
From:
Sent: Monday, 28 October 2024 9:36 AM
To: Rosehill Racecourse
Subject: CM: RE: Select Committee on the Proposal to Develop Rosehill Racecourse - Post-hearing responses - 21 October 2024
Attachments: QE2 Cladding Prov.pdf

Dear Verity

Thank you for sending me the "Supplementary Questions".

Please find my Answers.

(1) The "Cladding" question

- You will note on Page 3 of this documentation that there was a \$12,000,000 Provision taken up in FY19.

I have attached three pages from the official Australian Turf Club Annual Reports signed off by KPMG each year.

Its important to note that as described whilst at the Inquiry, over 2019 to 2021 we stripped 20-20 feet of Cladding from the ground up of the QE2 Stand to ensure the safety of patrons and protect the building. That came at a cost met by the ATC at that time whilst I was Chairman however the part return payment as shown below from the Provision, came back to the ATC the year after I had departed my role..

Page One Statement of Profit or Loss and Other Comprehensive Income 31/7/2023 [known as Annual Report FY23]

- I had ceased as Chairman on the 22/8/22, so effectively a year earlier.

You will note at the top of the Page under "Revenue" there is a line called "Other Income" which is to the Value of \$10,191,000. It has the number '7' as shown as a Note to which you then need to go to Page 2 of the attachment to understand what the Note means. This payment has a positive affect on the final result.

Page Two Notes to the Financial Statements

You will see on the right hand side of the page under "7. Other Income" that the above \$10,191,000 from Page One is then explained.

- RNSW Cladding Contribution \$5,191,000 was how the Provision [money] was going to be returned to the ATC when we discussed this with State Govt in 2018/19 when the Fire Order was imposed on Randwick QE2 Stand as discussed in my time at the Inquiry.
- The \$5,191,000 payment is only a part of the full \$12,000,000 Provision taken up in FY19 leaving a remaining \$6,809,000 in the Provision still to be returned.
- You will also note that RNSW have applied a \$5,000,000 payment to the ATC in this '7. Other Income' section called 'Funding Income' which is not related to the Cladding. This would be a payment due to other terms.
- As you will note the '7. Other Income' Provision repayments of \$10,191,000 created a final result of FY23 Profit of \$364,000 shown at the base of Page One

Page Three Statement of Profit or Loss and Other Comprehensive Income 31/7/2019 [known as Annual Report FY19]

- Half way down the page you will see "QE2 Grandstand Cladding Works" to the value of (\$12,000,000) which is an expense taken up in the Annual Report FY19.

- As you will note the line above which is the FY19 EBITDA result was a positive \$3,976,000. However when you apply the negative Provision taken up of \$12,000,000 the final result is a Loss of \$9,297,000.

Summary

The final funding source as asked in the Supplementary Question came from Racing NSW which was the \$5,191,000 RNSW Cladding Contribution found on Page 2 of the attached. As above there is another \$6,809,000 outstanding against the FY19 \$12,000,000 Cladding Provision taken, so one would assume those monies will land in future ATC results and as with FY23 have a positive affect as an Income to the final result.

(2) The “Racing for Regions” question

The Australian Turf Club received \$0 under this programme whilst I was Chairman from 2018-2022.

I hope these answers meet the requirements for your questions.

Best wishes

Matthew McGrath

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 July 2023

In thousands of AUD	Note	2023	2022
Revenue			
Revenue from contracts with customers	6	340,893	276,686
Other income	7	10,191	1,369
Revenue and other income		351,084	278,055
Expenditure			
Prizemoney, trophies and subsidies		(85,391)	(150,518)
Equine welfare contribution		(2,853)	(1,539)
Commercial expenses		(70,164)	(48,198)
Administrative expenses		(20,082)	(18,426)
Tracks and training costs	8	(19,175)	(18,587)
Racing costs		(24,011)	(20,427)
Facilities maintenance expenses		(10,708)	(11,252)
Property costs		(401)	(296)
Depreciation and amortisation		(15,666)	(14,976)
Impairment reversal	14	375	125
Expenditure		(348,075)	(284,094)
Results from core operating activities		3,008	(6,039)
Governor Macquarie Drive works		(492)	-
Results from total operating activities		2,516	(6,039)
Finance income - interest		368	17
Finance costs - interest		(2,637)	(1,004)
Net finance costs		(2,269)	(987)
Profit/(Loss) for the period		247	(7,026)
Other comprehensive income			
Defined benefit plan actuarial gains/(losses)	18	117	78
Other comprehensive income for the period		117	78
Total comprehensive income for the period		364	(6,948)

The notes on pages 35 to 61 are an integral part of these financial statements

- 10M
ex Provision.

STATEMENT OF FINANCIAL POSITION

As at 31 July 2023

In thousands of AUD	Note	2023	2022
Assets			
Cash and cash equivalents	9	30,998	38,362
Restricted cash and cash equivalents	10	857	999
Trade and other receivables	11	18,790	20,280
Defined benefit asset	18	600	629
Inventories		1,337	1,481
Total current assets		52,582	61,751
Trade and other receivables	11	633	633
Assets held for sale	12	874	865
Property, plant and equipment	13	360,570	368,241
Intangible assets	14	1,898	1,523
Total non-current assets		363,975	371,262
Total assets		416,557	433,013
Liabilities			
Trade and other payables	15	17,572	14,717
Loans and borrowings	16	12,939	47,814
Employee benefits	17	10,197	9,391
Revenue in advance	19	19,242	13,633
Other provisions	20	6,497	7,540
Total current liabilities		66,447	93,095
Loans and borrowings	16	37,148	18,679
Revenue in advance	19	9,192	13,967
Employee benefits	17	794	788
Other provisions	20	701	4,573
Total non-current liabilities		47,835	38,007
Total liabilities		114,282	131,102
Net assets		302,275	301,911
Funds			
Reserve	21	136,060	136,060
Accumulated funds		166,215	165,851
Total funds		302,275	301,911

The notes on pages 36 to 61 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2023

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

In thousands of AUD	2023	2022
TAB distribution	85,140	86,230
Commercial	82,480	53,053
Broadcast rights	31,405	29,237
Racing NSW prizemoney subsidy	119,445	85,597
Racing	9,671	10,575
Training	11,575	10,849
Property	912	945
Other revenue	265	200
	340,893	276,686

7. OTHER INCOME

In thousands of AUD	2023	2022
Government assistance	-	1,350
Insurance recoveries	-	19
RNSW Cladding Contribution	5,191	-
RNSW Funding Income	5,000	-
	10,191	1,369

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2023

8. EXPENDITURE

Expenditure includes the following items:

In thousands of AUD	2023	2022
Personnel expenses		
Wages and salaries	52,388	41,721
Contributions to defined contribution plans	4,793	3,837
Change in liability for annual leave and long service leave	(296)	475
Expenses related to defined benefit plans	127	150
Other employment expenses	5,966	4,423
	62,978	50,606

Tracks and training

Core operations	19,175	17,388
Legacy stables	-	1,199
	19,175	18,587

9. CASH AND CASH EQUIVALENTS

In thousands of AUD	2023	2022
Cash on hand	835	135
Cash at bank	30,163	38,227
Cash and cash equivalents in the statement of cash	30,998	38,362

10. RESTRICTED CASH AND CASH EQUIVALENTS

In thousands of AUD	2023	2022
Cash at bank - Randwick Capital Fund	857	999
Restricted cash and cash equivalents in the statement of cash flows	857	999

* 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 \$857,000 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.



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 July 2019

In thousands of AUD

	Note	2019	2018
Revenue			
Revenue from operations			
Other income	6	267,085	249,896
Revenue and other income	7	<u>1,507</u>	<u>8,301</u>
		268,592	258,197
Expenditure			
Prizemoney, trophies and subsidies			
Commercial expenses		(131,647)	(115,991)
Administrative expenses		(59,604)	(61,629)
Tracks and training costs		(15,129)	(14,461)
Racing costs	8	(13,940)	(14,827)
Facilities maintenance expenses		(20,852)	(20,592)
Property costs		(9,995)	(10,313)
Depreciation and amortisation		(122)	(45)
Impairments		(13,077)	(12,903)
Expenditure		<u>(250)</u>	<u>-</u>
		(264,616)	(250,761)
Results from core operating activities		<u>3,976</u>	<u>7,436</u>
Governor Macquarie Drive works			
QEII Grandstand cladding works	3(d)(i)	-	(9,479)
Loss from total operating activities	21	<u>(12,000)</u>	<u>-</u>
		(8,024)	(2,043)
Finance income - interest		395	714
Finance costs - interest		(1,490)	(1,736)
Net finance costs		<u>(1,095)</u>	<u>(1,022)</u>
Share of profit/(loss) of equity-accounted investees			
Loss for the period	12	<u>10</u>	<u>47</u>
		(9,109)	(3,018)
Other comprehensive income			
Defined benefit plan actuarial (losses) / gains			
Other comprehensive income/(loss) for the period	19	<u>(188)</u>	<u>(107)</u>
		(188)	(107)
Total comprehensive income/(loss) for the period		<u>(9,297)</u>	<u>(3,125)</u>

The notes on pages 22 to 48 are an integral part of these financial statements.