



South Australian  
Jockey Club

# ANNUAL REPORT

Season 2006/07



## SAJC BOARD MEMBERS



***John Naffine***  
*Chairman*



***Travis McLeay***  
*Vice Chairman*



***Sharon Forrester-Jones***  
*Deputy Vice Chairman*



***Peter Lewis***  
*Retired 22nd May 2007*



***Bill Crabb***



***Wayne Francis***



***David Rasheed***



***Alistair McFarlane***



***Bill Spear***

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***Her Excellency  
Marjorie Jackson - Nelson AC, CVO, MBE  
Governor of South Australia, SAJC Patron***



***Robert Gerard AO  
SAJC Patron***



John Naffine Chairman



Dear Members

I am pleased to present to you, on behalf of the Board, the Annual Report and Statement of Accounts for our Club for 2006/2007.

This year has certainly been a defining and indeed a trying one for the Club and the Board with many projects brought forward from last year still not finalised and a number of unforeseen one-off issues that have affected our profitability with the result that our year ended with a net operating loss of \$312K.

The details behind this are fully covered in the Chief Executive Officer's report and the financial report, and it is suffice for me to identify the key factors. These were: the continuing downturn in our on-course raceday tote revenue; a substantially increased excess water cost; the continuing downturn in betting in our Anzac Highway Junction wagering auditorium; and a significant blow-out in our prize money support for the Magic Millions Race Day and the Allan Scott races each week.

However, we also achieved some very positive results in our functions and catering areas with a net contribution just over \$1M and our net gaming venue contribution at both venues was nearly \$2.2M.

Without this non-racing surplus it is clear that our Club would be seriously unprofitable and unable to support the continuous improvement of its facilities for members, trainers and owners.

Last year the Club spent \$2.4M on capital improvements and this year a further \$1.5M, which included the renovation of the mounting yard to give increased room and safety to the owners and trainers, plus more room in front of the Diva Lounge. We also have just completed a new kitchen to service the Tapestry Pavilion

and will soon complete the wind break and air locks in front of the first floor doorways to the viewing stand area.

The Adelaide Cup was the highlight of the year in which we benefited from the move to March with admissions increasing by 10.3% compared to last year. The only negative to this great day of racing was that our tote betting revenue was down 5.7%, as compared with an increase in bookmaker revenue of 22.7%.

Our Super Sunday, while providing outstanding quality fields and the best racing of the year suffered from inclement weather and the attendance was disappointing. However, we still believe that this day will continue to grow and be a very important part of our racing year in the future.

This year the Cheltenham sale progressed positively, albeit slowly due to the many regulatory complexities, to the point where we were able in July to go to the marketplace for formal Expressions of Interest to be submitted by developers.

Expressions of Interest are due to be received in August and the evaluation process will be conducted under the strict scrutiny of an independent probity officer in association with our appointed property adviser Realty Solutions Australia and legal adviser Minter Ellison, together with a sub-committee from the South Australian Jockey Club.

The final recommendation of the Board in regard to identifying the successful bidder, after a comprehensive evaluation process, will then be tabled for approval on behalf of the membership by Robert Gerard AO, Robert Hill-Smith, Wolf Blass AM and Harry Perks. The Board will only execute the sale process upon these gentlemen, as representatives of the Club's membership, agreeing to the offer and conditions of sale.

Should the sale proceed the SAJC will then be in a position to finalise negotiations with the Government for the new building and track development at Victoria Park. Members are reminded that should the master development plan for Victoria Park fail the SAJC will revert to its second option, as outlined to members, to totally renovate the existing members stand

into a new three storey facility for members and the public. The building cost to the SAJC of \$10M for both options is similar but of course we do not have the significant benefits of the larger more exciting new \$30m+ building and infrastructure that the Government would provide. Under this option the SAJC will not be compelled to redesign and build a new track as would be the case under option one.

Most members would be aware of the Bentley Report which came out in April this year. In essence this recommends a rationalisation of the Industry, particularly at the provincial level, with a revised TRSA Principal Body and Board with a charter to manage the operations and assets of the SAJC and provincial with estimated savings to the Industry of in excess of \$1M, which will flow through to prize money.

Most importantly and perhaps the most significant issue is that the government, as an incentive to the Industry to adopt the report's initiatives and associated savings as an outcome, will eliminate off course betting turnover tax. In essence this represents an increase of TAB distribution over time to thoroughbreds of approximately \$5M per annum, most of which will go into prize money.

As a result of all the above initiatives, owners can reasonably expect at least an average \$10,000 increase in all open races on a Saturday and at least \$5,000 on restricted races. These increases are essential to maintain the health of our Industry and certainly justify the efforts of many people and especially the South Australian Jockey Club to ensure these become a reality.

Without prize money growth we will also risk losing Black Type racing status as the quality of horse competing reduces. We have already had our Adelaide Cup down-graded and we now have at risk the SA Derby, the Australasian Oaks and the Yallambee Classic, together with a number of listed races. For so many reasons the importance of achieving prize money growth cannot be over emphasised.

Your Board continues to look at infrastructure capital development which can either beneficially reduce costs or gain in new revenue growth. One such development approved and which will hopefully be in place in time for the

Adelaide Cup in March is a new permanent pavilion along the Derby straight, which has been demolished.

This 45 metre wide structure will be similar to but bigger than the successful Tapestry Pavilion and hold over 600 people upstairs and a similar number downstairs. This building will save the need for temporary marquees to be erected for the Adelaide Cup, Melbourne Cup and Magic Millions, consequently alleviating the need for excessive hire costs. However, the real income benefit will be the ability to host the growing demand for functions of more than 500 people which we cannot accommodate in the Tapestry Pavilion or for that matter in the main grandstand.

We also plan an extension to the Trackside Dining area to capitalise on the growing demand and reduce the push rearward into the member's area to accommodate this demand.

Another new initiative of the Board this year was to sponsor in the Hall of Fame Awards for the first time a Metropolitan Owners Award. We noted that every other sector of the Industry had a relevant award except for the owner who keeps paying up but never recognised. This will now be a permanent part of the Awards in future. The winner of this inaugural Award based on voting criteria was the well known Breeder and Owner, John Haigh who just pipped Ken and Helen Smith.

One other development of note this year was the expiration of the term of office of the Governor of South Australia, our co-patron, Her Excellency Marjorie Jackson-Nelson AC MBE CVO. However, the good news is that her replacement, His Excellency Rear Admiral Kevin Scarce AO CSC RANR, has accepted our request to become our co-patron during his term as Governor. His first official attendance will be the Adelaide Cup but he has expressed an interest in racing and hopefully like an earlier Governor, Sir Eric Neale, will attend more often.

And to our other co-patron, Mr Robert Gerard AO, I certainly wish to acknowledge and thank Robert for his continuing interest and support. In particular, his financial assistance to grow the Gerard Corporation Stakes to \$160,000 this year and \$170,000 next year, is extremely valuable, as it gives the Club the opportunity

to grow this Group 3, 1600 metre race into Group 2 in the future.

At this point I must again pay tribute to our major sponsor Mr Allan Scott AO OAM. The SAJC and indeed the racing industry at large are indebted to Mr Scott and the Scott Group of Companies for his very valued sponsorship pertaining to the naming of Allan Scott Park Morphettville. Mr Scott's generosity has far reaching benefits, not only the viability of the SAJC but also to the many owners who have been fortunate to be the recipients of increased prize money as a consequence of this sponsorship to the tune of \$250,000 over the course of this year. To you Mr Scott, your family and management of the Scott Group of Companies, on behalf of all of us at the SAJC and the greater racing industry, a sincere thank you.

All our sponsors are extremely important to us and are critical to our financial viability. Our thanks and appreciation also is extended to each sponsor as featured on the back cover of this report. I would encourage all our members to reciprocate and support our sponsors products at all times.

In the Board's involvement with the Cheltenham sale, the Victoria Park Redevelopment, the Bentley Report and Industry rationalisation, etc, we have had continual dialogue with the various related government departments and their Ministers. I wish to particularly acknowledge the support and cooperation of Hon Michael Wright MP, Hon Kevin Foley MP, Hon Pat Conlon MP and the Hon Paul Holloway MLC, as we have worked through these projects.

In May our Vice Chairman, Bill Crabb decided for personal reasons to step down from his position as Vice Chairman but remains on the Board. As a result our Deputy Vice Chairman, Travis McLeay became the Vice Chairman and Sharon Forrester-Jones moved into the Deputy Vice Chairperson position. Both have earned these promotions with excellent service to the Club and are to be congratulated. At the same time Peter Lewis elected to stand down from the Board after nearly 13 years of outstanding service and was particularly instrumental in the redirection of the Club with a focus on lateral income growth from which we are the

beneficiary today. As a result it will be fitting that Peter is elected to life membership by Members at our Annual General Meeting. I wish to also acknowledge the most valuable contribution of all the Board members in this especially active year and in particular a special thank you to Wayne Francis who led negotiations with new sponsor Lion Nathan with increased benefits to our Club and to David Rasheed as our Chairman of Finance whose unselfish and untiring input in all areas, and in particular the Cheltenham tender negotiations, were invaluable and of enormous benefit to the Club.

Similarly, I wish to thank Travis McLeay, Sharon Forrester-Jones, and Bill Crabb as Chairpersons of our respective Infrastructure, Marketing and Track sub-committees for further contribution within their portfolios and to myself in this demanding year.

But no one has put in more significantly than our Executive staff led by our Chief Executive Officer, Steve Ploubidis, a truly 7/24 man with incredible energy and direction for the Club moving into the future. He has however been significantly supported by Brenton Wilkinson, Alan Lee, Helen Lawton-French, Rob Popplestone, Michael Bevis, Tony Frangie and John Tonani in their respective roles. On behalf of my Board I sincerely thank them.

The coming year will continue our new generational change to the future with a new TRSA, two tracks and Cheltenham nearing closure. These changes while challenging and sad for many of us will be the catalyst for a more exciting and rewarding future both for the SAJC and the racing Industry in South Australia.

I sincerely thank Members for the support given to me and the Board over the last 12 months and I look forward to moving forward with you into the future.



**John Naffine**  
**Chairman**

Steve Ploubidis  
Chief Executive Officer

The rewards of transforming our Club into a multi facet business, which is not solely dependant on direct race day revenue has been vindicated. Whilst last year the SAJC recorded a healthy surplus, the financial performance of the club in the past year was disappointing.

In analysing the performance of the club, as has been the case since the Board took the decision to invest in non racing business models, our Commercial Operations contribution of \$2.16m was once again indeed significant. Our catering division again performed strongly exceeding an impressive \$1m contribution, particularly attributed to a strong growth in private functions and increased returns as a consequence of pre-booked corporate race day activity. In a very competitive market, race day sponsorship increased from \$1.88m last year to \$2.07m this year.

Whilst it is important to highlight growth areas it is more imperative that expenses are also analysed particularly cost centers that have not met budget.

Firstly the Betting Auditorium performed well below expectations resulting in a loss of \$130k. The major benefactors were the Harness and Greyhound codes whilst thoroughbred, country and provincial clubs received a distribution of \$100k. This inequity is based on a predetermined formula of distribution whereby the SAJC is obliged to distribute proceeds on a market share basis irrespective of the operational costs. However it is expected in the new year that unless there is agreement from our partners to change the distribution formula, it is in the financial interest of the SAJC to cease operating this entity. Regrettably, the way patrons bet has changed significantly over the years and coupled with the disappearance of the "professional punter" the need to provide a dedicated betting auditorium is no longer viable. It is also disappointing that

at the time of corporatisation, the time that the SAJC ceased to be the principal body, the betting auditorium licence was not assigned to the newly formed peak body, as it should have been.

Other areas that did not achieve expectations were property expenses and race day revenue. In the case of property expenses, significant variations included plant & equipment R&M, track maintenance, excess water, general repairs /maintenance and wage costs. In these areas alone, budgeted costs were exceeded by \$260k. Closer analysis indicates that it was not a case of poor cost control, but the costs associated with servicing aging plant and equipment, poor quality aquifer water, and extra ordinary wage costs as a consequence of water restrictions which compounded overtime costs.

Insofar as race day revenue is concerned, tote revenue, whilst on a par with the previous year, was significantly short of budget (\$230k). One may argue that we set an ambitious target; however it does demonstrate that whilst attendances were up on the previous year, it does not imply that on course wagering has a direct relationship to attendance. SAJC funded prize money exceeded budget by \$144k and up on the previous year's total by almost \$300k. This increase has had an impact on the overall financial result, however it does demonstrate that the SAJC is cognisant of the fact that its main reason to exist is to direct maximum possible funds to prize money.

On a positive perspective, race day revenue in regards to international satellite rights exceeded budget by \$104k, whilst the cost of race books amounted to a net loss of only \$15k, a far cry from average losses in the vicinity of \$150k prior to switching to Best Bets.

From an overall borrowing perspective the Club reported a net serviceable debt of \$9.47m, an increase of \$727k from the previous year. Capital expenditure of \$1.5m was directed towards improving facilities at Allan Scott Park Morphettville as well as necessary upgrades in gaming machines to maintain revenue streams.

We have a long way to go, but we're starting to be rewarded for our efforts to transform our Club to an entity which will be in a sound position to meet the challenges ahead.

In summary, despite the fact that the Club did record a deficit, we are in a fortuitous situation in that healthy contributions have been derived from other areas of our operations, areas that some five to six years ago were either non performing or non existant.

I now wish to comment briefly on other aspects of the Club's operations during the past year.

After almost 5 years of planning, consulting, and a varied forum of public opinion, the Cheltenham sale process is near completion. The Board has always stood firm on the commitment that Cheltenham will only be sold if the right offer was presented. After many months of process and due diligence, carefully monitored by our appointed probity officer, the team of consultants together with the Board have done a magnificent job to get to where we are today. The outcome will be positive, expectations will be realised and the racing industry, particularly in the area of prize money will be the beneficiary. One cannot separate the redevelopment of Victoria Park from the sale of Cheltenham. This project has been a "work in progress" on the anticipation that Cheltenham will be sold and that Victoria Park, the "jewel in the crown" in so far as location is concerned with modern facilities for members and public will also come to fruition.

The much publicised Thebarton Oval project is still on the table. Almost two years have elapsed since the SAJC was successful in being awarded the preferred entity to establish a community sports club on South Road in conjunction with managing the oval. Members are aware that 26 gaming machines acquired from the Norwood Community Club are currently in storage not deriving valuable income as a consequence of the West Torrens Council not being decisive in what direction it wants to take in regards to this project. The Club must find a home for these machines as the lost opportunity to date has been hundreds of thousands of dollars. One only needs to reflect on the contribution that Morphettville Junction and the Lucky Horse Shoe is making to realise the importance and urgency of bringing this matter to some sort of finality. Failure to secure Thebarton will mean that we need to accelerate the process



of finding another suitable venue.

Perhaps one of the most significant events during the year was the commissioning of Philip Bentley by the Minister for Racing to undertake a review of South Australian Racing. Insofar as our code is concerned the key finding was that the industry required reform if it is to prosper. Particularly the report identified that most provincial clubs were and are performing poorly whilst the overall governance of the industry required a complete overhaul in regards to the makeup of the governing board and its associated powers. To the point, the report identified that urgent change is necessary in areas of credible commercial strategy, and what has happened in the past particularly at provincial level must not be the platform upon which to meet the challenges of the future. The SAJC supports such change, which gives the opportunity for the industry to focus on strategy that will improve the whole industry with the major benefit being prize money, the cornerstone of measuring success.

Without wanting to duplicate the succinct and informative report by our Chairman, I wish to comment upon the future with a great deal of optimism. The commitment and imagination of our Board, our executive team along with the many support staff, coupled with a bold culture that I believe stands out among major sporting organisations, the SAJC will continue to transform into a progressive Club with the same determination but with far greater speed and urgency. We are operating in an intensely competitive, global and constantly changing landscape.

We will commit to negotiating change and reinvent ourselves, and seize opportunities as they present. With the support of our members, that's what we have focused on in the years past, what we're doing today and what we will continue to do. Old modeling, dwelling on past practices is not on the agenda as the world of racing, business and indeed general everyday life has changed and will continue to change with ever-increasing energy and speed, in the years ahead.

## ACKNOWLEDGEMENTS

To our Patron Robert Gerard AO, your contribution to the Club not only in the form of your magnificent sponsorship support, but your continuous enthusiasm and positive support is infectious to all concerned, we are indeed privileged to have you as part of our Club.

To Mr Allan Scott AO, OAM, the Scott family, and the Scott Group of Companies, your commitment to racing through your sponsorship of the SAJC has had wide reaching benefits. On behalf of the entire racing industry, I wish to acknowledge once again your valued support, not only monetary, but the time and wisdom you have availed to me personally over the past year.

I wish to acknowledge and extend my sincere gratitude to all sponsors as identified in the marketing report for their ongoing support. The success of the SAJC both in the past and the future is very much dependant on this partnership.

To the Honourable Ministers, Mr. Michael Wright, Mr. Patrick Conlon, Mr. Paul Holloway, Mr. Paul Caica and Deputy Leader, The Hon. Kevin Foley, I wish to extend my appreciation for the close working genuine relationship that has evolved over the past 12 months. The SAJC has worked very closely with government particularly in regard to the major projects on the agenda, and I am pleased that the above Ministers in conjunction with their staff and the entire government have forged a trust that is paramount in achieving success as we move forward.

It's important to also acknowledge the government opposition of the day. Particularly I wish to thank the previous Shadow Minister, the Hon. Rob Kerin and the recently appointed spokesperson for racing the Hon Terry Stephens. Racing is a significant industry and as such your continuing interest and support is appreciated.

TRSA Chairman, Stephen Harvey, TRSA Board and staff; I acknowledge your input and support offered to the SAJC. I also

acknowledge all the Industry Groups particularly the sincere support offered by the ATA President David Balfour and Leon MacDonald. The close working relationship is testament of the power of communication and healthy debate.

A sincere thank you to all executive management and my PA Robyn Menzies, who I rely on enormously to share the vision and the commitment and who all aspire to accomplish at the highest possible level.

I extend my appreciation to all Board members who share common goals, who possess the ability to think and to reason and who have applied their skills and abilities to generate the greatest benefits for the greatest number of people.

To Chairman John Naffine, your commitment to the Club and its membership is to be commended. Your responsibility as Chair and the delivery of this responsibility is based on your conviction and belief. From all staff, Club members and myself, I acknowledge your dedication and strong unwavering support.

Finally to our membership, I thank members who have supported the Club over the past 12 months. I especially wish to acknowledge the vast majority of members who have expressed their support and offered their assistance during the course of the year. I look forward to working for you as we strive towards common goals; the year ahead will be a defining moment in the history of the SAJC and indeed the entire racing fraternity.



**Steve Ploubidis**  
**Chief Executive Officer**

**The 2006/07 metropolitan racing season officially kicked off at Allan Scott Park Morphettville on August 12 with a black type double header and with strong interstate interest in each event, it was encouraging to see both titles remain in South Australia.**

Mt Gambier pin-up Royal Ida resumed with a last-stride victory in the Listed Wylie Handicap (1000m). Prepared by Michael O'Leary, the lightly raced gelding came from last on the turn to eventually collar Group 1 winner Magnus and Oahu. Tough galloper Exalted Ego collected his second win in stakes grade, scoring the Listed J D Lee Stakes (1600m) ahead of Jaffa Jonnie, with Lindsay Park import Viz Vitae third.

Spring racing in the state is heralded each year with the running of the Spring Stakes (1200m), and in 2006, Royal Ida made it consecutive wins landing the Group 3 feature ahead of Shablec and Bruges (NZ).

Three-year-old filly Made of Diamonds accounted for a strong field to collect the Lindsay Park Guineas (1600m) at Alan Scott Park Morphettville (ASPM) in early September, her second win at Listed level. Trained locally by Phillip Stokes, Made of Diamonds launched a late attack to overhaul Saeta Rose and Scenes.

Victoria Derby dreams for the connections of Deledio received a significant boost when the colt scored an upset win in the Listed Hill Smith Stakes (1800m). Sent out at big odds, Deledio, named after the Richmond AFL star with the same name, produced a strong performance to beat Delusion by a head.

Roslyn Day and her talented grey, Road Worker, took out the Listed O J Smith Stakes (1800m) at ASPM on November 25. Under the guidance of regular rider Adrian Patterson, Road Worker sat fifth before peeling out at the turn and sprinting quickly to score from Cyber Dream and Yarterbery. Handy mare Miss Mooney Mooney led throughout to collect the second feature, the Listed City of Marion Stakes (1200m) for trainer Lee Freedman.

Royal Ida made it successive Durbridge Stakes when he landed the Listed event ahead of Shablec and Shinzig. Like last year, Royal Ida again showed his love for the festive season following his second win in the Listed Christmas Hcp (1450m) at Cheltenham on Boxing Day.

Ensuring his New Year kicked off with a bang, Paul Gatt guided Time Matters home in the Listed Classic Mile at ASPM on January 13. The \$4 popular elect, trained by Richard Jolly, strolled to the line two lengths clear of Test Fire and Woodgrain.

Saturday February 3 saw the season's first black type event for two-year-olds and as expected, Lindsay Park dominated. Redoute's Choice debutant El

Daana held off stablemate Patasi, who blundered the start, and Truly Beautiful from the Phillip Stokes yard, to grab victory in the Listed Queen Adelaide Stakes (1100m). The third Hayes-prepared runner, Canitellya, was a narrow fourth.

Racing returned to Cheltenham Park on February 17 and amid soaring temperatures, two feature events were conducted with both providing memorable finishes. The Listed Pt Adelaide Cup, the Adelaide Cup's traditional lead-up event, saw outsider Wells Street overhaul his more fancied rivals to score by a half head on the line. Prepared by Pat Barns and ridden by David Carney, Wells Street came from midfield to score from McCleod and Iguana (NZ). The day only got better for Barns after his smart sprinter Bretcarlyle came from last on the turn to register his first win in stakes grade – the Listed New Year's Gift (1450m).

Under blue skies, the Magic Millions spotlight shifted to Adelaide when Allan Scott Park Morphettville hosted the 2007 SKYCITY Magic Millions Race Day.

In an event that has now gained national interest, it was local horseman Phillip Stokes that landed the day's greatest prize, and his richest win as a trainer when promising filly Truly Beautiful took out the \$400,000 SKYCITY Adelaide 2YO Classic (1200m). Lee Freedman-trained filly El Pauji cruised to an easy victory in the R M Williams 3YO trophy (1600m), while Miss Fantabulous collected the Listed Redelva Stakes (1100m) for Matthew Ellerton later in the day.

March 3 saw the first day of SKYCITY Adelaide Cup Carnival and a stellar card at Allan Scott Park Morphettville. David Hayes and the team at Lindsay Park took a stranglehold on the day's feature events after Murjana, Armenjena and Miss Hijinx went one, two, three in the Group 3 Breeders' Stakes.

Dom Tourneur and Pat Barns combined in the C S Hayes Memorial Cup (1600m), ensuring back-to-back black type wins for Bretcarlyle, while Clare Lindop was aboard Flying Object for Leon Macdonald when the speedy mare came from behind to land the Group 3 R N Irwin Stakes (1100m).

The closest finish of the day came in the Carlton Draught Stakes (2600m) when Danebar, trained in country NSW by Terry Robinson, rallied late to collar Lacey Underall by a nose and give Tourneur a feature riding double.

In its second year in March, the Adelaide Cup was again met with open arms by punters and racing enthusiasts alike, and the promise of fine weather saw more than 33,000 patrons stream through the gates at Allan Scott Park Morphettville.

Lindsay Park filly Listen Here added the Listed Pewsey Vale Stakes (1050m) to her resume, with a little help from leading rider Dwayne Dunn. Sent out an even-money favourite, Listen Here led from



barrier to box, holding off Falvelon's Dream and Not So Subtle.

Smart David Jolly-trained mare Reshuffles collected her second win in stakes company with a dominant come-from-behind victory in the Listed Chrysler Jeep Dodge Stakes (1200m). Last on the turn, Reshuffles, under strong encouragement from Luke Nolan, overhauled Bold Line in the shadows of the post to score by a head. Soranstan also came from well back to grab third.

Arguably the best quality field to line up on Cup Day, the Group 2 Yallambee Classic, a 1200 metre event for three-year-olds, was taken out in convincing fashion by Scenic filly Universal Queen, from the stables of Lee Freedman. Leading throughout, Universal Queen and Corey Brown went on to record a two length victory ahead of local galloper Pencelaron with Nediym's Glow a length away third.

Former South Australian hoop Steven Arnold secured his first SKYCITY Adelaide Cup (3200m) after Gallic scored the Group 2 feature narrowly from Lacey Underall. Prepared by Grahame Rogerson, Gallic settled midfield and drifted further back before the turn, but eased to the outside in the straight as he quickly made his presence felt. Lacey Underall, perfectly placed by Luke Nolan, saved ground on the inside before angling off the fence and taking the lead at the 300 metres, only to find Gallic too strong on the line.

Nolen fired in an objection against Arnold on Gallic for allegedly allowing the seven-year-old to shift in over the concluding stages, but after careful deliberation, Stewards dismissed the protest and correct weight was declared. Last year's winner Exalted Time, was game in defeat finishing third after leading throughout, while Carlton Draught victor Danebar ran on into fourth.

Gallic, raced by Lloyd Williams, has had his career restricted to just 23 starts due to injury. The win



was his sixth overall and first at Group level, and with 58kg, equalled the modern day weight record set by Hyperno in 1978. Following his success in Adelaide, Gallic then went on to the rich Sydney carnival collecting the Group 1 Sydney Cup (3200m) one month later.

Talented three-year-old Tipungwuti showed he'd turned the corner since being gelded, following his narrow win in the Southern Rocyling Classic (1600m) for trainer Mark Kavanagh. A \$340,000 Adelaide Magic Millions purchase, Tipungwuti ran on strongly down the outside to score from Surfside Christmas and a luckless Skiddaw Peak.

Top local miler Exalted Ego gave trainer Jim Smith another stakes win when he scored the Listed City of Adelaide Stakes (1600m), while Mark Kavanagh and three-year-old filly Devil Moon saluted in the Group 3 Auraria Stakes (1800m).

It had been some time since Murray Bridge trainer Paul Seater had stood in the winners stalls following a Listed event, but promising sprinter Bold Line rectified the situation, fighting hard to hold off Sebrle in the Manihi Classic (1200m).

Devil Moon notched her third consecutive black type win, towelling the males in the Listed Port Adelaide Guineas (1812m) at Cheltenham Park. Sitting off the lead pack, Devil Moon pushed into the clear at the top of the straight and went on to score from Family Guy and Tahnee Tango. It was the third time in as many outings Matthew Neilson had guided the filly across the line, while Troy Baker made it one from one when he partnered Lee Freedman's promising two-year-old Class Apart to victory in the Listed Oaklands Plate (1410m).

On a day where champion trainer David Hayes broke his home town Group 1 hoodoo, it was top trainer Lee Freedman's frank assessment of Robert Sangster victor Universal Queen that grabbed headlines. Freedman, who has won the Group 1 Sangster the past two years, made the call after the filly drew clear of stablemate Media with local mare Flying Object flashing late to grab third.

"She's still got plenty to learn but when she matures and we have her right, she could be the next Miss Andretti" the Hall of Fame trainer said. The win was the 121<sup>st</sup> success at the elite level and fittingly, it was the corresponding meeting in 1986 that Freedman won his first Group 1 as a trainer with Miss Clipper in the Australasian Oaks. David Hayes has won almost 50 Group 1 events in his career, spanning 17 years as a trainer but a South Australian victory at the top level had eluded the Lindsay Park figurehead until Redoute's Choice filly Anamato scored a comprehensive two length win in the Schweppes Oaks (2000m).

Backed into \$3.20 favouritism, Michael Rodd gave Anamato time to settle and spotted the leaders almost 20 lengths inside the 800 metres. Hooking wide at the top of the straight, Rodd then asked the question of Anamato who responded in fine style, letting down to beat Victorian visitor Cancanelle in record time. Devil Moon, handy throughout,

battled on well to finish third.

Phillip Stokes debutant, Fasline, illustrated her potential after leading all the way to claim the Listed My Rewards Stakes (1050m) with Troy Baker in the saddle.

Stokes continued his stellar season towards the end of April after Derby-bound galloper Family Guy went on to score the Listed Chairman's Stakes (1800m) a long neck ahead of stablemate Classic de Lago, with Victorian runner China Causeway a further length away third. In the second feature, Last Tycoon gelding Terravue gave Andrew Gluyas his biggest thrill as a trainer, collecting the Listed Tokyo City Cup (1600m).

On a day with more than \$1.3 million up for grabs and eight black type events programmed, success was shared among local connections and those that made the trip from interstate.

Lightly raced filly Autumn Jeuney claimed several highly credentialed scalps when she landed the Listed Dunlop Flooring Stakes (1600m). Trained by Michael O'Leary and perfectly rated by Troy Baker, the pint-sized bay booted clear at the 300 metres, accounting for Juste Momento and Lady Branax.

Trainer Gary Kennewell was confident smart two-year-old Gabbidon could make amends for her luckless fourth in the SA Stakes behind Fasline when she tackled the Group 3 Jansz (1200m), and the filly didn't disappoint. With Craig Newitt on top, Gabbidon skipped away at the top of the straight to score a half length win ahead of Purrealist and Little Arrow.

Consistent mare Brockman's Lass earned a trip to the breeding barn following her well-deserved win in the Group 2 Gerard Corporation Stakes (1600m) for Lee Freedman, while Cranbourne trainer Mick Kent and his promising filly Watches secured the Group 3 SA Oaks (2500m) later in the programme.

Young Geelong trainer Jamie Edwards collected his biggest cheque to date when Lazer Sharp defeated a handy field of three-year-olds in the Group 1 A V Jennings SA Derby (2500m). Ridden by Brad Rawiller, Lazer Sharp settled back in the field before sliding forward approaching the 1000 metres and cornering third. In the straight, Rawiller took the \$2.70 elect to the front and ran away to score by more than a length ahead of a gallant Classic de Lago with Sydney runner Red Lord a nose away third.

West Australian speedster Let go Thommo scored a thrilling last stride victory in the state's premier sprint – the Group 1 Goodwood (1200m), run this year for the first time under set weight and penalty conditions. Jumping from a wide gate, Steven King and Let Go Thommo had to work early but found themselves mid-field with cover coming to the corner. Straightening up, the pair set out after Tesbury Jack, who looked to have set up a winning break. Let Go Thommo, under desperate encouragement, arrived late to nail Tesbury Jack

on the line by a nose, while race favourite Royal Ida, who also drew off the track, came with his customary finish to fill third ahead of Media and Stick Pin.

Lining up in the Proud Miss Stakes (1200m) on the back of a fast finishing sixth in the Robert Sangster stakes one run prior, highly rated mare Zipanese skipped home along the rail to land the Listed event a nose ahead of Soranstan, with Dirty Denim rounding out the minors.

Victorian filly Volcada made the step up from provincial maiden class to Listed metropolitan grade with consummate ease, taking out the Dequetteville Stakes (1100m) at ASPM on July 14. Another smart runner from the Rod Douglas camp at Cranbourne, Volcada led untroubled throughout before kicking away inside the final 200 metres to score by a length and-a-half.

In the final feature event of an action-packed 2006/07 season, lightly raced filly Lisson Grove collected the Listed Dermody Stakes (1000m) for two and three year-olds. Prepared at Lindsay Park by David Hayes, Lisson Grove and Craig Williams made good use of gate 1, parking four back the fence behind what was always going to be break-neck speed. In a patient ride, Williams sent the Dehere filly forward approaching the 500 metres, before taking the lead with 100 to go and eventually holding out Victorian pair Diplomatic Force and Zupaone, who flew late.

Congratulations must be extended to David Hayes who finished the season as leading trainer in the metropolitan area, while Paul Gatt was named leading metropolitan jockey and Damien Robinson adjudged the metropolitan apprentice of the year.

## Ben Day TRSA Racing Administrator







**LETS GO THOMMO** – The Distinctive Homes Goodwood Gr1



**LAZER SHARP** – A V Jennings SA Derby Gr1



**UNIVERSAL QUEEN** – Robert Sangster Stakes Gr1



**ANAMATO** – Schweppes Oaks Gr1

**GALLIC**– SKYCITY ADELAIDE CUP Gr2



# GROUP & LISTED WINNERS 2006/2007



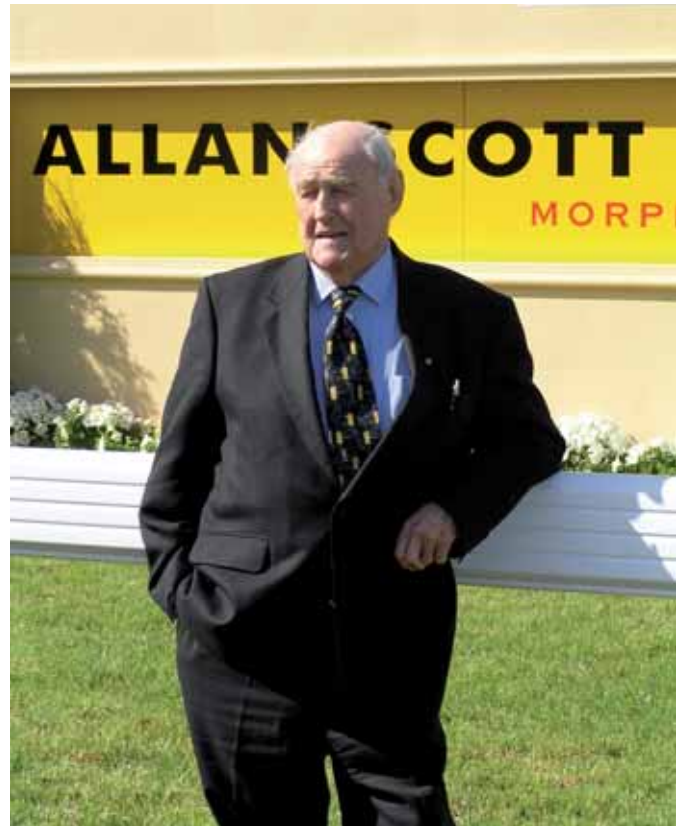
	Race Name	Winner (& Trainer)	Distance	Rider	Time
GROUP 1					
\$325,000	A V Jennings SA Derby	LAZER SHARP (Jamie Edwards)	2500m	Brad Rawiller	2-37.65
\$300,000	Robert Sangster Stakes	UNIVERSAL QUEEN (Lee Freedman)	1200m	Corey Brown	1-08.38
\$300,000	The Distinctive Homes Goodwood	LET GO THOMMO (Steven Ryan)	1200m	Steven King	1-09.36
\$250,000	Schweppes Oaks	ANAMATO (David Hayes)	2000m	Michael Rodd	2-02.20
GROUP 2					
\$400,000	SKYCITY Adelaide Cup	GALLIC (Graeme Rogerson)	3200m	Steven Arnold	3-20.90
\$200,000	Yallambee Classic	UNIVERSAL QUEEN (LeeFreedman)	1200m	Corey Brown	1-08.29
\$150,000	Waterford Wedgewood Trophy (Queen of the South Stakes)	CINQUE CENTO (Peter G Moody)	1600m	Steven Arnold	1-35.74
GROUP 3					
\$160,000	Gerard Corporation Stakes (R ALeeStakes)	BROCKMAN'S LASS (Lee Freedman)	1600m	Zac Purton	1-36.83
\$125,000	Carlton Draught Stakes (Lord Reims Stakes)	DANEBAR (Terry Robinson)	2600m	Dom Tourneur	2-42.68
\$125,000	Darley Sires' Produce Stakes	BANTRY BAY (Barry Barnes)	1600m	Darren Gauci	1-38.19
\$100,000	Carbine Club Breeders' Stakes	MURJANA (David Hayes)	1200m	Simon Price	1-10.79
\$100,000	Waterford Wedgwood Stakes (Auraria Stakes)	DEVIL MOON (Mark Kavanagh)	1800m	Matthew Neilson	1-48.09
\$100,000	Evright.com Stakes (D C McKay Stakes)	HERE DE ANGELS (Lee Freedman)	1100m	Corey Brown	1-02.51
\$100,000	The Jansz (National Stakes)	GABBIDON (Gary Kennewell)	1200m	Craig Newitt	1-10.92
\$100,000	Feltex Carpets SA Oaks	WATCHES (Michael Kent)	2500m	Danny Brereton	2-38.40
\$75,000	Hamilton Holden Spring Stakes	ROYAL IDA (Michael O'Leary)	1200m	Shayne Cahill	1-09.98
\$75,000	German Arms Hotel Stakes (R N Irwin Stakes)	FLYING OBJECT (Leon Macdonald)	1100m	Clare Lindop	1-03.07





LISTED					
\$100,000	Marsh Chairman's Stakes	FAMILY GUY (Phillip Stokes)	2020m	Nicholas Ryan	2-10.41
\$85,000	A V Jennings Home Improvements Stakes (Proud Miss Stakes)	ZIPANESE (David Jolly)	1200m	Simon Price	1-10.34
\$75,000	Port Adelaide Cup	WELLS STREET (Pat Barns)	2250m	David Carney	2-21.00
\$75,000	Schweppervescence Stakes (Centaurea Stakes)	MALOOSE (Michael Kent)	2000m	Danny Brereton	2-03.83
\$75,000	Southern Rocycling Classic (Adelaide Guineas)	TIPUNGWUTI (Mark Kavanagh)	1600m	Dwayne Dunn	1-35.68
\$75,000	Irongate Classic (Redelva Stakes)	MISS FANTABULOUS (Mathew Ellerton)	1100m	Glen Boss	1-03.77
\$75,000	Port Adelaide Guineas	DEVIL MOON (Mark Kavanagh)	1812m	Matthew Neilson	1-50.07
\$75,000	Best Bets Tokyo City Cup	TERRAVUE (Andrew Gluyas)	1600m	Simon Price	1-41.31
\$60,000	P D Excavations Christmas Handicap	ROYAL IDA (Michael O'Leary)	1450m	Dwayne Dunn	1-27.15
\$60,000	Rain Lover Plate	YOUTH'S EDGE (David Hayes)	2500m	Dwayne Dunn	2-37.78
\$60,000	Dermody Stakes (Lightning Stakes)	LISSON GROVE (David Hayes)	1000m	Craig Williams	58.48
\$50,000	John D Lee Stakes	EXALTED EGO (Jim Smith)	1600m	Dom Tourneur	1-38.05
\$50,000	W H Wylie Handicap	ROYAL IDA (Michael O'Leary)	1100m	Shayne Cahill	1-03.89
\$50,000	Scott Group of Companies Stakes (Penny Edition Stakes)	TEMPLE HILLS (Peter G Moody)	1450m	Dean Yendall	1-28.93
\$50,000	Lindsay Park Morphettville Guineas	MADE OF DIAMONDS (Phillip Stokes)	1600m	Troy Baker	1-36.29
\$50,000	Hill Smith Stakes	DELEDIO (Richard Jolly)	1800m	Jason Lyon	1-52.47
\$50,000	Schweppes Tonic Mile (Thomas Elder Stakes)	UPSTAGED (Peter G Moody)	1600m	Troy Baker	1-35.25
\$50,000	O J Smith Challenge Stakes	ROAD WORKER (Roslyn Day)	1800m	Adrian Patterson	1-48.24
\$50,000	City of Marion Stakes	MISS MOONEY MOONEY (Lee Freedman)	1200m	Danny Beasley	1-08.28
\$50,000	Walker Corporation - Daycorp Stakes (Durbridge Stakes)	ROYAL IDA (Michael O'Leary)	1310m	Dom Tourneur	1-17.81
\$50,000	Lucky Horseshoe Classic Mile	TIME MATTERS (Lee Freedman)	1600m	Paul Gatt	1-34.79
\$50,000	SKYCITY Adelaide Birthday Cup	TINGIRANA (Jeremy Gask)	1800m	Adrian Patterson	1-47.81
\$50,000	Blue Sky Thoroughbreds Stakes (Queen Adelaide Stakes)	EL DAANA (David Hayes)	1100m	John Didham	1-03.74
\$50,000	Clipsal Living Electrical Stakes (New Year's Gift)	BRETCARLYLE (Pat Barns)	1450m	Dom Tourneur	1-26.41
\$50,000	C S Hayes Memorial Cup	BRETCARLYLE (Pat Barns)	1600m	Dom Tourneur	1-36.52
\$50,000	Adrian Brien Chrysler Jeep Dodge Stakes (Matrice Stakes)	RESHUFFLES (David Jolly)	1200m	Luke Nolen	1-08.81
\$50,000	Pewsey Vale Stakes ( Cinderella Stakes)	LISTEN HERE (David Hayes)	1050m	Dwayne Dunn	1-00.07
\$50,000	www.racingandsports.com.au Stakes (Walter Brown Stakes)	EXTENSION OF TIME (David Hayes)	1310m	Nicholas Ryan	1-19.11
\$50,000	H C Nitschke Stakes	DEVIL MOON (Mark Kavanagh)	1460m	Matthew Neilson	1-27.09
\$50,000	City of Adelaide Stakes	EXALTED EGO (Jim Smith)	1600m	Dom Tourneur	1-35.15
\$50,000	Clipsal Living Electrical Classic (Manihi Classic)	BOLD LINE (Paul Seater)	1200m	Troy Baker	1-09.39
\$50,000	Feltex Carpets Plate (Oaklands Plate)	CLASS APART (Lee Freedman)	1410m	Troy Baker	1-24.81
\$50,000	My Rewards Stakes (SA Stakes)	FASLINE (Phillip Stokes)	1050m	Troy Baker	1-01.08
\$50,000	Dunlop Flooring Stakes (Laelia Stakes)	AUTUMN JEUNEY (Michael O'Leary)	1600m	Troy Baker	1-38.56
\$50,000	Kambula Stud Dequetteville Stakes	VOLCADA (Rodney Douglas)	1100m	Sam Hyland	1-06.04

# ACKNOWLEDGEMENT FOR ALLAN SCOTT AO, OAM



## **ALLAN SCOTT PARK** MORPHETTVILLE





## The 2006/2007 season was about the SAJC being considered as a genuine entertainment alternative on the big stage.

New television, radio and press advertising was developed to build on a rapidly growing connection to our 18 to 35 year old market. The sexy, funny and attention grabbing sight of a jockey being looked down on by a beautiful woman with long, long legs was an instant hit with our target market as they responded like never before on the the SAJC's biggest day of the year!..

The SKYCITY Adelaide cup is the clubs premiere day and even amongst some of the countries very biggest events like the AFL pre season competition, the Clipsal 500 and the Fringe Festival, the Holiday Monday welcomed a crowd well in excess of 30,000, surpassing the previous years big crowd and signalling that racing was capable of reaching the heights it so richly deserves.

The season ahead also looks bright, the opportunities endless, the rewards high and a carefully considered Marketing Campaign, coupled with the development of our existing relationships with Corporate partners and the strategic pursuit of New Business will mean a more successful year ahead.

## IRISH DAY

One of our fastest growing event days, Irish Day in August continued to be blessed by both good weather and good sponsors. The continued involvement of Guinness together with the added support of Cathay Pacific and Irish Tourism, laid the foundation for a real fun day. Corporately there was really strong growth especially in the 18-35 year age group. Irish dancing, Irish Bands and Celtic Fiddlers created the perfect Irish mood, and with loads of entertainment for the kids, everyone went home happy!

## UNION DAY

Quickly growing as a family favourite, Union Day is a terrific day for all involved. On the long weekend in October, the kids are treated to free gifts, free entertainment and a whole host of free rides for the entire afternoon. Now that obviously makes the children happy but it also has mum and dad pretty pleased as well! With a selection of great food and wine complimented by entertainment with one of the states great showman Andy Seymour, Union Day was once again a successful day.

## SPRING CARNIVAL

Although Melbourne Cup Day at Allan Scott Park Morphetville remains by far and away the biggest Cup Day party in the State, the fact remains competition is red hot by clubs, pubs and private enterprise to grab a piece of our pie.

The Powder Room at the entrance to course, gave a significant point of difference to our competition (as is the horse racing!!) and also provided "wow" factor on arrival. At no charge, it is a special treat for more than 500 women that used the professional services of the Enve personnel.

Fashion Parades and Fashions on the Field continued to be a highlight as did the various entertainment around the course. For many, Melbourne Cup day is their one trip to the track for the year, so getting it right is crucial!

Probably where most of the improvement can come, is in the lead up days to Cup Days. Caulfield Cup, Cox Plate and Derby Days are traditionally huge events in Melbourne but very quiet here in South Australia and this season was no exception. However all three lead up Saturdays will be specifically targeted for growth in upcoming years

We're doing it well, we'll do it better.

## CHRISTMAS TWILIGHT

With continued strong demand, the must do Christmas Twilight meeting has been forced to grow on the inside of the Victoria Park racecourse. The YC Marquee reached nearly 1500 and the continued demand for corporate space has meant what was a big event is very quickly getting bigger and bigger.

A relaxed social atmosphere, good weather, great fashion, terrific music and the very fact for many it's the start of end of year celebrations, has meant a unique environment that is almost impossible to be replicated at any other time or by any other company. It's a time when SAJC is inked in many thousands of diaries.

## BOXING DAY

A terrific family day that remains one of our most popular days of the year. With kids in good spirits the day after Christmas, Children's character Garfield sang danced and entertained a crowd of very happy youngsters. The adults were happy to have a "babysitter" entertain their boys and or girls while they lazed around and enjoy the company of friends.

Boxing Day is yet another day the SAJC and its members and aSponsors should be proud of.

## PLAYTIME TRACKSIDE TELEVISION SHOW

One of the key components of the Marketing Departments current strategic plan was to produce a television show for commercial TV. This was done for a four week period from the week prior to the Magic Millions up until the weekend of the SKYCITY Adelaide Cup. Hosted By Mix 102.3's Ali Carle and TAB Radios Terry McAulliffe, the show was a perfect vehicle to showcase to those "not at the track" the fun, fashion and excitement that takes place at the races.

The Advertisers' Rebekah Devlin, Nova's Lisa Fernandez and MMM's Cosi all played a part and were fantastic ambassadors for the SAJC. Sponsors, Trainers and Jockeys were all promoted as Playtime Tracksides showcased a really great cross section of the racing industry.

## MAGIC MILLIONS

Brought forward to February as a "stand alone" event the plan was for the Magic Millions race day to act as a launching pad into the exciting racing that would continue throughout the upcoming weeks and months. The fact was however that despite some quality racing, quality trainers and top shelf jockeys, Magic Millions again only drew an average crowd.

A move back under the umbrella of SKYCITY Adelaide cup day may well be the answer.





## SKYCITY ADELAIDE CUP

An outstanding success!!

The move from May to March has been truly embraced over the past two years and as much as we plan to build our many event days, SKYCITY Adelaide Cup on a public holiday Monday remains the day with the most potential.

The State has many options for entertainment within a four week period, everything from the Clipsal to the AFL, from the Fringe to Oakbank. Yet for the second successive year over 30,000 people partied at Allan Scott Park Morphettville, with again our 18-35 year old Marquee showing more than 10% growth attracting over 2200!!

Corporately the Day is bursting at the seams and some thought will be put into how to best accommodate increasing demand. Our General Public Crowd has also surged



in recent years and one of the Marketing Departments many goals is to build this area of our Adelaide Cup business even further.

## SCHWEPPE'S OAKS DAY.

Will require some patience but the possibilities are very good.

Promoted as Schweppes Oaks "Ladies Day" it is a day of good racing and built on a ladies Luncheon that attracted over 200 with an aim for it to be over 300 in the upcoming 2007/2008 season.

Coming off the back of both Adelaide Cup and Oakbank will always make Schweppes Oaks Day challenging, but it will improve.

## SUPER SUNDAY.

Far and away our best race day of the year and yet our members showed very little interest!!?? Confusing, frustrating and challenging..... bring on Super Sunday 2008, where the race day will be promoted again for the quality of the racing, but also for its "Sunday" fixture, to sporting clubs and to families. Super Sunday deserves more support from S.A than its had.

## MEMBERSHIP

The SAJC is very proud of its membership offering, and the 'bang for your buck' all of our membership types give our members make it the best value racing club membership in Australia.

The members handbook has been one of the most popular features of our membership package, with members various discounts and special offers at a range of dining, shopping and entertainment complexes not only throughout South Australia but country wide. These discounts, along with special offers such as the 12 complimentary members day passes, add value to our membership product over and above the core offering of racecourse and members enclosure entry.

Other promotions for members such as the free sausage sizzle and free bookmakers and totaliser betting voucher draws are ways the SAJC says thank you the members which are the backbone of our club.

The Membership Department is constantly trying to find new ways to reward members for their loyalty, whilst at the same time aiming to grow the clubs overall membership. This is an ongoing process and the clubs look forward to these challenges looking forward.

## SPONSORSHIP.

The backbone of any club is its "family", made up of members and of course Sponsors. Sponsorship support is truly appreciated by the SAJC, and we encourage always our members to support those businesses that Support our Sport, racing.

### Naming Rights Sponsor:

Scott Group of Companies

### Major Sponsor:

Fosters Australia

### Group 1 Sponsors:

Swettenham Stud  
Cadbury Schweppes  
Distinctive Homes  
AV Jennings

### Group 2 Sponsors:

SKYCITY Adelaide  
Yallambee Stud  
Waterford Wedgwood

### Group 3 Sponsors:

Carbine Club  
German Arms Hotel  
Evright  
Feltex Carpets  
Gerard Corporation  
Darley Australia  
Jansz Tasmania

### Listed Race Sponsors:

Lindsay Park  
Mistral  
City of Marion  
Walker Corporation-Daycorp  
PD Excavations  
Blue Sky Throughbreds  
Clipsal  
Irongate  
Southern Rocycling  
Pope Packaging  
Pewsey Vale Vineyards  
www.racingandsports.com.au  
My Rewards  
Marsh  
Best Bets  
Dunlop Flooring  
Kambula Stud  
Dermoddy Petroleum

Rob Popplestone

**Marketing Operations Manager**

## FINANCIAL OVERVIEW

The Group recorded a disappointing financial outcome for 2006/07 with an operating deficit of \$312K compared to a \$526K surplus last year. Earnings before interest and depreciation for the year were \$1.9M compared to \$2.6M for the previous year.

Total Revenue increased in 2006/07 specifically due to the performance of the Club's Commercial Operations as follows:

- Commercial Operations (Cheltenham Lucky Horseshoe, Morphetville Junction and the Norwood Community Club) recorded an improvement in gaming compared to last year. Gaming revenue was \$6.6M for the year compared with \$6.1M last year.
- Catering turnover was \$7.7M compared with \$7.0M for the previous year due to increased growth in both private function revenue and public catering.

The following summary highlights the contribution made by Commercial Operations:

	Racing Operations		Commercial Operations		Total	
	31-Jul-07	31-Jul-06	31-Jul-07	31-Jul-06	31-Jul-07	31-Jul-06
	\$000	\$000	\$000	\$000	\$000	\$000
Revenue	29,796	28,944	9,042	8,611	38,838	37,555
Less: Expenditure	(30,743)	(29,068)	(6,182)	(5,848)	(36,925)	(34,916)
Surplus/(Deficit) before Interest & Depreciation	(947)	(124)	2,860	2,763	1,913	2,639
Less: Depreciation/Non Cash Items	(840)	(742)	(730)	(735)	(1,570)	(1,477)
Surplus/(Deficit) before Interest	(1,787)	(866)	2,130	2,028	343	1,162
Less: Interest					(655)	(636)
Net Surplus/(Deficit)					(312)	526

Offsetting the positive factors above are:

- The Auditorium saw a reduction in revenue of \$164K which has continued to perform poorly.
- Prizemoney increased due to an increase in the SAJC's contribution for 2006/07.
- General Maintenance increased by 9% on last year due to increase maintenance on aging facilities and excess water charges due to the dry conditions.



## Net Debt

The Net Debt of the SAJC (interest-bearing liabilities less cash assets and investments) has increased from \$8.741M to \$9.468M.

Total capital expenditure for the year was \$1.5M. Significant items of capital expenditure for 2006/07 include:

Item	Spend \$000
Main Gates	68
New Tractor	72
Mounting Yard Rubberised Surface	78
Cheltenham Sale (on going costs)	121
Gaming Machine Upgrades	123
Corporate Boxes Upgrade	162

## Norwood Community Club

- The Norwood Community Club ceased operations on 28 February 2006 and reported a deficit of \$28K, including depreciation of \$18K. The Norwood Community Club's results form part of the Group's accounts.
- The 26 Gaming Machines are now in storage and the Gaming Machine Entitlements have been suspended until a future location for their use has been identified. The \$975K value of the Gaming Machine Entitlements has not been affected.

Thank you to Alison Bryant (Finance Officer), Paula Hume (Receptionist), Chris Jaeschke (Payroll), Julie Lapidge (Finance Officer), Susan Parrish (Finance Officer) and Vicki Winter (Finance Officer) for their support.

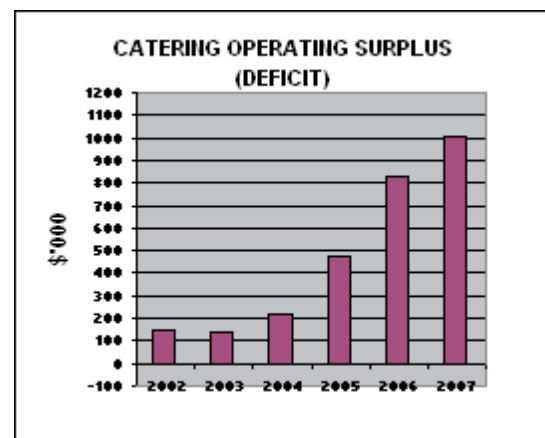
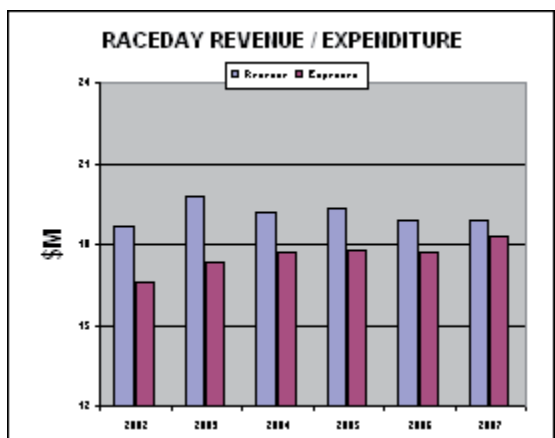
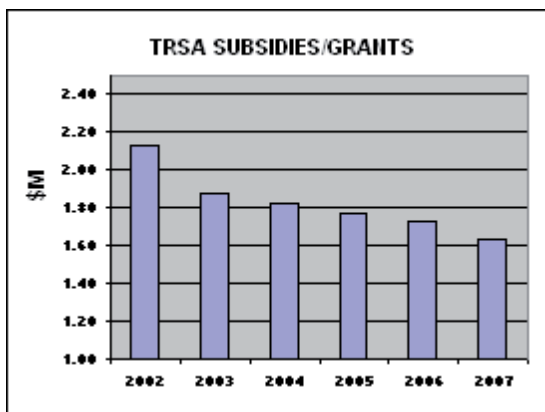
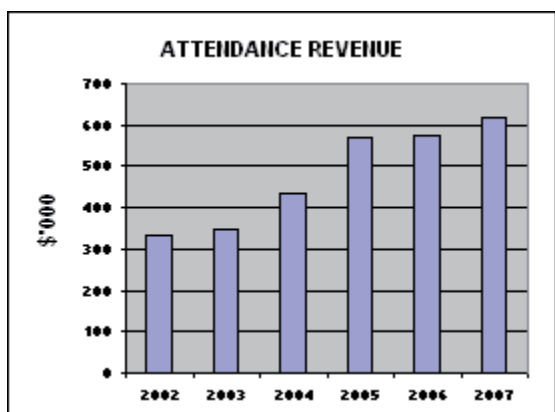
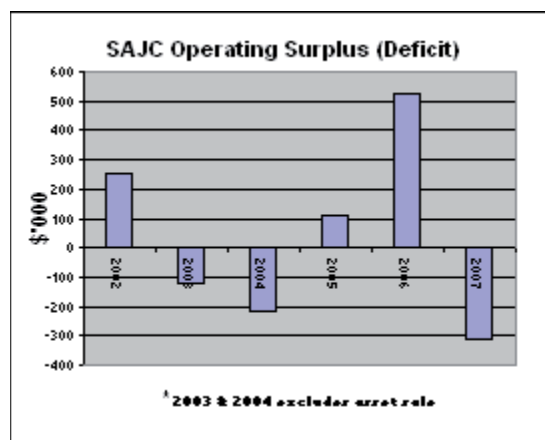
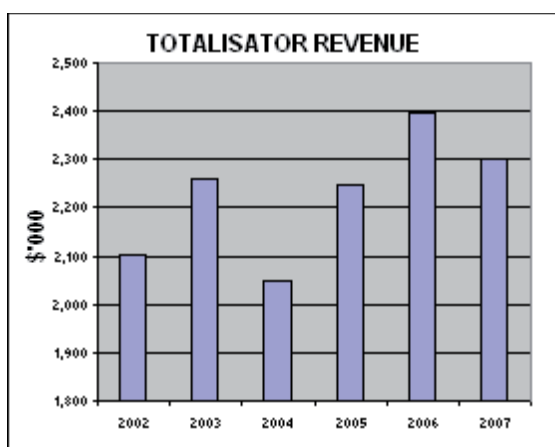
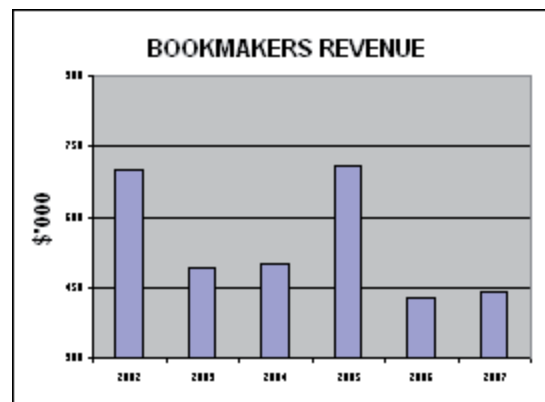
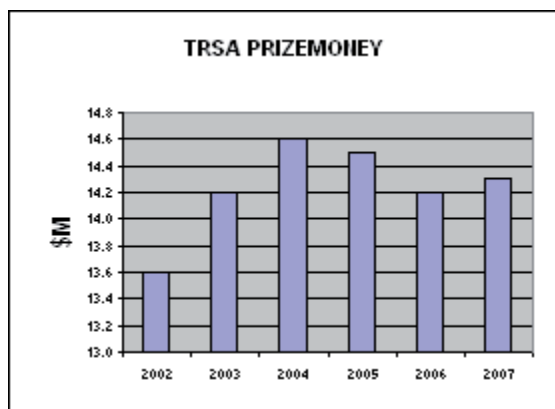
The following graphs and statistical data highlight some specific areas of the Group's performance.

Michael Beviss

**FINANCIAL CONTROLLER**







## SOUTH AUSTRALIAN JOCKEY CLUB AND ITS CONTROLLED ENTITY BALANCE SHEETS AS AT 31 JULY 2007

	NOTE	SAJC 2007 \$000	2006 \$000	Consolidated 2007 \$000	2006 \$000
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents		613	738	627	754
Investments - Interest-bearing Deposits		5	5	5	5
Inventories		206	181	206	181
Trade and Other Receivables	2	2,207	1,435	2,221	1,457
Prepayments		396	369	396	369
<b>TOTAL CURRENT ASSETS</b>		<b>3,427</b>	<b>2,728</b>	<b>3,455</b>	<b>2,766</b>
<b>NON-CURRENT ASSETS</b>					
Property, Plant & Equipment	3	27,981	28,872	27,987	28,896
Intangible Assets	4	3,000	3,000	3,975	3,975
<b>TOTAL NON-CURRENT ASSETS</b>		<b>30,981</b>	<b>31,872</b>	<b>31,962</b>	<b>32,871</b>
<b>TOTAL ASSETS</b>		<b>34,408</b>	<b>34,600</b>	<b>35,417</b>	<b>35,637</b>
<b>CURRENT LIABILITIES</b>					
Trade and Other Payables		1,982	1,583	1,983	1,584
Interest-bearing Liabilities	5	-	-	-	-
Employee Benefits	6	375	495	375	495
Other	7	599	735	599	735
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,956</b>	<b>2,813</b>	<b>2,957</b>	<b>2,814</b>
<b>NON-CURRENT LIABILITIES</b>					
Interest-bearing Liabilities	5	10,100	9,500	10,100	9,500
Employee Benefits	6	275	80	275	80
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>10,375</b>	<b>9,580</b>	<b>10,375</b>	<b>9,580</b>
<b>TOTAL LIABILITIES</b>		<b>13,331</b>	<b>12,393</b>	<b>13,332</b>	<b>12,394</b>
<b>NET ASSETS</b>		<b>21,077</b>	<b>22,207</b>	<b>22,085</b>	<b>23,243</b>
<b>EQUITY</b>					
Reserves	8	14,387	15,233	15,362	16,208
Retained Earnings	8	6,690	6,974	6,723	7,035
<b>TOTAL EQUITY</b>		<b>21,077</b>	<b>22,207</b>	<b>22,085</b>	<b>23,243</b>

The Balance Sheets are to be read in conjunction with the notes to the Financial Report set out on pages 24 to 35.

## SOUTH AUSTRALIAN JOCKEY CLUB AND ITS CONTROLLED ENTITY INCOME STATEMENTS FOR THE YEAR ENDED 31 JULY 2007

		SAJC		Consolidated	
	NOTE	2007	2006	2007	2006
		\$000	\$000	\$000	\$000
REVENUE					
REVENUE FROM OPERATING ACTIVITIES					
Prizemoney & Administration Grants		15,278	15,281	15,278	15,281
Catering Turnover		7,742	6,894	7,742	6,970
Totalisator Revenue		2,300	2,397	2,300	2,397
Gaming Revenue		6,647	5,911	6,647	6,140
Sponsorship & Television Rights		2,269	2,012	2,269	2,012
Members Subscriptions & Admissions		980	969	980	969
Bookmakers Commission & Fees		442	429	442	429
Nominations & Acceptance Fees		1,020	1,028	1,019	1,028
Race book Revenue		44	52	44	52
Training Fees		288	261	288	261
Financial Revenue		4	33	4	34
Auditorium Wagering Activities		578	742	578	742
Sundry Revenue		504	512	505	495
Promotional Grants		741	745	741	745
INCOME FROM OUTSIDE OPERATING ACTIVITIES					
Gain on Disposal of Non-Current Assets		1	-	1	-
TOTAL REVENUE		38,838	37,266	38,838	37,555
EXPENDITURE					
Prizemoney		15,064	14,679	15,064	14,679
Cost of Goods Sold		2,257	2,033	2,257	2,064
Catering Expenditure		4,415	3,828	4,415	3,862
Gaming - General Expenditure		4,294	3,796	4,299	3,849
Auditorium - Wagering activities		708	772	708	772
Salaries, Superannuation & Taxes		1,343	1,367	1,343	1,479
Totalisator Operation & Maintenance		853	831	853	831
Raceday Wages and Payroll Tax		1,976	1,912	1,976	1,912
General Maintenance		3,907	3,572	3,907	3,572
Promotion and Sponsorship		977	859	977	859
Racebook Costs		101	87	101	87
Depreciation - Buildings & Improvements		1,203	1,174	1,203	1,174
Deprecation - Property, Plant & Equipment		349	273	367	300
Financial Expenses		655	635	655	636
Insurance & Professional Fees		573	580	573	592
Postage, Stationery & Telephone		128	100	128	102
Travel & Conferences		117	36	117	36
Sundry Administration		202	184	207	198
Norwood Football Club Grant		-	-	-	22
Loss on Disposal of Non-Current Assets		-	3	-	3
TOTAL EXPENDITURE		39,122	36,721	39,150	37,029
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL GRANTS		(284)	545	(312)	526



SOUTH AUSTRALIAN JOCKEY CLUB AND ITS CONTROLLED ENTITY  
INCOME STATEMENTS FOR THE YEAR ENDED 31 JULY 2007

	NOTE	SAJC		Consolidated	
		2007 \$000	2006 \$000	2007 \$000	2006 \$000
Industry Capital Grants		-	-	-	-
Depreciation of Funded Assets	8	(846)	(856)	(846)	(856)
<b>OPERATING SURPLUS/(DEFICIT)</b>		(1,130)	(311)	(1,158)	(330)
Booking of Gaming Machine Entitlements		-	-	-	-
<b>TOTAL CHANGES IN EQUITY</b>		(1,130)	(311)	(1,158)	(330)

The Income Statements are to be read in conjunction with the notes to the Financial Report set out on pages 24 to 35.



# NOTES TO THE FINANCIAL REPORT FOR YEAR ENDED 31 JULY 2007

## SOUTH AUSTRALIAN JOCKEY CLUB AND ITS CONTROLLED ENTITY STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2007

		SAJC		Consolidated	
	NOTE	2007 \$000	2006 \$000	2007 \$000	2006 \$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from operating activities		41,852	41,441	41,860	41,747
Payments to suppliers and employees		(40,512)	(38,668)	(40,522)	(39,014)
Interest received		4	33	4	34
Interest paid		(655)	(635)	(655)	(635)
Grants received		20	32	20	32
NET CASH PROVIDED BY OPERATING ACTIVITIES	12(ii)	709	2,203	707	2,164
CASH FLOWS FROM INVESTING ACTIVITIES					
		-	-		
Payments for property, plant & equipment		(1,507)	(2,414)	(1,507)	(2,419)
Proceeds from sale of property, plant & equipment		1	7	1	7
Proceeds from sale of investments		-	-	-	1
NET CASH (USED IN) INVESTING ACTIVITIES		(1,506)	(2,407)	(1,506)	(2,411)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		600	-	600	-
Reduction in borrowings		-	(700)	-	(700)
TRSA Loan repayments		-	(165)	-	(165)
Proceeds from industry grants		72	-	72	-
NET CASH (USED IN) FINANCING ACTIVITIES		672	(865)	672	(865)
NET INCREASE/(DECREASE) IN CASH HELD		(125)	(1,069)	(127)	(1,112)
CASH AT THE BEGINNING OF THE FINANCIAL YEAR		743	1,812	759	1,871
CASH AT THE END OF THE FINANCIAL YEAR	12(i)	618	743	632	759

The Statements of Cash Flows are to be read in conjunction with the notes to the Financial Report set out on pages 24 to 35.



# NOTES TO THE FINANCIAL REPORT FOR YEAR ENDED 31 JULY 2007



## SOUTH AUSTRALIAN JOCKEY CLUB AND ITS CONTROLLED ENTITY STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2007

	SAJC			CONSOLIDATED		
	Retained Earnings \$000	Reserves \$000	Total \$000	Retained Earnings \$000	Reserves \$000	Total \$000
<b>BALANCE AT 1 AUG 2005</b>	6,429	16,089	22,518	6,509	17,064	23,573
Surplus/(Deficit) for the year	(311)	-	(311)	(330)	-	(330)
Revaluation increments/(decrements)	-	-	-	-	-	-
Transfers to and (from) reserves	856	-	856	856	-	856
Capital grants	-	-	-	-	-	-
Depreciation of industry funded assets	-	(856)	(856)	-	(856)	(856)
<b>BALANCE AT 31 JULY 2006</b>	6,974	15,233	22,207	7,035	16,208	23,243
Surplus/(Deficit) for the year	(1,130)	-	(1,130)	(1,158)	-	(1,158)
Revaluation increments/(decrements)	-	-	-	-	-	-
Transfers to and (from) reserves	846	-	846	846	-	846
Capital grants	-	-	-	-	-	-
Depreciation of industry funded assets	-	(846)	(846)	-	(846)	(846)
<b>BALANCE AT 31 JULY 2007</b>	6,690	14,387	21,077	6,723	15,362	22,085

The Statements of Changes in Equity are to be read in conjunction with the notes to the Financial Report set out on pages 24 to 35.



## **SOUTH AUSTRALIAN JOCKEY CLUB AND ITS CONTROLLED ENTITY NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 31 JULY 2007**

### **1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The South Australian Jockey Club Incorporated ('Club') is an association domiciled in Australia. The consolidated financial report of the Club for the year ended 31 July 2007 comprises the Club and its controlled entity, the Norwood Community Club Incorporated (together referred to as the 'Group').

The financial report was authorised for issue by a resolution of the Directors on the 30th day of October 2007.

#### **Statement of Compliance**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Interpretations) adopted by the Australian Accounting Standards Board ('AASB') and the Associations Incorporation Act 1985.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). A statement of compliance with International Financial Reporting Standards cannot be made due to the Club applying the not for profit sector specific requirements contained in the AIFRS.

#### **Basis of Preparation**

The financial report is prepared in Australian Dollars.

The financial report is prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: intangible assets.

The Club has disclosed rounded amounts in the financial report and Directors' Report to the nearest thousand dollars, unless otherwise stated.

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the group.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The entity has elected to early adopt the following accounting standards and amendments:

- AASB 101 Presentation of Financial Statements (October 2006).

#### **Basis of consolidation**

##### **(i) Subsidiaries**

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In the Club's financial statements, investments in subsidiaries are carried at cost.

##### **(ii) Transactions eliminated on consolidation**

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Gains and losses are recognised when the contributed assets are consumed or sold by the equity accounted investee or, if not consumed or sold by the equity accounted investee, when the Group's interest in such entities is disposed of.

# NOTES TO THE FINANCIAL REPORT FOR YEAR ENDED 31 JULY 2007



## 1.1 Funding

From 1 August 2006 grants received, or receivable from Thoroughbred Racing SA (TRSA) for capital purposes are treated as operating income. The depreciable component of such items are recognised as an operating expense.

Grants for major capital projects are recognised in the year of approval and any balance due in future years are recorded as a receivable.

Grants for non-capital purposes are recognised as revenue in accordance with the specific terms of the approval.

### Other

Grants received from any other bodies in relation to capital projects are treated as income in accordance with AASB 118 Revenue and AASB 120 Accounting for Government Grants and Disclosure of Government Assistance.

## 1.2 Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and any impairment losses (see note 1.12).

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

### Depreciation

In arriving at the operating surplus/(deficit) for the year, depreciation is provided on all Club funded property, plant and equipment, but excluding freehold land, and assets funded by the Industry, so as to write off the assets progressively over their economic lives, using the straight line method.

The depreciation rates used for each class of asset other than Victoria Park assets are as follows:-

	2007	2006
<b>Buildings and Improvements</b>	2.5% - 10%	2.5% - 10%
<b>Plant &amp; Equipment</b>	5% - 25%	5% - 25%

## 1.3 Revenue and Other Income

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to the work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return of goods or there is continuing management involvement with the goods. The following specific recognition criteria must also be met before revenue is recognised:-

### Prizemoney & Administration Grants

SAJC received distributions from TRSA to fund prizemoney and administration. These amounts are reported on an accruals basis.

### Deferred Income

Deferred income represents rent, membership and sponsorship monies for future years received in the current financial year.

### Sale of Non-current Assets

The net gain or loss of non-current asset sales are included in the Income Statement at the date control passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

### Interest Revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

### Grants

Revenue is recognised when control of the contribution or right to receive the contribution is obtained.

## **Donations**

Revenue is recognised when the monies are received by the Club. In kind donations or donations of assets are recorded at fair value.

## **Rental Income**

Rental income is recognised in the income statement on a straight line basis over the term of the lease.

All revenue is stated net of the amounts of goods and services tax (GST).

## **1.4 Cash and Cash Equivalents**

Cash and cash equivalents comprise cash balances, short term bills and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

## **1.5 Employee Benefits**

### **Defined Contribution Superannuation Fund**

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the Income Statement as incurred.

### **Long-term Service Benefits**

The Group's net obligation in respect of long-term service benefits, other than defined benefit superannuation funds, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the Group's obligations.

### **Wages, Salaries, Annual Leave and Sick Leave**

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

## **1.6 Inventories**

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

## **1.7 Income Tax**

The Club is exempt from Income Tax.

## **1.8 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 Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item 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 balance sheet.

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.

## **1.9 Interest-bearing Borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Income Statement over the period of the borrowings on an effective interest basis.



# NOTES TO THE FINANCIAL REPORT FOR YEAR ENDED 31 JULY 2007



## 1.10 Auditorium Wagering Activities

Revenue from the Morphetville wagering auditorium is shown as part of the Club's revenue. The expenses from the Morphetville wagering auditorium include the costs associated with the SAJC operating the business together with distributions made to other industry participants as follows:-

	SAJC		Consolidated	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
Revenue	578	742	578	742
Expenses	(562)	(510)	(562)	(510)
Profit	16	232	16	232
Profit Distributions				
Harness Racing	(16)	(36)	(16)	(36)
Greyhound Racing	(30)	(40)	(30)	(40)
Provincial Clubs	(11)	(10)	(11)	(10)
SARCC	(89)	(176)	(89)	(176)
Total Distributions	(146)	(262)	(146)	(262)
Surplus/(Deficit)	(130)	(30)	(130)	(30)

## 1.11 Acquisition of Assets

All assets acquired, including property, plant and equipment are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Borrowing costs are capitalised to qualifying assets as set out in note 1.16.

## 1.12 Impairment

The carrying amounts of the Group's assets, other than inventories (see accounting policy 1.6) are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For assets that have an indefinite useful life the recoverable amount is estimated at each balance sheet date.

### Calculation of recoverable amount

The recoverable amount of the Group's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use.

### Reversals of impairment

Impairment losses, other than in respect of goodwill, are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

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.

## 1.13 Receivables

Trade and other receivables are stated at their amortised cost less impairment losses (see accounting policy 1.12).

## 1.14 Payables

Trade and other payables are stated at their amortised cost. Trade payables are non-interest bearing and are normally settled on 60-day terms.

## 1.15 Operating Leases

Payments made under operating leases are expensed on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

## 1.16 Borrowing Costs

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the assets. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate.

## 1.17 Norwood Community Club Inc

On 1 December 2004 the Norwood Community Club ("NCC") adopted the constitution of the SAJC, giving the SAJC effective control over NCC. The trading of the NCC from this date has been consolidated into the results of the SAJC.

Effective 28 February 2006 the Norwood Community Club ceased operations. The Gaming Machine Entitlements have since been suspended, however, remain the property of the SAJC in conjunction with Note 1.18.

## 1.18 Intangible Assets

In February 2005 the State Government of South Australia amended the Gaming Machines Act (1992) ("Act") inserting Division 3A into the Act. The act provides a mechanism for gaming machine entitlements to be sold at a fixed legislated value. SAJC controlled gaming machine entitlements are recorded at their fair value. This class of non-current assets, measured at fair value, is assessed annually to ensure the carrying amount does not materially differ from its fair value. Revaluation increments, on a class of assets basis, are recognised in the Asset Revaluation Reserve except that, amounts reversing a decrement previously recognised as an expense are recognised as revenues. These intangible assets have not been internally generated and have indefinite useful lives.

Revaluation decrements are only offset against revaluation increments relating to the same class of asset and an excess is recognised as an expense.

## 1.19 New Standards and Interpretation not yet adopted.

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 31 July 2007, but have not been applied in preparing this financial report.

- AASB 7 Financial instruments: Disclosure (August 2005) replacing the presentation requirements of financial instruments in AASB 132. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007 and will require additional extensive disclosures with respect to the Group's financial instruments and share capital.
- AASB 2005-10 Amendments to Australian Accounting Standards (September 2005) makes consequential amendments to AASB 132 Financial Instruments: Disclosures and Presentation, AASB 101 Presentation of Financial Statements, AASB 114 Segment Reporting, AASB 117 Leases, AASB 133 Earnings Per Share, AASB 139 Financial Instruments: Recognition and Measurement, AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards, AASB 4 Insurance Contracts, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts arising from the release of AASB 7. AASB 2005-10 is applicable for annual reporting periods beginning on or after 1 January 2007 and is expected to only impact disclosures contained within the consolidated financial report.
- AASB 8 Operating Segments replaces the presentation requirements of segment reporting in AASB 114 Segment reporting. AASB 8 is applicable for annual reporting periods beginning on or after 1 January 2009 and is not expected to have an impact on the financial results of the Club and the Group as the standard is only concerned with disclosures.



# NOTES TO THE FINANCIAL REPORT FOR YEAR ENDED 31 JULY 2007



## 2. RECEIVABLES

	NOTE	SAJC 2007 \$000	2006 \$000	Consolidated 2007 \$000	2006 \$000
Current					
Prizemoney & Administration Grants		503	443	503	443
Other Receivables		1,704	992	1,718	1,014
Impairment Losses		-	-	-	-
		2,207	1,435	2,221	1,457

Impairment losses were recognised in respect of receivables for which recovery is unlikely.

## 3. PROPERTY PLANT & EQUIPMENT

Freehold Land at cost					
Morphettville		357	357	357	357
Cheltenham		65	65	65	65
		422	422	422	422
Buildings & Improvements at cost					
Morphettville		35,125	34,342	35,125	34,342
Victoria Park		3,475	3,475	3,475	3,475
Cheltenham		13,966	13,862	13,966	13,862
Less: Accumulated Depreciation		(27,960)	(25,941)	(27,960)	(25,941)
		24,606	25,738	24,606	25,738
Plant & Equipment at cost					
Morphettville		6,144	5,621	6,144	5,621
Victoria Park		714	711	714	711
Cheltenham		730	729	730	729
Norwood Community Club		-	-	66	66
Less: Accumulated Depreciation		(5,068)	(4,690)	(5,128)	(4,732)
		2,520	2,371	2,526	2,395
Capital Works in Progress		433	341	433	341
<b>TOTAL PROPERTY PLANT &amp; EQUIPMENT</b>		<b>27,981</b>	<b>28,872</b>	<b>27,987</b>	<b>28,896</b>

Included in the above total of Property, Plant & Equipment are the written down values of assets funded by industry grants to the extent of

8	11,387	12,233	11,387	12,233
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Reconciliations of the carrying amounts of each class of Property, Plant & Equipment

Freehold Land at cost					
Carrying Amount at the beginning of year		422	422	422	422
Additions		-	-	-	-
Disposals		-	-	-	-
Carrying Amount at the end of year		422	422	422	422



# NOTES TO THE FINANCIAL REPORT FOR YEAR ENDED 31 JULY 2007

NOTE	SAJC 2007 \$000	2006 \$000	Consolidated 2007 \$000	2006 \$000
Buildings & Improvements				
Carrying Amount at the beginning of year	25,738	26,627	25,738	26,627
Additions	-	-	-	-
Transfers from Capital Works in Progress	887	1,114	887	1,114
Disposals	-	(9)	-	(9)
Depreciation	(2,019)	(1,994)	(2,019)	(1,994)
Carrying Amount at the end of year	24,606	25,738	24,606	25,738
Plant & Equipment				
Carrying Amount at the beginning of year	2,371	1,563	2,395	1,609
Additions	-	-	-	-
Transfers from Capital Works in Progress	528	1,117	528	1,122
Disposals	-	-	-	-
Depreciation	(379)	(309)	(397)	(336)
Carrying Amount at the end of year	2,520	2,371	2,526	2,395
Capital works in progress				
Carrying Amount at the beginning of year	341	158	341	158
Additions	1,507	2,414	1,507	2,419
Transfer to Buildings & Improvements	(887)	(1,114)	(887)	(1,114)
Transfer to Property, Plant & Equipment	(528)	(1,117)	(528)	(1,122)
Carrying Amount at the end of year	433	341	433	341
<b>TOTAL PROPERTY PLANT &amp; EQUIPMENT</b>	<b>27,981</b>	<b>28,872</b>	<b>27,987</b>	<b>28,896</b>
<b>4. INTANGIBLE ASSETS</b>				
Gaming Machine Entitlements				
Morphettville	1,500	1,500	1,500	1,500
Cheltenham	1,500	1,500	1,500	1,500
Norwood Community Club	-	-	975	975
Total Licences & Entitlements	3,000	3,000	3,975	3,975

The Club's Gaming Machine Entitlements and Gaming Licences are held in accordance with the Gaming Machine Act (1992). Subject to the SAJC Breaching a provision of the Act, the State Government has the authority under this Act to revoke a gaming licence. Legislative changes could also vary the terms of the current gaming licences. Fair value of these entitlements was calculated as the current published value by the State Government.

# NOTES TO THE FINANCIAL REPORT FOR YEAR ENDED 31 JULY 2007



	NOTE	SAJC 2007 \$000	SAJC 2006 \$000	Consolidated 2007 \$000	Consolidated 2006 \$000
<b>5. INTEREST-BEARING LIABILITIES</b>					
Current					
Bank Overdraft		-	-	-	-
Loan from TRSA		-	-	-	-
		-	-	-	-
Non-current					
Commercial Bills-Secured		10,100	9,500	10,100	9,500
		10,100	9,500	10,100	9,500
Commercial Bills are secured by a registered mortgage over non residential property of the SAJC located at Cheltenham.					
<b>6. EMPLOYEE BENEFITS</b>					
Current					
Employee Provisions		375	495	375	495
Non-Current					
Employee Provisions		275	80	275	80
<b>7. OTHER LIABILITIES</b>					
Current					
Deferred Income		599	735	599	735
<b>8. RESERVES &amp; RETAINED EARNINGS</b>					
<b>Retained Earnings</b>					
Balance Brought Forward		6,974	6,429	7,035	6,509
Add: Operating Surplus/(Deficit)		(1,130)	(311)	(1,158)	(330)
Less: Transfers to Reserves (net)		846	856	846	856
Balance at Year End		6,690	6,974	6,723	7,035
<b>Industry Capital Grants Reserve</b>					
Balance Brought Forward		12,233	13,089	12,233	13,089
Add: Capital Grants		-	-	-	-
Less: Depreciation of Industry Funded Assets		(846)	(856)	(846)	(856)
Balance at Year End		11,387	12,233	11,387	12,233
<b>Asset Revaluation Reserve</b>					
Balance Brought Forward		3,000	3,000	3,975	3,975
Add: Revaluation Increments		-	-	-	-
Less: Revaluation Decrements		-	-	-	-
Balance at Year End		3,000	3,000	3,975	3,975
<b>Total Reserves</b>		<b>14,387</b>	<b>15,233</b>	<b>15,362</b>	<b>16,208</b>

## **Capital Grants Reserve**

The nature of the capital grants reserve is disclosed in note 1.1.

## **Asset Revaluation Reserve**

The Asset Revaluation reserve includes the net revaluation increments and decrements arising from the revaluation of intangible assets measured as fair value, in accordance with Note 1.18.

## **9. FINANCIAL SUPPORT**

The Club and consolidated entity has access to a bank overdraft facility as at 31 July 2007 of \$500,000 (2006 - \$500,000) and a commercial bill facility of \$10,500,000 - (2006 \$10,605,000). The unused facilities as at 31 July 2007 were \$500,000 (2006 - \$500,000) and \$400,000 (2006 - \$1,105,000) respectively.

## **10. SUPERANNUATION FUND**

With the introduction of Super Choices all employees may nominate their preferred fund for employer contributions.

The Club contributed \$548k in the year ended 31/7/07 (2006: \$512k)

The consolidated entity contributed \$548k in the year ended 31/7/07 (2006: \$520k)

As at year end the number of full-time employees working for the club was 68 (2006: 70).

## **11. KEY MANAGEMENT PERSONNEL DISCLOSURES**

### **Transactions with Key Management Personnel**

The Board Members receive no remuneration for their services.

Other transactions of the Board:

- The Chairman is entitled to an allowance of \$18,000 to assist with costs incurred in representing the Club during the year.
- Some Members of the Board, either directly or through corporates in which they have a substantial financial interest, provide certain goods or services in the normal course of the Club's activities.
- The terms and conditions of those transactions with members of the board were no more favourable than those available to other entities on an arm's length basis.
- There were no amounts receivable from and payable to the board at reporting date arising from the above transactions.
- Members of the Board, or their relatives, may from time to time receive prizemoney from the Club following the success of horses owned or trained by them. This prizemoney is paid by the Club on the same terms and conditions as apply to any other owner or trainer.
- Various transactions with the Norwood Community Club Inc. were undertaken on commercial terms, during the period.



# NOTES TO THE FINANCIAL REPORT FOR YEAR ENDED 31 JULY 2007



## Key Management Personnel Compensation

	SAJC		Consolidated	
	2007	2006	2007	2006
Short-term employee benefits	622,559	589,651	622,559	589,651

- There were no other transactions with Key Management Personnel.
- Key Management Personnel, or their relatives, may from time to time receive prizemoney from the Club following the success of horses owned or trained by them. This prizemoney is paid by the Club on the same terms and conditions as apply to any other owner or trainer.
- There were no amounts receivable from and payable to Key Management Personnel at reporting date arising from the above transactions.

## 12. CASH FLOW INFORMATION

### (i) RECONCILIATION OF CASH

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:-

Interest Bearing Cash	-	-	-	-
Cash and Cash Equivalents	5	5	5	5
Bank Overdraft	613	738	627	754
	618	743	632	759

### (ii) RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT FROM ORDINARY ACTIVITIES

Surplus/(Deficit) from ordinary activities	(284)	545	(312)	526
Proceeds from Industry Grants	(72)	-	(72)	-

#### Non-Cash Items

Depreciation	1,552	1,447	1,570	1,474
(Profit)/Loss on sale of property, plant and equipment	(1)	3	(1)	3
(Profit)/Loss on sale of Investment	-	-	-	(1)

#### Change in assets and liabilities

(Increase)/decrease in receivables	(772)	517	(764)	473
(Increase)/decrease in inventory	(25)	(30)	(25)	(21)
(Increase)/decrease in prepayments	(27)	(124)	(27)	(124)
Increase/(decrease) in payables	399	(285)	399	(296)
Increase/(decrease) in provisions	75	(48)	75	(48)
Increase/(decrease) in other liabilities	(136)	178	(136)	178

#### NET CASH PROVIDED BY OPERATIONS

709	2,203	707	2,164
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## 13. OPERATING LEASE COMMITMENTS

NOTE	SAJC		Consolidated	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Less than one year	4	4	4	4
Between one and five years	-	-	-	-
More than five years	-	-	-	-

Since the expiration of the lease of Victoria Park Racecourse on 31 August 2004 the Club has continued to occupy the property under a month by month arrangement.

## 14. FINANCIAL INSTRUMENTS

### Interest Rate Risk

The Group's exposure to interest rate risk is set out below; which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate on classes of financial assets and financial liabilities, is as follows:

	2007 Floating Interest Rate \$000	2006 \$000	2007 Non-Interest Bearing \$000	2006 \$000	2007 Total \$000	2006 \$000	2007 Weighted Average Interest Rate %	2006 %
Financial Assets								
Cash and Cash Equivalents	382	640	245	114	627	754	3.75	3.75
Interest Bearing Deposits	5	5	-	-	5	5	6.00	5.50
Trade and Other Receivables	-	-	2,221	1,457	2,221	1,457	-	-
	387	645	2,466	1,571	2,853	2,216	-	-
Financial Liabilities								
Bank Overdraft	-	-	-	-	-	-	-	-
Commercial Bills	10,100	9,500	-	-	10,100	9,500	6.70	6.27
Loan from TRSA	-	-	-	-	-	-	-	-
Trade and Other Payables	-	-	1,983	1,584	1,983	1,584	-	-
	10,100	9,500	1,983	1,584	12,083	11,084	-	-

### Credit Risk Exposures:

The maximum exposures to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts of those assets, as disclosed in the balance sheet and notes to the financial statements.

Except for the following concentrations of credit risks, the Club does not have any material credit risk exposure to any single debtor or group of debtors by undertaking transactions with a large number of customers and by managing trade receivables in the following ways:

- payment terms are 30 days; and
- follow up of all debtors greater than 90 days on a timely basis.

# NOTES TO THE FINANCIAL REPORT FOR YEAR ENDED 31 JULY 2007



## Net Fair Values of Financial Assets and Liabilities:

The carrying amounts of recognised financial assets and financial liabilities approximate their net fair values. There are no unrecognised financial instruments. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

## 15. ROUNDING OFF AMOUNTS

Amounts in this report have been rounded off to the nearest thousand dollars, unless specifically stated to be otherwise.

## 16. CAPITAL COMMITMENTS

The \$980,000 held in trust resulting from the insurance payout from the fire at Victoria Park in 1998 was utilised to reduce the Club's interest burden by offsetting a component of the Club's commercial bill facility and retire the debt owing to TRSA. The arrangement with the bank enables the Club to withdraw this amount when required. The Club is committed to spending this money at Victoria Park.

## 17. SEGMENT REPORTING

The Club operates predominately in one business and geographical segment being the entertainment and hospitality industry in South Australia.

## 18. AUDITORS REMUNERATION

KPMG earned the following remuneration from the Club and consolidated entity during the year:

	SAJC		Consolidated	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
<b>Audit Services</b>				
Audit or review of financial reports	34	29	39	36
Other assurance services	-	-	-	-
	34	29	39	36





## REPORT BY BOARD

During the financial year, no officer of the Club and its controlled entity, or any firm of which an officer is a member, or any corporate in which an officer has a substantial financial interest, has received or become entitled to receive a benefit as a result of a contract between an officer, firm or corporate and the Club, other than:

- (a) an allowance of \$18,000 payable to the Chairman to assist with costs incurred in representing the Club during the year;
- (b) benefits arising from the provision of certain minor goods or services in the normal course of the Club's activities; and
- (c) prizemoney paid by the Club on the same terms and conditions as apply to any other owner or trainer.

During the financial year, no officer of the Club and its controlled entity has received directly or indirectly from the Club any payment or other benefit of a pecuniary value, other than in the case of officers employed by the Club, approved salaries which have been determined in accordance with general market conditions.

Dated at Adelaide this 30th day of October, 2007.

Signed in accordance with a resolution of the Board.



**John Naffine**  
Chairman



**David Rasheed**  
Chairman of Finance Sub-Committee

## STATEMENT BY BOARD

The attached financial statements and notes of the South Australian Jockey Club Inc. and its controlled entity as set out on pages 19 to 35, for the year ended 31 July, 2007, are in our opinion properly drawn up:

- (a) so as to present fairly the financial position of the Club and its controlled entity as at 31 July, 2007 and the results and cash flows for the year then ended;
- (b) in accordance with the provisions of the Club Rules; and
- (c) in accordance with Australian Accounting Standards and the Associations Incorporation Act 1985.

As at the date of this statement, there are reasonable grounds to believe that the Club will be able to pay its debts as and when they fall due.

Dated at Adelaide this 30th day of October, 2007.

Signed in accordance with a resolution of the Board.



**John Naffine**  
Chairman



**David Rasheed**  
Chairman of Finance Sub-Committee

# INDEPENDENT AUDIT REPORT TO MEMBERS OF THE SOUTH AUSTRALIAN JOCKEY CLUB INC.



## REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of the South Australian Jockey Club Incorporated (the "Club") and its Controlled Entity (the "Group"), which comprises the balance sheets as at 31 July 2007, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration set out on pages 19 to 36.

### *Directors' responsibility for the financial report*

The directors of the Group are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Associations Incorporation Act 1985*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Associations Incorporation Act 1985* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Club's and the Group's financial position and of their performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Independence*

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

### *Auditor's opinion*

In our opinion:

- (a) the financial report of South Australian Jockey Club Incorporated is in accordance with the *Associations Incorporation Act 1985*, including:
  - (i) giving a true and fair view of the Club's and the Group's financial position as at 31 July 2007 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Associations Incorporation Act 1985*.

**KPMG**

A handwritten signature in dark ink, appearing to read 'Grant Drabsch', is written over a light blue circular stamp. The signature is fluid and cursive.

Grant Drabsch  
**Partner**

Dated in Adelaide on the 30th day of October 2007

Year Ended	2007	2006	2005	2004	2003	2002
<b>RACING</b>						
Race Meetings	66	64	65	65	65	61
Races Run	530	518	528	537	523	494
Nominations	8,409	8,262	8,600	8,811	8,437	8,236
Starters	5,643	5,461	5,688	5,952	5,637	5,491
<b>ON-COURSE TURNOVER (\$000)</b>						
Totaliser	15,464	15,838	17,695	16,355	18,281	16,926
Bookmakers	50,355	48,757	84,459	57,000	57,917	73,657
Total Turnover	65,819	64,595	102,154	73,355	76,198	90,583
<b>FINANCIAL (\$000)</b>						
Operating Surplus (Deficit)	(312)	526	107	(501)	1,015	220
Distributions Received	14,278	14,191	14,454	14,605	14,221	13,639
Members Subscriptions & Admissions	980	969	938	776	680	643
Prizemoney & Unplaced Subsidies	15,064	14,678	14,918	15,045	14,616	14,173
<b>MEMBERSHIP</b>						
Total Members	1,751	1,814	1,807	1,646	1,597	1,577
<b>GOVERNMENT REVENUE FROM ON-COURSE BETTING (\$000).</b>						
Bookmakers	-	-	-	-	-	405
Totalisator	-	-	635	624	732	676
Total Revenue	-	-	635	624	732	1,081

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