/James McDonald	1400m	57.5	Mr P Brown	Angela Davies

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