

2022 ANNUAL REPORT



AUSTRALIAN TURF CLUB



World's best sprinter, Nature Strip, winning the 2021 TAB Everest. Narrowly beating Masked Crusader (not pictured) and Eduardo (pictured, yellow silk)

Photo: Bradleys Racing

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Longines Queen Elizabeth Stakes Winner Think It Over, with jockey Nash Rawiller and Kerry Parker Trainer

Photo: Bradley Photographers

CHAIRMAN'S REPORT

AMONGST ATC'S KEY ROLES IS TO MAXIMISE NOT ONLY THE PARTICIPATION AND VISITATION OF MEMBERS, BUT TO ALSO PROVIDE AN EXCITING AND LASTING RACEDAY EXPERIENCE.

As I present the Australian Turf Club's Annual report, I wish to thank Members and stakeholders for their support during a COVID impacted year.

The previous 12 months during the health and staffing challenges of a pandemic, especially enticing the return of raceday crowds, highlighted how well our people perform.

Our CEO Jamie Barkley leads a talented and dedicated team, renowned for world-class racing and, with this, award-winning service and hospitality.

The resurgence of racing in NSW at all levels is led by our partners in Racing NSW, resulting in the crucial link with ATC and metropolitan racing continuing to strengthen.

I thank and congratulate Racing NSW for its drive and ongoing innovation in keeping our racing as world leaders.

Prizemoney is an important lever in strengthening and growing our racing and this management of the industry's financial wellbeing by Racing NSW and ATC across metropolitan racing must be a focus.

Yet this racing and prizemoney is of little consequence without the incredible skill, professionalism and dedication of our participants - without them we have no industry, much less a thriving one.

I commend our trainers, strappers, stable staff, farriers, float and truck drivers, vets, volunteers and the many other contributors to the industry who place the care of Thoroughbreds at the core of everything they do.

ATC Members are a vital part of racing.

Amongst ATC's key roles is to maximise not only the participation and visitation of Members but also provide an exciting and lasting experience on racedays.

Added to this is growing crowds and attracting new racegoers.

The success of Sydney racing and ATC should not just be measured and viewed by pinnacle events such as The TAB Everest, Longines Golden Slipper, Golden Eagle or The Star Championships in Autumn.



These outcomes and opportunities are also due to the collective efforts of the 121 racing clubs in NSW right across the year.

We form one NSW industry.

I assure Members your raceday experience and subscription benefits are at the forefront of the Board and management's strategy and ongoing work.

Continually enhancing Members facilities is key, as is added value hospitality, for everyone to enjoy the great fun and social atmosphere a day at the track with family and friends brings in such a unique way.

I again thank Members - the heart of the Club - for their ongoing support.

Linked to this is the support of the Club's partners and I acknowledge with thanks Foundation Partners in TABCORP, Longines, Furphy, Moët & Chandon and The Star.

There are so many others who join with the Club in making racedays the best of any sporting and entertainment events led by ATC's award-winning hospitality and staff across the year.

To fellow Directors, my gratitude for your ongoing service to the Club and racing.

We are fortunate to have such a hard-working and committed Board, including the great work of our former Chairman Matthew McGrath and Vice Chair Julia Ritchie.

Members, the entire Australian Turf Club team looks forward to continuing to make your membership, our racing and a day at the track a most enjoyable and unique experience.

Peter McGauran
Chairman



Brenton Avdulla returning to scale following victory in the \$5 million Longines Golden Slipper aboard the Gary Portelli trained filly Fireburn

Photo: Shane O'Neil

CHIEF EXECUTIVE OFFICER'S REPORT

COVID RESTRICTIONS ON CROWDS AND RACEDAY OPERATIONS PRESENTED UNPRECEDENTED LOGISITICAL AND FINANCIAL CHALLENGES.

The Australian Turf Club with Racing NSW and participants not only continued to operate racedays through a heavily COVID-disrupted year but were first in welcoming Members and customers back to major live sport and entertainment.

The COVID restrictions on crowds and raceday operations from June to October presented unprecedented logistical and financial challenges.

I am grateful for the support of everyone in the industry and particularly proud of the Australian Turf Club's staff for their commitment and professionalism.

I especially thank ATC Members for their patience and understanding and am pleased to report subscription renewals at an impressive 94 per cent, despite two years of COVID disruptions.

Our financial results reflect the fact we were closed to raceday crowds until the week of Everest when we reopened in a restricted capacity environment which had a significant impact on the Spring Carnival. With TAB outlets also closed during the first three months of the year, we experienced a \$7.5 million downturn in our wagering revenues.

In addition, we incurred \$0.8 million in COVID compliance costs and the direct and lingering effects of COVID severely impacted our non-raceday meetings and events business, with many scheduled events either deferred or cancelled.

RACING

Our racing program and the tremendous skill and depth of our stables in maintaining the wellbeing and welfare of thoroughbreds will always be the Australian Turf Club's highest priority.

Racing reached new highs over the 2021/22 season with more than \$150 million in prizemoney distributed across 107 metropolitan meetings including our renowned Sydney Spring and Autumn Carnivals.

A total of 155 feature races including 29 at Group 1 Level were run. Overall, a record 27 races carried prizemoney of \$1 million or more, with many of these new races delivered through our strong partnership with Racing NSW.

The \$15 million TAB Everest maintained its place as the world's best sprint race. Fittingly the world's highest rated sprinter Nature Strip for Sydney's champion combination of trainer Chris Waller and jockey James McDonald claimed victory.



The Sydney Autumn Carnival remained one of the world's leading racing events with the Longines Golden Slipper taken out by champion filly Fireburn for Gary Portelli and Brenton Avdulla. Crowd favourites Nature Strip, Shelby Sixtysix, Eduardo and Think it Over won Group 1 races.

Eleven of our Group 1 races were internationally recognised amongst the top 100 in the world at the Longines World's Best Race and Racehorse awards. This is the highest number of races of a Club globally.

Amongst a sustained period of record rainfall, ATC Tracks team successfully managed track renovations to all racing and training tracks throughout the most challenging year in history. This included the completion of the Warwick Farm A-Grass, enabling a premium training surface for more than 800 horses.

MEMBER & CUSTOMER EXPERIENCE

Membership of the Australian Turf Club remains amongst the most prestigious and best value membership anywhere across Sydney and Australia.

ATC continues to build and innovate around our racing program as well as providing upgraded Members Reserve facilities. New benefits delivered include the introduction of photo ID membership cards integrated into the new CRM system and new F&B discounts for all hard card Members at all retail outlets across all four courses.

Your Club was the first major live sporting event in Sydney to welcome Members and guests post COVID lockdown for Everest Day in Spring 2021, which was capped at 10,000 and Golden Eagle Day at Rosehill Gardens.

Customer satisfaction across Spring and Autumn Carnivals rated well above 80 per cent as ATC continued to offer Members extra benefits and incentives to return to the track with family and friends.

The Board and Management remain committed to further enhancing your raceday experience coupled with continued enhancement of digital services and technology to optimise your year-round Member experience.

CHIEF EXECUTIVE OFFICER'S REPORT

COMMERCIAL

FY22 saw a solid Commercial performance through strong customer acquisition and retention across all segments. This is despite the majority of the 2021 Spring Carnival being run under COVID restrictions and capacity limits, and historic floods which impacted NSW in Autumn.

A "Fans First" strategy contributed to total raceday attendance exceeding 228,000 people and significantly increased customer engagement through innovative digital content programs and customer experience activations. A new Summer Festival of Racing saw record attendance and revenue growth after crowds were permitted to return to the track.

A solid raceday hospitality revenue and volume result was driven by healthy dining and raceday function sales across the year.

A new 'Where Stories Are Made' marketing campaign launched in Autumn to celebrate the unique and diverse carnival stories spanning racing, entertainment, hospitality and fashion.

ATC's annual Pink Fashion Lunch supporting The McGrath Foundation on Chandon Ladies Day in Autumn set a new benchmark in raceday events, and our famous "After The Last" live music series continued to be a crowd favourite throughout Autumn Carnival.

The continued growth of strategic partnerships with Destination NSW and City Of Parramatta supported our world-class racing carnivals as Sydney's signature events.

ATC's Meetings and Events business, whilst also heavily impacted by COVID, saw many of Australia's profiled brands, charities and organisations stage their events at ATC venues, including a high demand for the new WINX Stand at Royal Randwick.

ATC Commercial partnerships achieved another record year with \$10.7m revenue and welcomed several new partners including Accolade Wines, Bidfood, Campari, Mr Black, the Nivison Family, Top Shelf International, Paynter Dixon, Wests Tigers and White Claw to its world-class partner portfolio. Key partnerships were renewed including Australian Liquor Marketing, Bentley, Bisley Workwear, Dyson, E Group Security and Irresistible Pools.

PROPERTY AND INFRASTRUCTURE

One of the biggest highlights of the year and a legacy for the Australian Turf Club was the successful completion and opening of the impressive WINX Stand at Royal Randwick.

The \$48 million WINX Stand, a fully funded ATC project with Racing NSW, is undoubtedly the best spectator venue of its kind anywhere in Australian racing and sets a new benchmark for general admission spectator facilities.

Outside of racedays, the WINX Stand has bolstered Royal Randwick's reputation as the pre-eminent venue for Meetings and Events. Ahead of its official opening and in the 12 months beyond, the venue has commanded record bookings across an array of events including gala dinners,

conferences, award nights, charity events and consumer exhibitions.

This game-changing addition to Royal Randwick is backed up by the outstanding facilities at Rosehill Gardens where pinnacle events such as the NSW Caravan and Camping Show continue to showcase the diverse talents of our teams in hosting award-winning and industry-leading events

PEOPLE & CULTURE

ATC staff have continued to deliver award-winning hospitality and service to Members and customers during what has been a challenging year.

Once again ATC received industry acclaim being awarded the "2022 Restaurant and Catering Hostplus Awards for Excellence - Function and Convention Caterer Of The Year" for the Moët and Chandon Gold Room on Longines Golden Slipper Day at Rosehill Gardens.

I am extremely proud of their tireless work and the passion displayed to ensure we were able to keep racing going during the COVID lockdowns.

Employee health and wellbeing remained a primary consideration, as we revamped our mental and physical wellbeing program, and put in place innovative approaches to support remote and flexible work practices.

THANK YOU

May I again acknowledge all racing participants for their outstanding dedication and professionalism during unprecedented COVID operating conditions.

I give special thanks to ATC Chairman Peter McGauran and Directors, the Board of Racing NSW, led by Chair Russell Balding, Chief Executive Officer Peter V'Landys, ATC executive team and all ATC staff for their efforts throughout a very challenging year to ensure Sydney continues as Australia's premier racing jurisdiction.

I also thank the Australian Turf Club Foundation Partners - TABCORP, Lion, Longines, Moët Hennessy and The Star for their year-round support, as well as our official broadcast partners SKY Racing and Channel 7 who ensure the distribution of Sydney racing 52 weeks a year.

Most importantly, thank you to our Members for your ongoing support and loyalty. There has never been a more exciting time to be a Member of the Australian Turf Club, and we look forward to joining you on track soon to witness and celebrate Sydney's world-class racing and award-winning hospitality.



Jamie Barkley
Chief Executive Officer

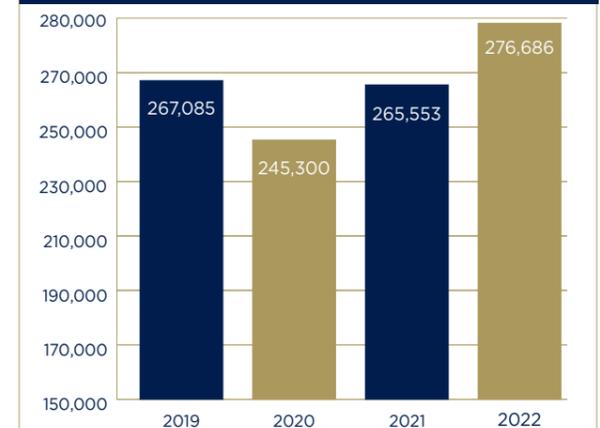


The Star Championships Day 1 2022
Royal Randwick
Photo: Paul McMillan

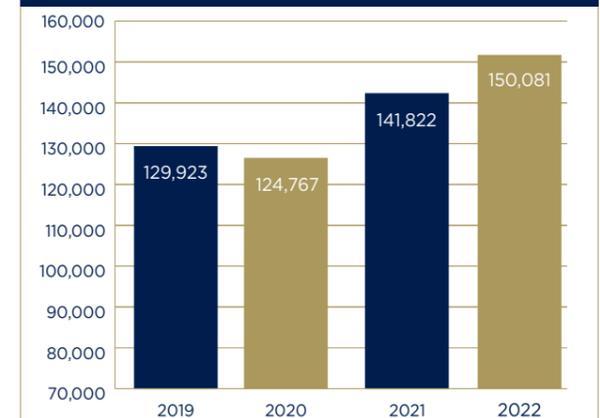
Financial performance For the year ended 31 July 2022

<i>In thousands of AUD</i>	2022	2021
Total Income	278,150	288,786
Total Expenses	(285,098)	(276,141)
Net Surplus	(6,948)	12,645
Add / (Subtract):		
RNSW Capital Works Funding	-	(750)
Provision for Cladding remediation	-	(945)
Repayment of RNSW Interminable Loan	-	4,050
(Profit) / Loss on Sale of Non-Core Assets	-	(10,954)
Defined Benefit Plan Actuarial (Profits) / Losses - Reserves	(78)	(158)
	(78)	(8,757)
Operating Surplus / (Deficit)	(7,026)	3,888
Depreciation, Amortisation & Impairment	14,851	14,196
Interest	987	994
Legacy Stables Expenses	1,199	2,083
Other	5	-
	17,042	17,273
Operating EBITDA	10,016	21,161

Graph 1 - Revenue from operations



Graph 2 - Prizemoney





2021 SYDNEY
EVEREST CARNIVAL

Photo: Bradley Photographers



Photo: Paul McMillan





COMMUNITY ENGAGEMENT



The key focus of the Australian Turf Club Foundation is to be a leader in our communities, who put our people first and continue to further ATC's commitment to being a socially responsible business.

By contributing to the local community of our destinations, we authentically engage and support both industry and not for profit initiatives which make a difference.

COMMUNITY CONTRIBUTION



660+ Hours

Voluntarily contributed by ATC staff for charities including Ronald McDonald House, Salvation Army and Thread Together.



Contribution of over **\$361,000** in raceday fundraising activities for the Sydney Children's Hospitals Foundation (SCHF) and McGrath Foundation and more.



Any surplus food or unsold retail items are repurposed to community partners including oz harvest and Sydney Mission - Matthew Talbot Hostel.

CHILDREN'S HEALTH



Little Wings

» Flying medical specialists and their team out to regional and remote NSW to deliver medical clinics; reducing the need for seriously ill children to travel.

Starlight Children's Foundation Australia

» Provide regular Livewire workshops to hospitalised young people receiving treatment for a range of serious and chronic illnesses, mental health conditions and eating disorders at Sydney Children's Hospital, Randwick.

DISABILITY SUPPORT



Autism Spectrum Australia (Aspect)

» Built kitchenette to establish a food science and cooking program for autistic students attending Aspect South East Sydney School satellite site in Belfield.

Cancer Patients Foundation

» 250 women, men and teens, participated in free practical workshops which cover skincare, make-up, headwear and physical activities, leaving them empowered and ready to face their diagnosis with confidence.

Rainbow Club Australia

» Train to Teach Swimming Program for children with a disability across all geographic areas.

Solve-TAD Limited

» Provide custom equipment that is safe and fit-for-purpose so young people with a disability can comfortably continue their education, both physical and cognitive, in a comfortable and supportive environment.

The Northcott Society

» 10 young adults with a disability attend The Mind Matters program at Northcott's Vocational and Everyday Life Skills centre in Casula.

HEALTH



The Big Three Trek, McGrath Foundation

» Supporting Murray's Walk to raise funds for McGrath Breast Care Nurses.

Heartbeat of Football

» Funding for testing days within the Canterbury Soccer District which is the area around the Canterbury Park Racecourse.



Supported 10 local community groups in Canterbury LGA through Friday Night Jockey Series at Canterbury Park.



100% ATC Staff Survey respondents stated the volunteer program made a difference to their sense of wellbeing, understanding of empathy for others and awareness to wider social issues.



RACING INDUSTRY



Riding for the Disabled Association (NSW)

» Built roof for riding arena in Ballina.

FLOOD RELIEF



Tweed Rivers Jockey Club

» Provided support to Thoroughbred Race Clubs in Northern NSW for the racing industry and communities including:

- 400 hay bales and 120 feed pellets;
- 100 40-inch TVs and 40 crown amps and DSP digital signal processors;
- 250 chairs;
- Saddle cloths;
- Rain jackets;
- Training gear from retired NSW Thoroughbred trainer Pam Webber

MENTAL HEALTH



Milk Crate Theatre

» Undertake the final development of theatre production Dust Storm; new Australian Theatre work by people with lived experience of homelessness. This will present in partnership with Sydney Theatre Company in September 2022.

Learning Links

» Working with one primary school in each ATC local area to deliver mental health and wellbeing program equating to 128 children in total supported.

SOCIAL SUPPORT SERVICES



Meals on Wheels

» Canterbury Meals on Wheels Inc. is a service that provides home delivered meals. The meals are delivered to persons, living in the City of Canterbury Local Government Area, who are frail and elderly, or have a disability, or are a carer.

Social Justice Advocates of the Sapphire Coast

» Local group in Bega devoted to helping the poor, the homeless and the disadvantaged.

Turbans 4 Australia Inc

» Purchase of volunteer and goods transport Utility Vehicle to pick up volunteers who come and donate time to help others.



RANDWICK CHRISTMAS FESTIVAL

Photos: Creative Events Photography



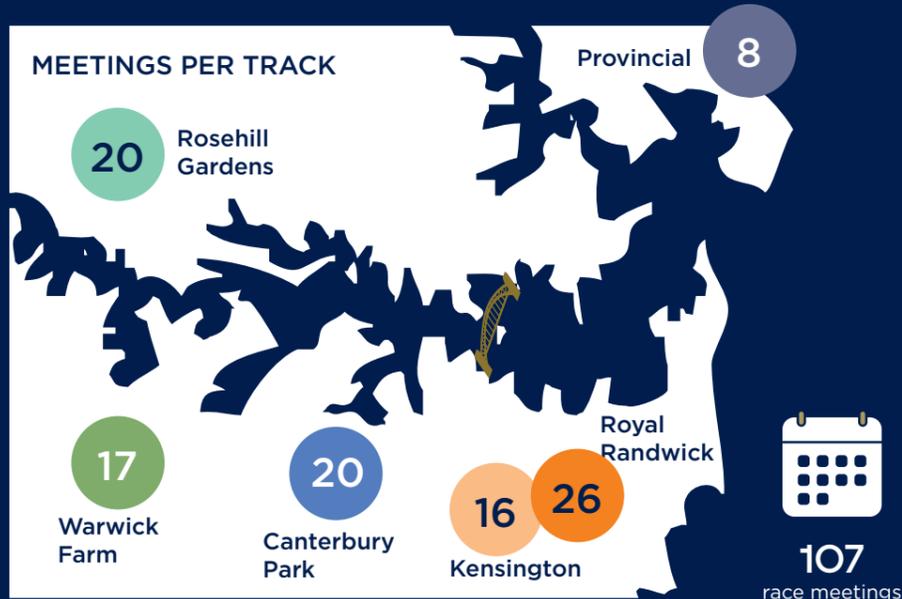
KIA FRIDAY NIGHT RACING

Photos: Paul McMillan



THE YEAR IN REVIEW

RACING



278 Ha
Total land area of the four Racecourses

27
Total number of tracks at four venues

64 Ha
Total Area of all 27 tracks

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



107
race meetings



\$150.1 Million
In prizemoney



29
Group 1 races



27 Races
Worth a \$ 1million+ price money



1,808
Horses in ATC training centers



141
Group & Listed races



887
Races



11
Races included in the World's top 100 Group 1 races



8,468
Total starters

MEMBERSHIP



15,310
ATC Members



94%
Retention



\$13,966
Member donations to ATC Foundation



\$1.4 Million
ATC Dollars distributed

FOOD AND BEVERAGE



\$8.4 Million
In retail raceday food & beverage revenue



\$15.9 Million
In raceday hospitality revenue

MEETINGS AND EVENTS



272
Meetings and events held



225,000
Estimated attendees at meetings and events



\$11.6 Million
Meetings & Events Revenue

ATC FOUNDATION



Over **\$281,000** raised for the ATC Foundation through donations and fundraising activities



\$170,000
Distributed in grant funding



TOP 3 CAUSES FOR GRANT FUNDING
Equine and Racing Industry
Mental Health
People with Disabilities

BROADCAST AND SOCIAL MEDIA



35 Million
Broadcast reach across Channel 7 & Sky Racing



↑12%
In 7Plus digital streaming



3.7 Million
Total reach across Australian Turf Club website



7.1 Million
Impressions



5.9 Million
Total reach across all venue Facebook pages



585,000
Total engagement across all venue Facebook pages



2.4 Million
Total reach





Longines Golden Slipper 2022
Fireburn

Photo: Bradleys Photography



Longines Queen Elizabeth Stakes 2022
Think It Over

Photo: Bradleys Photography



The Star Doncaster Mile 2022,
Mr Brightside (NZ)

Photo: Bradleys Photography

GROUP 1 RACE WINNERS

Prizemoney	Race Name	Winner	Jockey	Distance (Metres)	Weight (Kg)	Trainer
\$5,000,000	Longines Golden Slipper	Fireburn	Brenton Avdulla	1200m	54.5	Gary Portelli
\$4,000,000	Longines Queen Elizabeth Stakes	Think It Over	Nash Rawiller	2000m	59	Kerry Parker
\$3,000,000	The Star Doncaster Mile	Mr Brightside (NZ)	Craig Williams	1600m	50.5	Ben & JD Hayes
\$2,500,000	Furphy T J Smith Stakes	Nature Strip	James McDonald	1200m	58.5	Chris Waller
\$2,000,000	Bentley Australian Derby	Hitotsu	John Allen	2400m	56.5	Ciaron Maher & David Eustace
\$2,000,000	Schweppes Sydney Cup	Knights Order (IRE)	Rachel King	3200m	51.5	Gai Waterhouse & Adrian Bott
\$1,500,000	Kia Tancred Stakes	Duais	Joshua Parr	2400m	56.5	Edward Cummings
\$1,000,000	Fujitsu General George Main Stakes	Verry Elleegant (NZ)	James McDonald	1600m	57	Chris Waller
\$1,000,000	XXXX Golden Rose Stakes	In The Congo	Tim Clark	1400m	56.5	Gai Waterhouse & Adrian Bott
\$1,000,000	Moët & Chandon Spring Champion Stakes	Profondo	Robbie Dolan	2000m	56.5	Richard Litt
\$1,000,000	Mostyn Copper Randwick Guineas	Converge	Tim Clark	1600m	56.5	Gai Waterhouse & Adrian Bott
\$1,500,000	TAB Epsom	Private Eye	Regan Bayliss	1600m	52.5	Joseph Pride
\$1,000,000	The Agency George Ryder Stakes	Forbidden Love	Hugh Bowman	1500m	57	Richard & Michael Freedman
\$1,000,000	Queen of the Turf Stakes	Nimalee	Damien Oliver	1600m	57	Matthew Smith
\$1,000,000	Inglis Sires'	Fireburn	Brenton Avdulla	1400m	54.5	Gary Portelli
\$1,000,000	The Star Australian Oaks	El Patroness	Damian Lane	2400m	56	Danny O'Brien
\$750,000	Darley Flight Stakes	Never Been Kissed (NZ)	Regan Bayliss	1600m	56	Gai Waterhouse & Adrian Bott
\$750,000	Heineken Metropolitan	Montefilia	Hugh Bowman	2400m	55.5	David Payne
\$700,000	Furphy Galaxy	Shelby Sixtysix	Robbie Dolan	1100m	52.5	Danny Williams
\$700,000	Ranvet Stakes	Montefilia	Jason Collett	2000m	57	David Payne
\$600,000	Coolmore Classic	Lighthouse (USA)	Jason Collett	1500m	56	Ciaron Maher & David Eustace
\$600,000	SKY Racing Active Rosehill Guineas	Anamoe	James McDonald	2000m	56.5	James Cummings
\$600,000	TAB Chipping Norton Stakes	Verry Elleegant (NZ)	James McDonald	1600m	57	Chris Waller
\$600,000	Schweppes All Aged Stakes	Cascadian (GB)	James McDonald	1400m	59	James Cummings
\$500,000	Furphy Canterbury Stakes	Forbidden Love	Hugh Bowman	1300m	57	Richard & Michael Freedman
\$500,000	Drinkwise Surround Stakes	Hinged	Brenton Avdulla	1400m	56	Chris Waller
\$500,000	Vinery Stud Stakes	Fangirl	Hugh Bowman	1850m	56	Chris Waller
\$500,000	Winx Stakes	Mo'unga (NZ)	Tommy Berry	1400m	58.5	Annabel Neasham
\$500,000	Moët & Chandon Champagne Stakes	She's Extreme	Tommy Berry	1600m	54.5	Anthony Cummings

OUR PARTNERS

FOUNDATION PARTNERS



GOLD PARTNERS



SILVER PARTNERS



PARTNERS



INDUSTRY PARTNERS



FINANCIAL REPORT

BOARD PROFILES

For the year ended 31 July 2022



PETER McGAURAN
Chairman
Independent Director



TIM HALE SC
Vice-Chair
Elected Director



MATTHEW McGRATH
Independent
Director



JAMIE BARKLEY
Chief Executive
Officer



JULIA RITCHIE
Elected
Director



**ANGELA BELLE
McSWEENEY**
Elected
Director



BEN BAYOT
Elected
Director



MATT GALANOS
Chief Financial
Officer



JANE COLES
Executive General Manager
Member & Customer Experience



MELISSA RICHARDS
Executive General Manager
People & Culture



DAVID McGRATH
Independent
Director



TRISH EGAN
Former
Director



PAUL BARNETT
Former
Director



JAMES ROSS
Executive General Manager
Racing & Wagering



MELINDA MADIGAN
Executive General Manager
Commercial



GRAHAM BROWN
Executive General Manager
Infrastructure & Property

EXECUTIVE PROFILES

For the year ended 31 July 2022

DIRECTORS' REPORT

For the year ended 31 July 2022

The Directors present their report together with the financial statements of Australian Turf Club Limited (the Company), for the year 1 August 2021 to 31 July 2022 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 2021 to 31 July 2022 are:

<p>Mr Peter McGauran Independent Director</p>	<ul style="list-style-type: none"> » Appointed to the Board 14 February 2022 » Chair of the Board of the Company from 29 August 2022 » Member of Remuneration and Nomination Committee » Member of Safety, Risk and Welfare Committee » Member of Finance and Audit Committee
<p>Mr Tim Hale SC Elected Director</p>	<ul style="list-style-type: none"> » Appointed to the Board 1 February 2021 » Vice-Chair of the Board of the Company from 29 August 2022 » Senior Counsel for New South Wales since 1999 » Kings Counsel for Western Australia since 2000 » Member of Safety, Risk and Welfare Committee » Member of Property and Infrastructure Committee
<p>Mr Matthew McGrath Independent Director GAICD</p>	<ul style="list-style-type: none"> » Appointed to the Board 1 February 2015 » Chair of the Board of the Company from 11 September 2018 to 29 August 2022 » Director Australis Communications » Director Makachla Pty Ltd » Thoroughbred racehorse owner over past ten years » Chair of Property and Racing Infrastructure Committee » Member of Finance and Audit Committee
<p>Ms Julia Ritchie Elected Director MAICD</p>	<ul style="list-style-type: none"> » Appointed to the Board 1 February 2015 » Vice-Chair of the Board of the Company from 11 September 2018 to 29 August 2022 » 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 » Executive Director The Bill & Patricia Ritchie Foundation » Chair of Commercial Committee » Member of Property and Racing Infrastructure Committee » Chair of Remuneration and Nomination Committee

DIRECTORS' REPORT

For the year ended 31 July 2022

<p>Ms Angela Belle McSweeney Elected Director GAICD</p>	<ul style="list-style-type: none"> » Appointed to the Board 1 February 2017 » Director H Q Productions » Marketing Consultant to racing industry for over 25 years » 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 » Current owner and previous owner of over fifty thoroughbred racehorses over the last three decades » Vice President The Black & White Committee for Vision Australia since 2012 » Awarded Life Membership to City Tattersall's Club » Member of Commercial Committee » Chair of Safety and Risk Committee » Member of Australian Turf Club Foundation
<p>Mr Ben Bayot Elected Director</p>	<ul style="list-style-type: none"> » Appointed to the Board 12 May 2021 » Managing Director, Facilities First Australia » Managing Director, Serco Facilities Management » Chair of Finance and Audit Committee » Member of Remuneration and Nomination Committee
<p>Mr David McGrath Independent Director</p>	<ul style="list-style-type: none"> » Appointed to the Board 14 February 2022 » Member of Property and Infrastructure Committee » Member of Commercial Committee
<p>Ms Trish Egan Independent Director GAICD</p>	<ul style="list-style-type: none"> » 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 » Trustee, Racing NSW Equine Welfare Fund » Thoroughbred racehorse owner » Chair of Remuneration and Nomination Committee » Chair of Safety and Risk Committee » Chair of Australian Turf Club Foundation
<p>Mr Paul Barnett Independent Director GAICD</p>	<ul style="list-style-type: none"> » 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 » Chair of Finance and Audit Committee » Member of Property and Racing Infrastructure Committee

DIRECTORS' REPORT

For the year ended 31 July 2022

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
Peter McGauran	6	6	3	3	1	1	1	1				
Tim Hale SC	13	13			3	3	3	2			3	2
Matthew McGrath	13	13	4	4	3	3	3	3	3	3	3	3
Julia Ritchie	13	13					1	1	3	3	3	3
Angela Belle McSweeney	13	13			3	3			3	3		
Ben Bayot	13	13	4	4			3	3	3	2		
David McGrath	6	5							1	1	2	2
Trish Egan	7	7			1	1	2	2				
Paul Barnett	7	7	1	1							1	1

A - Number of meetings held during the time the Director held office during the year
B - Number of meetings attended



2022 ATC Directors

DIRECTORS' REPORT

For the year ended 31 July 2022



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 with a focus on horse welfare and safety.
- » Be a highly capable customer centric organisation delivering as one team.
- » Create memorable experiences and destinations that inspire customers, industry, staff and communities.
- » Grow and enhance brand and reputation.
- » Leverage balance sheet strength to position for long term sustainability and growth.
- » Continue to implement technology platform.



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.
- » Invest in membership, hospitality and event experiences for all patrons.
- » Invest in people, technology and smart systems to improve customer service, visitation and spend.
- » Protect the Club's interests in its four racecourses by conducting effective master planning and stakeholder engagement processes for each site.
- » Establish and maintain effective relationships with key stakeholders.

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

- » Conduct up to 110 metropolitan race meetings per annum in NSW, including 9 of the top 100 races in the world.
- » Provide training facilities for 1,750 horses stabled and in training at its three training venues.
- » Maintain its four racecourses and venues to deliver its racing, training and events programs.
- » Invest in and deliver COVID safe carnival product and experiences.
- » Host over 3000 diverse non-raceday meetings and events.
- » Deliver first phases of the CRM system and digital ticketing projects.
- » Progress the concept masterplan for Canterbury Park, Rosehill Gardens, Warwick Farm and Royal Randwick.
- » Continue to work effectively with Government, business, industry and community organisations.
- » Enhance community engagement and charitable programs.



6. PERFORMANCE MEASUREMENT

The loss of the Company for the year 1 August 2021 to 31 July 2022 was \$6,948,000.

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

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

DIRECTORS' REPORT

For the year ended 31 July 2022

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 \$12,614 (2021: \$11,984).

8. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead auditor's independence declaration is set out on page 33 and forms part of the Directors' report for the year 1 August 2021 to 31 July 2022.

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 Peter McGauran

Chairman

Dated at Sydney this 14th day of October 2022.



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 2022 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



Cameron Slapp
Partner

Sydney
14 October 2022

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 July 2022

<i>In thousands of AUD</i>	Note	2022	2021
Revenue			
Revenue from contracts with customers	6	276,686	265,553
Other income	7	1,369	23,063
Revenue and other income		278,055	288,616
Expenditure			
Prizemoney, trophies and subsidies		(150,518)	(142,206)
Equine Welfare Contribution		(1,539)	(1,469)
Commercial expenses		(48,198)	(46,521)
Administrative expenses		(18,426)	(18,885)
Tracks and training costs	8	(18,587)	(17,477)
Racing costs		(20,427)	(20,314)
Facilities maintenance expenses		(11,252)	(10,800)
Property costs		(296)	(162)
Depreciation and amortisation		(14,976)	(14,196)
Impairment reversal		125	-
Expenditure		(284,094)	(272,030)
Results from core operating activities		(6,039)	16,586
Repayment of RNSW interminable loan		-	(4,050)
QEII Grandstand Cladding Works	20	-	945
Results from total operating activities		(6,039)	13,481
Finance income - interest		17	12
Finance costs - interest		(1,004)	(1,006)
Net finance costs		(987)	(994)
Profit / (Loss) for the period		(7,026)	12,487
Other comprehensive income			
Defined benefit plan actuarial gains/(losses)	18	78	158
Other comprehensive income for the period		78	158
Total comprehensive income for the period		(6,948)	12,645

The notes on pages 38 to 62 are an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION

As at 31 July 2022

<i>In thousands of AUD</i>	Note	2022	2021
Assets			
Cash and cash equivalents	9	38,362	33,084
Restricted cash and cash equivalents	10	999	351
Trade and other receivables	11	20,280	20,232
Defined benefit asset	18	629	727
Inventories		1,481	1,008
Total current assets		61,751	55,402
Trade and other receivables	11	633	633
Assets held for sale	12	865	855
Property, plant and equipment	13	368,241	355,672
Intangible assets	14	1,523	1,398
Total non-current assets		371,262	358,558
Total assets		433,013	413,960
Liabilities			
Trade and other payables	15	14,717	14,870
Loans and borrowings	16	47,814	5,803
Employee benefits	17	9,391	8,236
Revenue in advance	19	13,633	11,046
Other provisions	20	7,540	8,227
Total current liabilities		93,095	48,182
Loans and borrowings	16	18,679	32,726
Revenue in advance	19	13,967	18,669
Employee benefits	17	788	651
Other provisions	20	4,573	4,873
Total non-current liabilities		38,007	56,919
Total liabilities		131,102	105,101
Net assets		301,911	308,859
Funds			
Reserve	21	136,060	136,060
Accumulated funds		165,851	172,799
Total funds		301,911	308,859

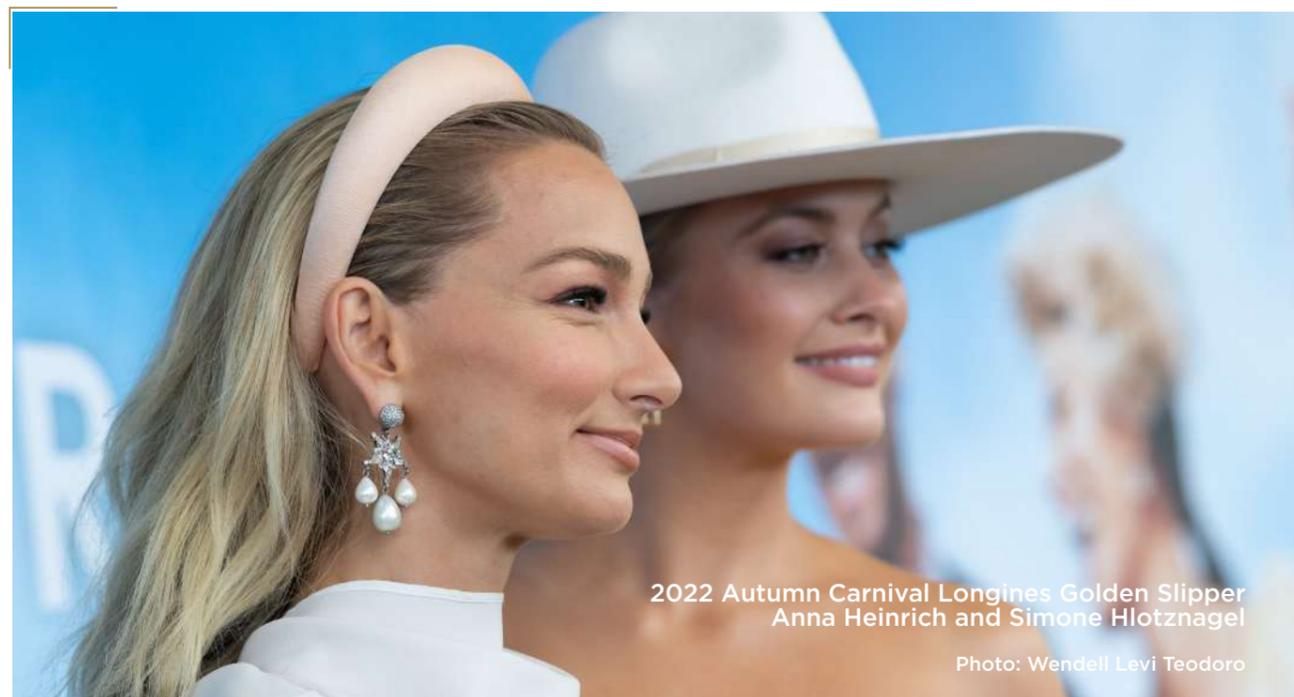
The notes on pages 38 to 62 are an integral part of these financial statements

STATEMENT OF CHANGES IN FUNDS

For the year ended 31 July 2022

<i>In thousands of AUD</i>	Reserves	Accumulated Funds	Total
Balance at 1 August 2020	136,060	160,154	296,214
Total comprehensive income for the period			
Profit/(Loss) for the 12-month period	-	12,487	12,487
<i>Other comprehensive income</i>			
Defined benefit plan actuarial gains	-	158	158
Total other comprehensive income/(loss)	-	158	158
Total comprehensive income/(loss) for the period	-	12,645	12,645
Balance at 31 July 2021	136,060	172,799	308,859
Balance at 1 August 2021	136,060	172,799	308,859
Total comprehensive income for the period			
Profit/(Loss) for the 12-month period	-	(7,026)	(7,026)
<i>Other comprehensive income</i>			
Defined benefit plan actuarial gains	-	78	78
Total other comprehensive income/(loss)	-	78	78
Total comprehensive income/(loss) for the period	-	(6,948)	(6,948)
Balance at 31 July 2022	136,060	165,851	301,911

The notes on pages 38 to 62 are an integral part of these financial statements



2022 Autumn Carnival Longines Golden Slipper
Anna Heinrich and Simone Hlotznagel

Photo: Wendell Levi Teodoro

STATEMENT OF CASH FLOWS

For the year ended 31 July 2022

<i>In thousands of AUD</i>	Note	2022	2021
Cash flows from operating activities			
Cash receipts from operations		287,858	275,704
Cash paid to suppliers and employees		(280,029)	(263,392)
Cash generated from operating activities		7,829	12,312
Interest received		17	12
Interest paid		(1,004)	(1,006)
Net cash from operating activities		6,842	11,318
Cash flows from investing activities			
Acquisition of property, plant and equipment		(28,895)	(32,138)
Proceeds from sale of property, plant and equipment		-	12,231
Contracted capital work obligations on sold property		(69)	(74)
Payment for asset remediation works		(919)	(280)
Net cash used in investing activities		(29,883)	(20,261)
Cash flows from financing activities			
Proceeds from government funding		1,350	12,899
Repayment of RNSW RCF Loan		(6,038)	-
Proceeds from RNSW RCF Loan		24,909	4,240
Repayment of RNSW Interminable Loan		-	(4,050)
Repayment of lease principal		(1,254)	(1,088)
Proceeds/(Repayment) of bank borrowings		10,000	(10,000)
Net cash from financing activities		28,967	2,001
Net increase/(decrease) in cash and cash equivalents		5,926	(6,942)
Cash and cash equivalents at beginning of period		33,435	40,377
Cash and cash equivalents at end of period		39,361	33,435
Included in the financial statements as:			
Cash and cash equivalents	9	38,362	33,084
Restricted Cash and cash equivalents	10	999	351
		39,361	33,435

The notes on pages 38 to 62 are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

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 2022. 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

These financial statements are general purpose financial statements for distribution to the members and for the purpose of fulfilling the requirements of the Corporations Act 2001. They have been prepared in accordance with *Australian Accounting Standards – Simplified Disclosures* made by the Australian Accounting Standards Board and the *Corporations Act 2001*.

These financial statements are the first general purpose financial statements prepared in accordance with *Australian Accounting Standards – Simplified Disclosures*. In the prior year the financial statements were general purpose financial statements prepared in accordance with *Australian Accounting Standards – Reduced Disclosure Requirements*. There was no impact on the recognition and measurement of amounts recognised in the statements of financial position, profit and loss and other comprehensive income and cash flows of the Company as a result of the change in the basis of preparation.

The financial statements were authorised for issue by the Board of Directors on 14 October 2022.

(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.

At 31 July 2022 current liabilities exceed current assets by \$31,344,000. This is a consequences of bank borrowings of \$40,000,000 maturing on the 22 November 2022. Subsequent to year end the Company executed an agreement with its Financiers for a 1 year finance facility totalling \$15,000,000 and a 2 year finance facility totalling \$25,000,000.

(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 13 – Property, plant and equipment and note 18 – Defined benefit asset.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Instruments

(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

For the year ended 31 July 2022

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

For the year ended 31 July 2022

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 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. The Company has provided for these costs, refer to note 20.

During the year the Company incurred capital works associated with the remediation of the QEII Grandstand Cladding at Royal Randwick to bring the cladding up to a standard required by Building Codes Australia. The Company provided for these costs in FY19, refer to note 20. The Company reviewed the costs previously provided which resulted in a reduced provision, resulting in a credit to the Statement of comprehensive income in 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

For the year ended 31 July 2022

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. 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

For the year ended 31 July 2022

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 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.

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 profit or loss and other comprehensive income.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

The recoverable amount of all CGU's has been reviewed and impairment testing has been performed at 31 July 2022 where indicators of impairment exist. This has resulted in the recognition of an impairment reversal of \$125,000 during the period (2021: No impairment required) in the statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

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 2022 reporting date was 3.42% (2021: 1.25%).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Employee benefits (continued)

(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.

(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

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 2022.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Revenue (continued)

(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.

(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

AASB 1058 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. AASB 1058 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Revenue (continued)

(viii) Government Grants (continued)

Not-for-profit entities need to determine whether a transaction is/contains a donation (accounted for under AASB 1058) or a contract with a customer (accounted for under AASB 15).

AASB 1058 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.

(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

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.

(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.



2022 Autumn Carnival Chandon Ladies Day
Lizzie Jelfs and Emma Freeman

Photo: Wendell Teodoro

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Leases (continued)

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 remeasured 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

For the year ended 31 July 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Leases (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'.

(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

For the year ended 31 July 2022

4 NEW STANDARDS AND INTERPRETATIONS

The Company has initially adopted the following standard and amendments from 1 August 2021:

- » AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities;
- » AASB 2020-2 Amendments to Australian Accounting standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities.

The above standard and amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

A number of new standards effective from 1 August 2021 have been adopted. These have not had a material effect on the entity's financial statements.

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.



2022 Longines Queen Elizabeth Stakes Day
Royal Randwick

Photographer: Nerida McMurray

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

<i>In thousands of AUD</i>	2022	2021
TAB distribution	86,230	93,720
Commercial	53,053	48,179
Broadcast rights	29,237	27,040
Racing NSW prizemoney subsidy	85,597	75,522
Racing	10,575	8,557
Training	10,849	10,676
Property	945	1,093
Other revenue	200	766
	276,686	265,553

7. OTHER INCOME

<i>In thousands of AUD</i>	2022	2021
RNSW track upgrade contributions	-	750
Profit on sale of property, plant and equipment	-	10,954
Government assistance	1,350	11,042
Insurance recoveries	19	317
	1,369	23,063

8. EXPENDITURE

Expenditure includes the following items:

<i>In thousands of AUD</i>	2022	2021
Personnel expenses		
Wages and salaries	41,721	41,915
Contributions to defined contribution plans	3,837	3,491
Change in liability for annual leave and long service leave	475	206
Expenses related to defined benefit plans	150	166
Other employment expenses	4,423	3,971
	50,606	49,749
Tracks & training		
Core operations	17,388	15,394
Legacy stables	1,199	2,083
	18,587	17,477

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

9. CASH AND CASH EQUIVALENTS

<i>In thousands of AUD</i>	2022	2021
Cash on hand	135	295
Cash at bank	38,227	32,789
Cash and cash equivalents in the statement of cash	38,362	33,084

10. RESTRICTED CASH AND CASH EQUIVALENTS

<i>In thousands of AUD</i>	2022	2021
Cash at bank - Randwick Capital Fund	999	351
Restricted cash and cash equivalents in the statement of cash flows	999	351

* 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 \$999,000 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.

11. TRADE AND OTHER RECEIVABLES

<i>In thousands of AUD</i>	2022	2021
Current		
Trade receivables	5,737	6,529
Allowance for impairment on trade receivables	(542)	(713)
	5,195	5,816
Other receivables	12,230	10,911
	12,230	10,911
Prepayments	2,855	3,505
	20,280	20,232
Non-current		
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>	2022	2021
At 1 August	(713)	(284)
Reversal of impairment recognised	291	47
Impairment loss recognised	(120)	(476)
Balance at 31 July	(542)	(713)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

12. ASSETS HELD FOR SALE

<i>In thousands of AUD</i>	2022	2021
Assets and assets of disposal groups classified as held for sale		
Land	865	855
	865	855

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 has been classified as held for sale and as non-current due to the contractual requirement for the Company to sell the asset on successful completion of the matters above.



2022 Warwick Farm Australia Day
KAAPFEVER

Photo: Hellene Algie

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

13. PROPERTY, PLANT AND EQUIPMENT

<i>In thousands of AUD</i>	Land and buildings	Plant and equipment	Construction work in progress	Right of use assets	Total
Cost					
Balance at 1 August 2021	397,175	50,104	48,439	7,815	503,533
Additions	-	-	27,565	-	27,565
Disposals	(12)	(1,028)	-	-	(1,040)
Construction work in progress transfers	46,146	7,931	(54,710)	633	-
Balance at 31 July 2022	443,309	57,007	21,294	8,448	530,058
Balance at 1 August 2020	392,376	48,719	22,508	5,703	469,306
Additions	-	-	35,364	-	35,364
Disposals	(546)	(528)	-	-	(1,074)
Construction work in progress transfers	5,345	1,913	(9,370)	2,112	-
Reclassification to Intangibles	-	-	(63)	-	(63)
Balance at 31 July 2021	397,175	50,104	48,439	7,815	503,533
Depreciation and impairment					
Balance at 1 August 2021	90,973	35,696	16,990	4,202	147,861
Depreciation for the period	9,592	4,306	-	1,078	14,976
Disposals	(12)	(1,008)	-	-	(1,020)
Balance at 31 July 2022	100,553	38,994	16,990	5,280	161,817
Balance at 1 August 2020	82,265	31,783	16,990	3,044	134,082
Depreciation for the period	8,710	4,328	-	1,158	14,196
Disposals	(2)	(415)	-	-	(417)
Balance at 31 July 2021	90,973	35,696	16,990	4,202	147,861
Carrying amounts					
At 1 August 2021	306,202	14,408	31,449	3,613	355,672
At 31 July 2022	342,756	18,013	4,304	3,168	368,241
At 1 August 2020	310,111	16,936	5,518	2,659	335,224
At 31 July 2021	306,202	14,408	31,449	3,613	355,672

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

13. 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 2022:

- 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 2022 all property which is not specifically defined as core-property is non-core property

14. INTANGIBLE ASSETS

<i>In thousands of AUD</i>	2022	2021
Poker machine entitlements at cost net of impairments		
At 1 August	1,145	1,145
Impairment reversal	125	-
Balance at 31 July	1,270	1,145
Trademarks at cost		
At 1 August	253	190
Reclassification from Property, Plant & Equipment	-	63
Balance at 31 July	253	253
	1,523	1,398

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 2021 and June 2022. Accordingly, at 31 July 2022, the carrying amount required an impairment reversal of \$125,000 (2021: No impairment required).

15. TRADE AND OTHER PAYABLES

<i>In thousands of AUD</i>	2022	2021
Current		
Trade payables	2,913	2,234
Other payables and accruals	11,804	12,636
	14,717	14,870

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

16. LOANS AND BORROWINGS

<i>In thousands of AUD</i>	2022	2021
Current		
RNSW Loan	6,213	4,266
Bank Borrowings	40,000	-
Lease liabilities	1,601	1,537
	47,814	5,803
Non-current		
RNSW Loan	16,924	-
Bank Borrowings	-	30,000
Lease liabilities	1,755	2,726
	18,679	32,726

Financing facilities

The Company entered into a financing facility with Westpac Corporation in 2017 which matures on 22 November 2022. 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, with \$8,000,000 of that maturing in December 2020, resulting in a total facility of \$52,000,000 which has been secured by the assets of the Company. As at 31 July 2022, \$40,000,000 of the facility has been drawn down and has been classified as a current liability.

At 31 July 2022 current liabilities exceed current assets by \$31,344,000. This is a consequence of bank borrowings of \$40,000,000 maturing on the 22 November 2022. Subsequent to year end the executed and agreement with its Financiers for a 1 year finance facility totalling \$15,000,000 and a 2 year finance facility totalling \$25,000,000.

The Company entered into a lease financing facility on 28 September 2015 with Commonwealth Bank of Australia. The Company secured an additional \$2,500,000 in 2022, which provides total lease finance facilities of \$7,500,000 which is open-ended and cancellable by one month's written notice by either the Company or Commonwealth Bank of Australia. At 31 July 2022, \$2,899,000 of the lease financing facility has been utilised. The difference between the lease financing facility and the total lease liability relates to non-finance leases.

In 2020 the Company entered into an agreement with RNSW whereby RNSW would provide cash funding via an interest-free loan to enable the Company to build the Winx Stand at Royal Randwick, to be repaid out of future receipts of PGI income until the funds are paid in full. As at 31 July 2022, RNSW had provided \$23,137,000 of funds to the Company as funding for the Winx stand.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

17. EMPLOYEE BENEFITS

<i>In thousands of AUD</i>	2022	2021
Current		
Liability for annual leave	3,050	2,966
Liability for long service leave	3,556	3,302
Other employee benefits	2,785	1,968
	9,391	8,236
Non-current		
Liability for long service leave	788	651
	788	651

18. DEFINED BENEFIT ASSET/LIABILITY

<i>In thousands of AUD</i>	2022	2021
Total fair value of plan assets	5,644	6,564
Total present value of defined benefit obligations	(4,714)	(5,461)
Unrecognised asset due to Asset Ceiling	(301)	(376)
Total surplus / (deficits) in the plans recognised in the statement of financial position	629	727

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:

In percentage	2022	2021
Equity securities	57%	62%
Fixed interest securities	13%	11%
Property	6%	13%
Other	24%	14%
	100%	100%



Winning Post Restaurant, Longines Golden Slipper Day, Rosehill Gardens

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

18. DEFINED BENEFIT ASSET/LIABILITY (continued)

Movement in the present value of the defined benefit obligations

<i>In thousands of AUD</i>	2022	2021
Defined benefit obligations at 1 August	5,461	4,823
Benefits paid by the plan	(765)	(61)
Current service costs and interest	296	295
Actuarial (gains) / losses in other comprehensive income	(278)	404
Defined benefit obligations at 31 July	4,714	5,461

Movement in fair value of plan assets

<i>In thousands of AUD</i>	2022	2021
Fair value of plan assets at 1 August	6,564	5,585
Contributions paid into the plan	32	20
Benefits paid by the plan	(765)	(61)
Expected return on plan assets	94	78
Actuarial gains / (losses) in other comprehensive income	(281)	942
Fair value of plan assets at 31 July	5,644	6,564

Actual gain/(loss) on plan assets	(187)	1,020
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Movement in the asset ceiling of the plan

<i>In thousands of AUD</i>	2022	2021
Asset ceiling at 1 August	376	-
Interest income	6	-
Remeasurements	(81)	376
Asset ceiling at 31 July	301	376

Actuarial (gains) and losses recognised in other comprehensive income

<i>In thousands of AUD</i>	2022	2021
Cumulative amount at 1 August	(596)	(438)
Defined benefit plan actuarial (gains)/losses	(78)	(158)
Cumulative amount	(674)	(596)

Actuarial assumptions

	2022	2021
Discount rate at 31 July	4.3%	1.6%
Future salary increases	3.0%	3.0%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

19. REVENUE IN ADVANCE

<i>In thousands of AUD</i>	2022	2021
Current		
Revenue in advance	13,633	11,046
	13,633	11,046
Non-current		
Revenue in advance	13,967	18,669
	13,967	18,669

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.

20. OTHER PROVISIONS

<i>In thousands of AUD</i>	2022	2021
Current		
QEII Grandstand Cladding Provision	6,305	7,223
Governor Macquarie Drive Provision	1,235	1,004
	7,540	8,227
Non-current		
QEII Grandstand Cladding Provision	2,997	2,997
Governor Macquarie Drive Provision	1,576	1,876
	4,573	4,873

Movement in provision

Current		
Opening balance	8,227	9,090
Measurement of provision	300	(500)
Provision utilised	(987)	(363)
Closing balance	7,540	8,227

Non-current		
Opening balance	4,873	5,318
Measurement of provision	(300)	(445)
Closing balance	4,573	4,873

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 was recognised as a result of reviewing and upgrading the cladding in the QEII Grandstand at Randwick. This provision was revised in the current year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

21. 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 \$12,614 (2021: \$11,984).

Reserve

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

22. LEASES

See accounting policy in Note 3(I)

(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.

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.

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

<i>In thousands of AUD</i>	2022	2021
(i) Amounts recognised in profit or loss		
Leases under AASB16		
Interest on lease liabilities	158	149
Depreciation on right of use assets	1,078	1,158
<i>In thousands of AUD</i>	2022	2021
(ii) Amounts recognised in statement of cash flows		
Amounts recognised in statement of cashflow		
Total cash outflows for leases	1,787	1,564
(iii) Future lease payments		

The total of future lease payments (including those lease payments that are not included in the measurement of the lease liability, e.g. for short-term leases and leases of low-value items) are disclosed for reach of the following periods.

<i>In thousands of AUD</i>	2022	2021
Less than one year	1,689	1,640
One to five years	1,829	2,905
More than five years	-	-
	3,518	4,545

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

23. CAPITAL COMMITMENTS

During the year ended 31 July 2022 the Company entered into contracts to purchase property, plant and equipment for a total of \$4,237,000 (2021: \$30,351,000) which consists of the following:

<i>In thousands of AUD</i>	2022	2021
Randwick Capital Fund	999	351
WINX Stand	-	27,930
Other	3,238	2,070
	4,237	30,351

24. REMUNERATION OF AUDITORS

	2022	2021
Auditors of the Australian Turf Club - KPMG		
Audit of the financial report	140,760	134,033
Non-audit services	169,538	57,854
	310,298	191,887

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 Peter McGauran (commenced 14 February 2022) (Chairman)
- » Mr Tim Hale (Queens Counsel) (Vice-Chair)
- » Mr Matthew McGrath
- » Ms Julia Ritchie
- » Ms Angela Belle McSweeney
- » Mr Ben Bayot
- » Mr David McGrath (commenced 14 February 2022)
- » Mrs Trish Egan (separated 31 January 2022)
- » Mr Paul Barnett (Honorary Treasurer) (separated 31 January 2022)

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 Jane Coles - Executive General Manager Membership and Customer Service
- » Mrs Melissa Richards - Executive General Manager People and Culture
- » Mr James Ross - Executive General Manager Racing Services
- » Ms Melinda Madigan - Executive General Manager Commercial (commenced 27 September 2021)
- » Mr Graham Brown - Executive General Manager Property & Infrastructure (commenced 23 March 2022)
- » Mr Piers Thompson - Executive General Manager Infrastructure and Strategic Projects (separated 31 March 2022)

Key management personnel compensation

During the year ended 31 July 2022, the total key management personnel compensation recognised in profit or loss was \$4,107,486 (2021: \$3,804,242). Total compensation includes paid salary, annual leave, short term incentives, long service leave and superannuation. A total of 8 executives were employed by the Company during the current year (2021: 7 executives were employed by the Company).

NOTES TO THE FINANCIAL STATEMENTS

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 2022 in respect of these loans which has not been provided for in the Financial Statements amounts to \$101,407,000 (2021: \$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.

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 34 to 62, 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 2022 and of its performance for the year ended on that date; and
 - (ii) complying with *Australian Accounting Standards - Simplified 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 Peter McGauran

Chairman

Dated at Sydney this 14th day of October 2022.





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

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 2022 and of its financial performance for the year ended on that date; and
- » complying with *Australian Accounting Standards - Simplified Disclosures Framework* and the *Corporations Regulations 2001*.

The Financial Report comprises:

- » Statement of financial position as at 31 July 2022;
- » 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 these requirements.

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's 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.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objective is:

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

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

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

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.

KPMG

Cameron Slapp
Partner

Sydney
14 October 2022



WHERE
STORIES
ARE MADE

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LONGINES LONGINES LONGINES LONGINES LONGINES LONGINES

TAB ROYAL RANDWICK TAB



AUSTRALIAN TURF CLUB

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