



SOUTH AUSTRALIAN  
JOCKEY CLUB

ANNUAL REPORT  
2015/16







SOUTH AUSTRALIAN  
JOCKEY CLUB

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All images featured in this Annual Report were taken at Morphettville during the 2015/16 racing season.

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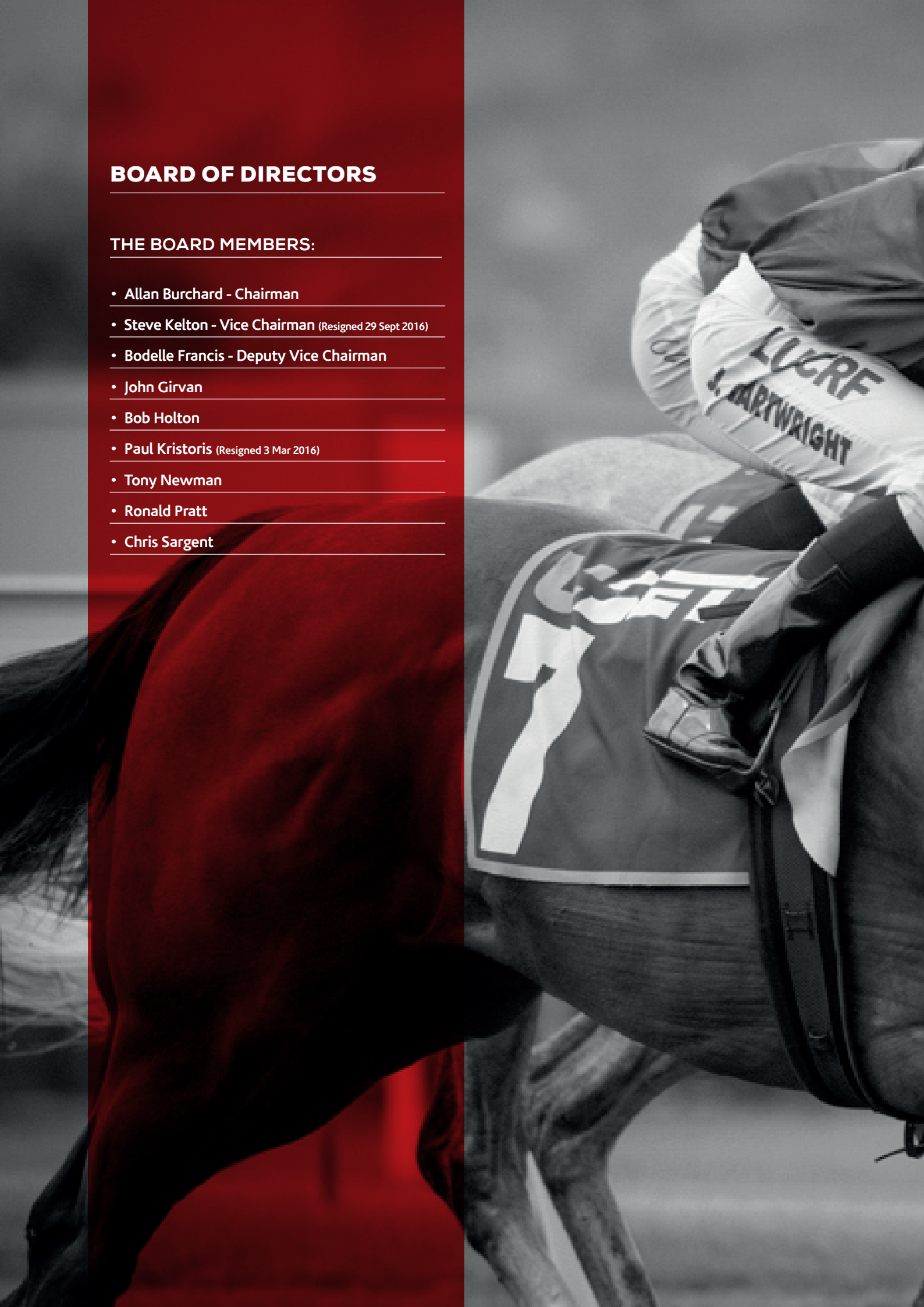
## BOARD OF DIRECTORS

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### THE BOARD MEMBERS:

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- Allan Burchard - Chairman
- Steve Kelton - Vice Chairman (Resigned 29 Sept 2016)
- Bodelle Francis - Deputy Vice Chairman
- John Girvan
- Bob Holton
- Paul Kristoris (Resigned 3 Mar 2016)
- Tony Newman
- Ronald Pratt
- Chris Sargent







## SAJC BOARD OF DIRECTORS



**ALLAN BURCHARD**  
Chairman

Ex-officio on all Board Committees  
BA in Accounting, Fellow of the Institute  
of Chartered Accountants

**Date joined Board**  
November 2010

**Business interests**  
Chairman ES Wigg & Son Pty Ltd,  
Chairman Lang Foundation Pty Ltd,  
Private sector advisory services

**Current racing interests**  
Racehorse owner and breeder

**Interests outside of racing**  
Family, golf



**STEVE KELTON**  
Vice Chairman

Member of Racing and Performance  
Review & Remuneration Committees  
BA Dip Ed, Cert Exec Mgt, Cert Bus & Fin  
Counselling, Justice of the Peace

**Date joined Board**  
November 2010

**Business interests**  
Consultant in education and  
executive development,  
Member of State Council of Vinnies

**Current racing interests**  
Racehorse owner

**Interests outside of racing**  
Tennis, swimming, golf

**Resigned**  
29 September 2016



**BODELLE FRANCIS**  
Deputy Vice Chairman

Member of Finance & Investment  
and Racing Committees  
Bachelor of International Hotel  
Management

**Date joined Board**  
November 2010

**Business interests**  
General Manager Francis Group,  
Director ICHM College Council,  
Director SipNSave

**Current racing interests**  
Racehorse owner

**Interests outside of racing**  
Rugby, travelling, family



## SAJC BOARD OF DIRECTORS



**TONY NEWMAN**

Member of Finance & Investment, Strategic Initiatives and Performance Review & Remuneration Committees, and member of Constitution Review and Master Plan Working Parties  
Bachelor of Economics

**Date joined Board**  
May 2009

**Business interests**  
Chairman Alzheimer's South Australia,  
Board member Alzheimer's Australia

**Current racing interests**  
Racehorse owner

**Interests outside of racing**  
Adelaide Football Club,  
Woodville West Torrens Football Club,  
Henley & Grange Baseball Club



**CHRIS SARGENT**

Member of Constitution Review Working Party  
Bachelor of Law

**Date joined Board**  
May 2009

**Business interests**  
Consultant with Sparke Helmore

**Current racing interests**  
Racehorse owner

**Interests outside of racing**  
Richmond Football Club,  
family



**RON PRATT**

Member of Racing and Risk & Governance Committees  
BA Dip Ed, Dip TAA

**Date joined Board**  
November 2013

**Business interests**  
Licensed Educational Leader, Teacher

**Current racing interests**  
SAJC Member

**Interests outside of racing**  
Education, family



**BOB HOLTON**

Member of Racing, Strategic Initiatives, Master Plan and Finance & Investment Committees

**Date joined Board**  
November 2015

**Business interests**  
Presiding Officer of an apartment block,  
Member Crows VP Committee

**Current racing interests**  
Racehorse owner

**Interests outside of racing**  
Cricket, AFL, family, travel



**JOHN GIRVAN**

Member of Risk & Governance and Strategic Initiatives Committees  
Bachelor of Mathematics & Computer Science

**Date joined Board**  
November 2015

**Business interests**  
Defence Industry

**Current racing interests**  
Racehorse owner

**Interests outside of racing**  
Adelaide Football Club,  
Adelaide United Football Club, Family



**PAUL KRISTORIS**

Member of Finance & Investment and Strategic Initiatives Committees  
Diploma of Accounting

**Date joined Board**  
November 2014

**Business interests**  
Executive Chairman of  
Leader Computers

**Resigned**  
3 March 2016

## CHAIRMAN'S REPORT 2015/16

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**Chairman**  
**Allan Burchard**

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**On behalf of your Board, I am pleased to present the Annual Report, including the financial statements, of the South Australian Jockey Club, for the year ended 31 July 2016.**

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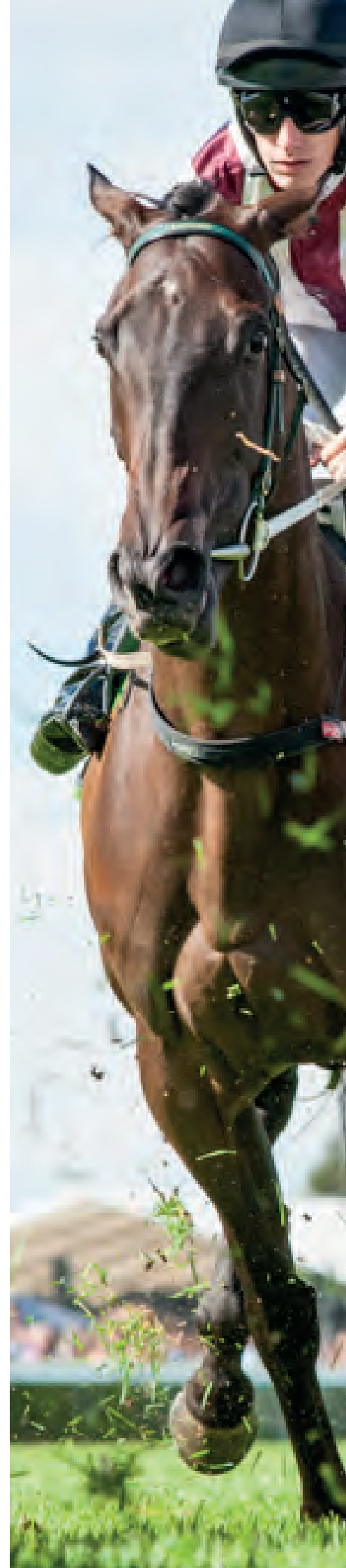
### FINANCIAL SUMMARY

The operating losses of the Club continue to be challenging and unacceptable. In 2015/16, those losses were compounded by poor returns from the Club's investment fund. However, on a positive note, the Club's operating losses from business activities were significantly reduced in comparison to the previous year.

Actions that were taken during 2015/16 included:

- We ceased providing top-up prizemoney of \$150,000 for three major races during the Adelaide Racing Carnival, with TRSA agreeing to meet these amounts as part of their general prizemoney commitment
- We negotiated additional payments from TRSA to assist with the cost of conducting racing and training activities
- Reduction in marketing and promotional expenses, involving assigning the marketing role to TRSA with effect from 1 December 2015
- Staff rationalisation as between The Junction and our on course catering facilities

Actions that will take effect during the 2016/17 year include increases in training facility access fees for the use of the training tracks, swimming pool and other Club facilities at Morphettville. These increases in charges, which took effect on 15 September 2016, are designed to recover costs of some \$750,000 p.a. which are not directly funded by TRSA. These charges were increased as a result of a three way negotiation between the trainers, TRSA and SAJC. The increases were timed to follow prizemoney increases which were targeted at lower value provincial and country races and unplaced horses in metropolitan races.









## CHAIRMAN'S REPORT 2015/16

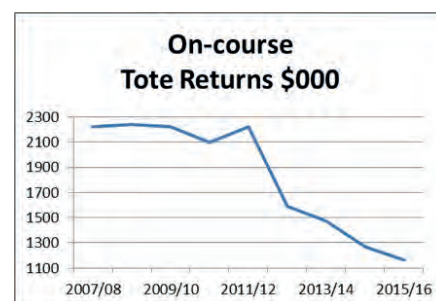
### FINANCIAL SUMMARY

Financial Summary	2016	2015
<b>BUSINESS ACTIVITIES</b>		
Racing	(210)	(1,414)
Hospitality	159	453
Licenced Venues - Junction	958	964
<b>CONTRIBUTION FROM RECURRING BUSINESS ACTIVITIES</b>	907	3
Overhead Costs	(2,659)	(2,772)
Investment Earnings	903	3,155
<b>CONTRIBUTION FROM BUSINESS ACTIVITIES BEFORE NON-CASH ITEMS</b>	(849)	386
Depreciation	(2,828)	(3,024)
<b>(DEFICIT) FOR THE YEAR</b>	<b>(3,677)</b>	<b>(2,638)</b>

The Club is reporting a significantly improved profit from its operational business of \$0.907M (2014/15: \$0.003M). The improvement results largely from increased distributions from TRSA to contribute to the operating costs of racing and training facilities, as well as from procurement and efficiency gains.

Investment returns for the year were \$0.9M (2014/15: \$3.2M) at an average weighted average return of 1.89% (2014/15: 6.55%), lower than expected but follows significant share market upheaval over the year. At the end of the financial year the Investment Fund was maintained at \$47.2M, down from the balance at the beginning of the year of \$48.5M.

Whilst the Racing activities generated a significant improvement in returns, this does not hide the trend of declining income streams and increasing costs relating to the racing product. There continues to be a slide in returns from on-course wagering, which is due to the impact of online betting, with many of our members and patrons using their electronic devices on-course, and the shift from pari-mutuel to fixed odds betting, as indicated in the graph below.



Investments are managed in accordance with a Board approved Investment Strategy. Investment earnings are subject to the vagaries of the investment markets. Weighted average returns for the year of 1.89% were down on the prior year of 6.65%.

The investment funds as at 31 July 2016 are as follows (See table above right):

The Club is in the process of reviewing its investment strategy to ensure the long term protection of the capital base of the Fund. The current intention is to retain only two fund managers, being Perpetual and Blackrock. It is the Club's intention to apply a portion of the investment funds towards the proposed development of the Cheltenham Sports and Community Club, and to the establishment and developments identified within the Master Plan.

A number of Capital Projects have been undertaken during the year. Total capital expenditure on those projects for 2015/16 was \$1.05M (2014/15: \$1.06M).

## SAJC INVESTMENT FUNDS

Year Ended	2016 \$000	2015 \$000
Perpetual	20,113	19,648
Blackrock	14,057	14,268
Morgans	6,383	7,903
Term Deposits	4,003	4,004
Investment Cash Account	2,644	2,639
<b>TOTAL INVESTMENT ASSETS</b>	<b>47,200</b>	<b>48,462</b>

## SAJC CAPITAL PROJECT COST

The following projects incurred costs in excess of \$100,000:

Project	\$000	Comments
Cheltenham	154	Social Effects Test and Legal costs
Junction Refurbishment	114	Refurbishment of venue
Carpet First Floor Grandstand	101	Carpet Upgrade on 1st Floor Grandstand



## CHAIRMAN'S REPORT 2015/16

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### LIFE MEMBERS

Our constitution provides for admission to life membership for those members who have achieved 50 years of continuous membership. There are no members who fulfil this criteria as at the end of the 2015/16 membership year.

### VALE

On a sad note, the Club acknowledges the passing during the year of Life Members Bill Cooper and Tom Whimpress.

### PATRONS

We are delighted that Governor Hieu Van Le AO and Mr Robert Gerard AO each continue as patrons of SAJC.

The Governor Hieu Van Le and his wife, Lan, were guests of the club on Adelaide Cup Day in 2016. Mr Gerard continues to be an active supporter of SAJC.

### THOROUGHBRED RACING SOUTH AUSTRALIA ("TRSA")

During 2015/16, and to the date of this report, SAJC has worked even more closely with TRSA to generate efficiencies in the administration of racing, not only in the metropolitan area, but also in provincial and country areas.

Examples include:

- The rationalisation of marketing activities with effect from 1 December 2015
- SAJC providing the Morphettville Parks circuit on two occasions when adverse weather conditions have impacted on track availability at Balaklava and Strathalbyn
- The continuing allocation of a Saturday meetings in winter, to the Gawler racecourse
- The agreement in August 2016 to increase prizemoney levels, in a manner which

should allow owners to absorb the new course access fees we have introduced for trainers using our Morphettville facilities

- The negotiated agreement to transfer our Track Manager, John Tonani to TRSA to enable more experienced and qualified attention to provincial courses, in particular, and also country courses.

### BOARD STRUCTURE

Firstly, I acknowledge the contribution by our previous Chairman, Tony Newman, who held that role from July 2012 until February 2016, when he stepped down, in accordance with the advice included in the 2015 Annual Report.

Tony has continued in a very active manner on our Board, taking on specific responsibilities to advance the Club's Master Plan concept, and to review the Club's constitution. I thank him for his active participation in those roles.

Secondly, I thank Steve Kelton for his 6 year contribution to the Board of SAJC. Steve has been appointed to the Board of TRSA with effect from 27 October 2016, and his resignation from our Board was effective from the conclusion of our Board meeting on 29 September 2016. I look forward to continuing to work with Steve in his new role as a director of TRSA.

I also acknowledge Paul Kristoris who made a valuable contribution during his period on the Board until February 2016.

The Board members have all been heavily involved in contributing to both the Board meetings and Committee meetings. Due to the complex and specialised nature of certain aspects of the Clubs operations, the SAJC

Board has established a number of committees, represented and chaired by Board members. During the year, the Board members continued to provide their voluntary commitment of expertise and time in support of our Club. I thank all Board members for their ongoing contributions to the strategic direction of the Club; their regular attendance at scheduled Board and committee meetings, as well as their commitment to each attending a substantial number of our race meetings.

## BOARD OF DIRECTORS



(Back row) from left:  
Ronald Pratt, Tony Newman, John Girvan, Bob Holton, Chris Sargent  
(Front row) from left:  
Steve Kelton (Vice Chairman), Allan Burchard (Chairman), Bodelle Francis (Deputy Vice Chairman)

Photos: courtesy of Terry Hann, Atkins Photography.

## ATTENDANCE AT MEETINGS: 2015/16

	Board		Finance & Investment Committee		Strategic Initiatives Committee		Risk & Governance Committee		Racing Committee		Performance Review & Remuneration Committee	
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
Allan Burchard	11	11	10	10	5	4	4	4	3	3	6	6
Steve Kelton	11	11	-	-	-	-	3	3	6	6	6	6
Bodelle Francis	11	11	6	5	2	1	-	-	6	6	-	-
Tony Newman	11	11	10	10	5	6	3	3	2	1	6	5
Chris Sargent	11	9	-	-	-	-	4	3	-	-	-	-
Ronald Pratt	11	10	-	1	-	-	7	7	6	6	-	1
Bob Holton	7	6	6	6	3	3	-	-	4	4	-	-
John Girvan	7	7	-	-	3	2	4	4	-	-	-	1
Greg Stewart	1	1	2	1	-	-	-	-	-	-	-	-
Olivia Nunn	4	3	4	4	2	2	-	-	-	-	-	-
Paul Kristoris	6	5	4	4	2	2	-	-	-	-	-	-

(a) Number of meetings held whilst a director/committee member. (b) Number of meetings attended.

\* Number of meetings attended in ex-officio capacity as Chairman or Deputy Chairman.

Note: A Masterplan Working Party is established and met on numerous ad hoc times during the year.

Note: A Constitutional Review Working Party was established and met on numerous ad hoc times during the year.



## CHIEF EXECUTIVES REPORT 2015/16

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**Chief Executive**  
**Brenton Wilkinson**

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**The challenges facing our club continue with increasing competition in the market place for all aspects of our business. Businesses in South Australia have "tightened the belt" on expenditure and one of the first things that is reduced has been the entertainment dollar, impacting on business partnerships and sponsorships.**

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In the face of these tougher conditions, it has been pleasing to be able to improve the Club's operational performance with continued reduction in expenditure along with some increases in revenue resulting from strategies to drive raceday attendance, conference and events and external catering opportunities.

As an example of external catering operations, we successfully tendered for the supply of food and beverage in all corporate areas for the Three Day International Horse Trials in Adelaide. We thank Gillian Rolton and her team for their support and ongoing confidence in us providing this service. The exposure for this type of offering is fantastic as the Club works to utilise our kitchen facilities and create revenue to support the purpose of our Club being the hosting of Thoroughbred Horse racing.

The Club is committed to the ongoing implementation of an overarching strategy to return the Club to a profitable position. To achieve this goal, the following objectives are incorporated into the Club's Strategic Plan:

### **1. ACHIEVING A FAIR RETURN FOR OUR FACILITY**

As referred to in previous years, Racing returns continue to be challenged by the combined pressures of declining income streams and increasing costs. The income streams are greatly affected by the decline in the commissions from on-course betting, whilst the costs continue to increase as the Club maintains a premium metropolitan racing and training facility of a safe and acceptable standard.

The influx of corporate bookmakers, the ease of wagering on mobile devices, plus the impact of pub TAB facilities has eroded the wagering income earned by the SAJC. Much of this income has been redirected to TRSA.

We have continued to develop and refine our understanding of the costs associated with Racing & Training operations. These have been the subject of a number of discussions with TRSA, and the Club will continue to work with TRSA to increase its funding in these areas to ensure a fair return for our facility.









Morphettville

Morphettville





## CHIEF EXECUTIVES REPORT 2015/16

The Club has reviewed the charging model for horses using these facilities and has implemented a new model aimed at recovering the total costs of providing the training facility.

Another way the Club is looking to seek a fair return for our facility is by increasing its utilisation. The Club has developed strong alliances with conference and events associations which have significantly enhanced the profile of Morphettville as a destination, and contributed strongly to revenue growth.

### 2. EFFICIENCIES, ALLIANCES AND PARTNERSHIPS

The Club continues its strong focus on efficiencies, alliances and partnerships.

#### Initiatives undertaken in this area include:

- Continual improvement culture
- Comprehensive staff review to determine optimum business structure
- Contract and supplier negotiations resulting in savings over the last 2 years of circa \$800K
- Alliance and partnerships developed with suppliers, sponsors and key customers
- Working with suppliers to improve the products and services provided and offered to the benefit of both parties

#### Initiatives in the 2016/17 year include:

- Review of major contracts (beer, wine, security, audio visual)
- Development of staff
- Continue to work with suppliers to extract the greatest benefit

### 3. INCREASING THE YIELD FROM INVESTMENTS

A key strategy of the Club is to pursue business opportunities in accordance with the Constitution. The Club has a disciplined approach to investigate and assess investment opportunities.

### 4. DEVELOPING CHELTENHAM

The Club remains committed to developing a Community Club at Cheltenham. The Commissioner of the OLG as at the 30th September 2016 had not handed down his decision from the Social Effects hearing. We continue to work with our Legal representatives chasing up the outcome of this hearing and are positive that the outcome will be in our favour.

The Club remains committed to taking all action required to secure the Gaming Licences, which will enable the Club to go to tender and then build the new venue on Cheltenham Parade adjacent to the commercial precinct of St Clair.

### 5. PROGRESSING THE MORPHETTville MASTER PLAN

SAJC representatives met with the Department of Planning, Transport and Infrastructure (DPTI), to identify the process moving forward with the submission of the Ministerial Development Plan Amendment (DPA).

A Ministerial DPA is currently being prepared, the two steps to this process are:

1. Masterplan, a consultant appointed by SAJC, is undertaking comprehensive research relating to the information required for the DPA.

2. A consultant, appointed by DPTI, will finalise all of the information, in a format acceptable by the Minister, this process should significantly reduce the cost and expedite the process.

Upon completion, the draft DPA will be provided to the SAJC for review and comment prior to submission to the Minister.

Ongoing meetings will occur with representatives of the Morphettville Master Plan Working Party, with reporting through the Chief Executive Office to the SAJC Board.

The Board will also hold Masterplan Information Sessions, to enable our Directors to gain an understanding of the costings, feasibilities and expectations of potential returns from the Master Plan.

Ongoing Master Plan updates will be provided through the Club's Member Forum and Newsletter.

### RACING AT MORPHETTville

During 2015/16 there were 58 (2014/15: 56) race meetings held at Morphettville with 472 (2014/15: 463) races run with 4,664 (2014/15: 4,392) starters, averaging 9.9 (2014/15: 9.5) starters per race. There were four Group One races held at Morphettville during the year, with the winners being (see below):

Race Name	Winner
Darley Goodwood	Black Heart Bart
UBET South Australian Derby	Howard Be Thy Name
UBET Classic (Robert Sangster Stakes)	Precious Gem
Schweppes Oaks (Australasian Oaks)	Abbey Marie

## CHIEF EXECUTIVES REPORT 2015/16

### EXECUTIVE LEADERSHIP TEAM



From Left: Emily Browne (Manager People Culture & Safety), Rob Heinjus (Manager Racing & Facilities), David Travers (Manager Commercial Operations), Michael Cox (Chief Financial Officer).  
Photos: courtesy of Terry Hann, Atkins Photography.

### STAFF RATIO

As at the last pay period of the financial year, our staff consisted of:	31 Jul 2016 Male	31 Jul 2016 Female	31 Jul 2016 Total	31 Jul 2015 Male	31 Jul 2015 Female	31 Jul 2015 Total
Permanent: Full-time	39	16	55	46	17	63
Permanent: Part-time	2	7	9	2	7	9
Casual	30	46	76*	33	51	84*
<b>TOTAL</b>	<b>71</b>	<b>69</b>	<b>140</b>	<b>81</b>	<b>75</b>	<b>156</b>
<b>% SPLIT</b>	<b>50.7%</b>	<b>49.3%</b>		<b>51.9%</b>	<b>48.1%</b>	

\* at its peak, the casual staffing levels reached 163 (2015: 234) on Adelaide Cup Day. Please also note this refers to total staff, which differs from full-time equivalent staff as per note 11 of the financial statements

### MEMBERSHIP

The 2015/16 racing season saw a total of 1,746 SAJC Members including 41 Life Members. We continue to offer the Winning Owners Membership with the fee for this set at \$99 for the 2016-2017 racing season. Polo in The City is going to be a member's activity again this year requiring a minimum of 30 participants for this to proceed. Ilona Klomp our Membership Co-ordinator will be in contact in the near future for you to secure your ticket to this event.

We are continuing to offer a monthly Members prize to drive increased weekly attendance by our members and a Members Referral Program with quarterly incentives. Early bird membership renewal prizes were offered again this year and we saw an impressive 1400 members renewed prior to the end of the racing season. This is a great credit to the enthusiasm of our new membership coordinator. A new initiative for new members is a complimentary tour of our facility here at Morphettville to help familiarise them with the spaces available and meet some members and gain an understanding of what it means to be a member.

### OUR PEOPLE

The Board of the SAJC is acutely aware that the success of the Club is dependent on our people and values. A positive work environment with a strong set of core values to enable our people to work closely and cohesively with each other, our business partners and our customers has been collaboratively established. The SAJC is focusing on developing our people to realise their potential, and acknowledge their contribution and achievements.

## SPONSORS

The Club thanks all of its Sponsors, many of whom have been long-term partners, and wish to specifically recognise UBET who sponsor the Adelaide Cup and Autumn Racing Carnival. I thank Tony Flanagan, General Manager SA & NT, and the whole team at UBET for becoming our Major Partner here at Morphettville. Our Sponsors are all acknowledged in this Report and we ask you to support them wherever possible.

We are also looking at initiatives with these partners in:

- Social Media
- Leveraging sponsors
- Building stronger relationships and partnerships with Sponsors
- On-course activations to build brand awareness for our Sponsors
- Increase the exposure to sponsors on course, thereby increasing the value of the sponsorship offerings – maybe this is a good time to consider sponsoring the SAJC!!

## MELBOURNE CUP DAY

Melbourne Cup Day continues to be our true corporate day with business partners hosting their clients at Morphettville. Profitability improved predominantly due to continual improvement in managing expenditure along with our Sales Team achieving strong pre-sales of hospitality packages. For 2016 there is an increase in the marketing and exposure of the Spring Carnival and Melbourne Cup events to further grow awareness of our events at Morphettville.

## UBET ADELAIDE CUP

The 2016 UBET Adelaide Cup event resulted in a sell out in all function areas, which is a very pleasing result, and provides an encouraging platform for the 2017 activation.

The social precinct, “The Starting Gate”, targeted at event goers and social racing fans, in its second year sold out prior to the event and these event goers enjoyed food and wine, fashion and fun along with a flutter on the gee gee’s which was a great result.

Our post-event survey ratings showed an improvement in all areas when compared against our 2015 results, including facilities, entertainment, food and service, and these positive results and consumer satisfaction reinforce the Club is heading in a positive direction.

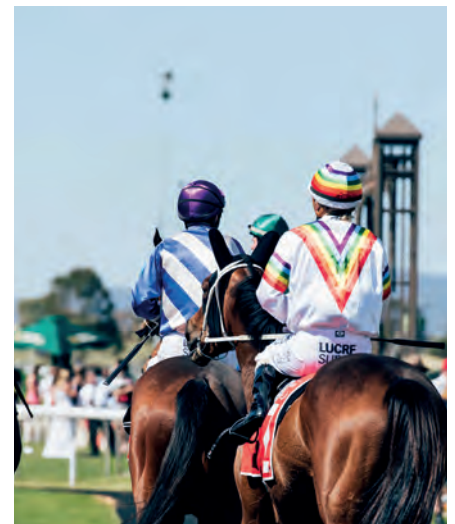
Jointly, TRSA and the SAJC, presented the argument to move the June public holiday to the 3rd Monday in May to accommodate the UBET Adelaide Cup’s return to its traditional time frame. We met with all organisations whom would be affected by this change and explained the rationale behind this request. All meetings have been positive and a bonus from these discussions is the negotiations between The Sea and Vines festival from McLaren Vale and the SAJC towards the implementation of a “Southern Vales Food and Wine Day” at Morphettville in the spring of 2017. At the time of writing this report the Government has not handed down its decision on our request. If/when successful the first running of the UBET Adelaide Cup in May will be in 2018.

## FESTIVAL OF RACING

The Festival of Racing in 2016 has now been completed with attendances up on 2015. The month of May was a solid result for the Club financially including our three (3) feature events of the Festival of Racing:

- Schweppes Oaks Day
- UBET Derby Day
- Darley Goodwood Day

Whilst we hosted fabulous horses, great jockeys and the best trainers in Australia, we still find it difficult to attract a crowd to these traditional racing events. Field sizes were enormous thanks to the initiative of TRSA to raise the minimum stake for each race on each of the three (3) days to \$100,000 prize money in total. People do not understand what our Festival of Racing is and the challenge for our Marketing team is to communicate this to identified consumer groups. Once this is done and the event goers have experienced the Festival of Racing it will become cemented in the annual calendar of places to be seen and be at.





## CHIEF EXECUTIVES REPORT 2015/16

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### COMMERCIAL OPERATIONS

The strategy behind the appointment of a Commercial Operations Manager is to drive business to Morphettville in conjunction with the Marketing & Sales Team and to manage the Marketing Contract collaboration with the TRSA Marketing Team to market SAJC Racedays. The Commercial Operations strategies moving forward are:

- Social Media focus
- Revision of positioning of brand
- Research overlaps with clients to assess needs
- Improvements to building of product offerings to improve ambiance and appeal to the Club
- Expand the database to ensure we can target other potential business
- Using racing as our facility point of difference
- Using our strategic brand alliances, in particular Moët & Chandon
- Continual development of our alliance with Adelaide Convention Bureau
- Key buying drivers for Morphettville, complimentary car parking, proximity to Airport and CBD, picturesque views and outlook
- A new initiative to grow our external business will also be further developed, with the signing of one contract as an external catering provider. There is an opportunity to target other markets so the infrastructure can support what we are required to do
- Progressing to get an Hazard Analysis Critical Control Points (HACCP) Accreditation in early 2017
- Continue to grow and expand on the services we provide to The Australian International 3 Day Event in Adelaide and to further this relationship in 2017
- Creating activities on Raceday to support other initiatives we can do with corporate clients
- Working with the Marketing Team to ensure we can incorporate the Conference & Events areas of Morphettville to increase exposure to be able to further drive sales during the weekdays
- Building stronger relationships and partnerships with clients and industry holders to ensure Morphettville becomes a preferred venue
- Developing the Commercial Operations Team to ensure we are at the forefront of industry service and products offered. This will also be supported through working with Hospitality Training providers in South Australia
- Developing and creating memorable experiences for the clients and prospective clients at Morphettville, from arrival at the venue to departure to ensure we can exceed our guest and clients expectations
- Implementing benchmark feedback reporting to ensure we can manage our business more effectively by developing initiatives and improvements to implement from feedback
- Strong focus on growing Sponsorship and ensuring sponsors value is understood



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As a Member of the SAJC, I sincerely appreciate our Members who have already referred events to Morphetville. Please assist us with recommending our facilities to anyone you know as we have a unique facility that you can be an advocate for and confidently refer.

### RACING & FACILITY OPERATIONS

The integrity of racing and training surfaces remains a high priority. The skilled workforce has allowed the Club to support the industry through hosting additional midweek meetings over the recent winter.

The Parks Track was renovated over a 7-week period from late December through until early February. Such work is undertaken every 2-3 years to de-thatch the kikuyu and stimulate growth.

The Club has consulted the industry extensively as we develop a sustainable training facility model for Morphetville. Local Trainers, TRSA and Owners have all been consulted during this process as we establish an operating model for the SAJC training facilities. Significant and recurrent investment is required to maintain quality high quality training facilities (sand tracks, synthetic track, swimming pool, grass tracks) which support growth of the local racing industry.

Ongoing investment into SAJC facilities continued over the last year. This included:

- Fit out of the old Cup Bar into Catering Headquarters
- Minor refurbishment to Winners Lounge Bar
- Refurbishment of Palms platform
- Minor works to Judges and Race Caller boxes
- Decking and outdoor carpet replaced at Upper Moet Chandon Pavilion
- Replaced rubber surface at the mounting yard
- Completed extension to onsite stabling at Kennewell shed

- Replaced all carpet through 1st floor
- Remedial work to training track entry
- Replacement of Stewards Tower at winning post
- Installation of new light towers at 200m and 1600m of track

Contract management reviews have resulted in costs savings at the Club through new supply contracts for essential operational services including security, plumbing, fire services and stable cleaning.

A comprehensive Fire Safety Review of the facilities at Morphetville was completed and has been presented to The City of Marion Council. The Club is addressing priority areas of precinct to ensure patron safety is never compromised and a project can be completed in the cost-effective method.

In partnership with Shadwell Stud and Dubai International Arabian Racing, the Club hosted two Arabian races on 12 March. This was the first Arabian Race Day in South Australia and proved a resounding success for the Club. On what is traditionally a quiet Saturday – prior to Adelaide Cup – our attendances were 48% higher than the preceding three months. There was significant media interest in the day, and with an innovative community engagement project with local primary schools, provided the Club with exciting opportunity to promote horse racing to a different segment of the community.

### THANKS

We acknowledge and thank Racing Minister, Leon Bignell, and Shadow Minister for Racing, Tim Whetstone, for their interest in and support of our Club.

The last year has had its challenges and the performance of the Club, whilst disappointing, is an improvement on the previous year. This improvement has come about as a result of a united approach from our staff. I thank them all for their efforts especially my Executive Leadership Team for their efforts in continuing to drive improvements in operations, sourcing new revenue streams and striving to improve the financial position of the Club.

My Executive Assistant Lyn Roberts retired after eight years of service to myself and our Board and I take this opportunity to personally thank her for all the support she provided in her time at the Club.

Our Board put in lots of hours on a monthly basis attending Committee and Board Meetings as well as regular attendance at the track. I thank them for their ongoing support as they are elected by us, the members, and work voluntarily to guide our Club in to the future.

I look forward to the next year and the opportunities mentioned above coming to fruition.

**RISK & CORPORATE  
GOVERNANCE**





## RISK & CORPORATE GOVERNANCE

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**The Board of the SAJC is responsible for the governance of the Club and remains committed to continuous improvement in this area. The Board members operate in accordance with a Code of Conduct, as well as within the rules set down in the Club's constitution and by-laws.**

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The Board consists of a minimum of seven members and a maximum of nine. The Board is elected by the members, with the intention being to elect Board members with a broad range of skills and experience to assist it in carrying out its fiduciary and strategic responsibilities.

Each Board member is elected for a three year term, with the Chairman, Vice Chairman and Deputy Vice Chairman elected annually by the Board.

### COMMITTEES

The Board establishes sub-committees and working parties, as required, to assist in carrying out its primary functions. These sub-committees and working parties meet as required, and include representatives of the Board and management, acting in an advisory capacity to make recommendations to the Board.

#### Finance & Investment Committee

The Finance & Investment Committee meets on a monthly basis to provide oversight, assistance and advice on the financial activities (including financial results, budgets and forecasts, investment activities and strategies) of the Club to ensure the balance, transparency and integrity of financial information for the Board, Management and Members.

#### Risk & Governance Committee

The Risk & Governance Committee is tasked with ensuring that the Club has appropriate policies, processes and disciplines in place to maintain integrity in all critical areas of operation. This includes oversight of the risk management,

safety, legal and compliance functions. It is important to note the keen focus the Club has on its safety obligations, ensuring that the Club provides a safe environment for staff, contractors, members, patrons and industry participants.

#### Strategic Initiatives Committee

The primary purpose of the Strategic Initiatives Committee is to provide a high level review of all new and significant proposals and initiatives that are likely to have an effect on members, commercial operations or business efficiencies.

#### Racing Committee

The primary purpose of the Racing Committee is to ensure that the Club's core business of racing is developed and maintained consistent with the established objectives of the Clubs Strategic Plan. All racing issues and initiatives are reviewed with recommendations made to the Board.

#### Performance Review & Remuneration Committee

The Performance Review & Remuneration Committee is responsible to review the Club's remuneration of the CEO, management and staff on an annual basis, as well as monitoring and reviewing the performance of the CEO.

#### Master Plan Working Party

The Master Plan Working Party is responsible to manage the master plan process.

#### Constitution Review Working Party

The Constitution Review Working Party is responsible to review and make recommendations to modernise and update the Constitution.



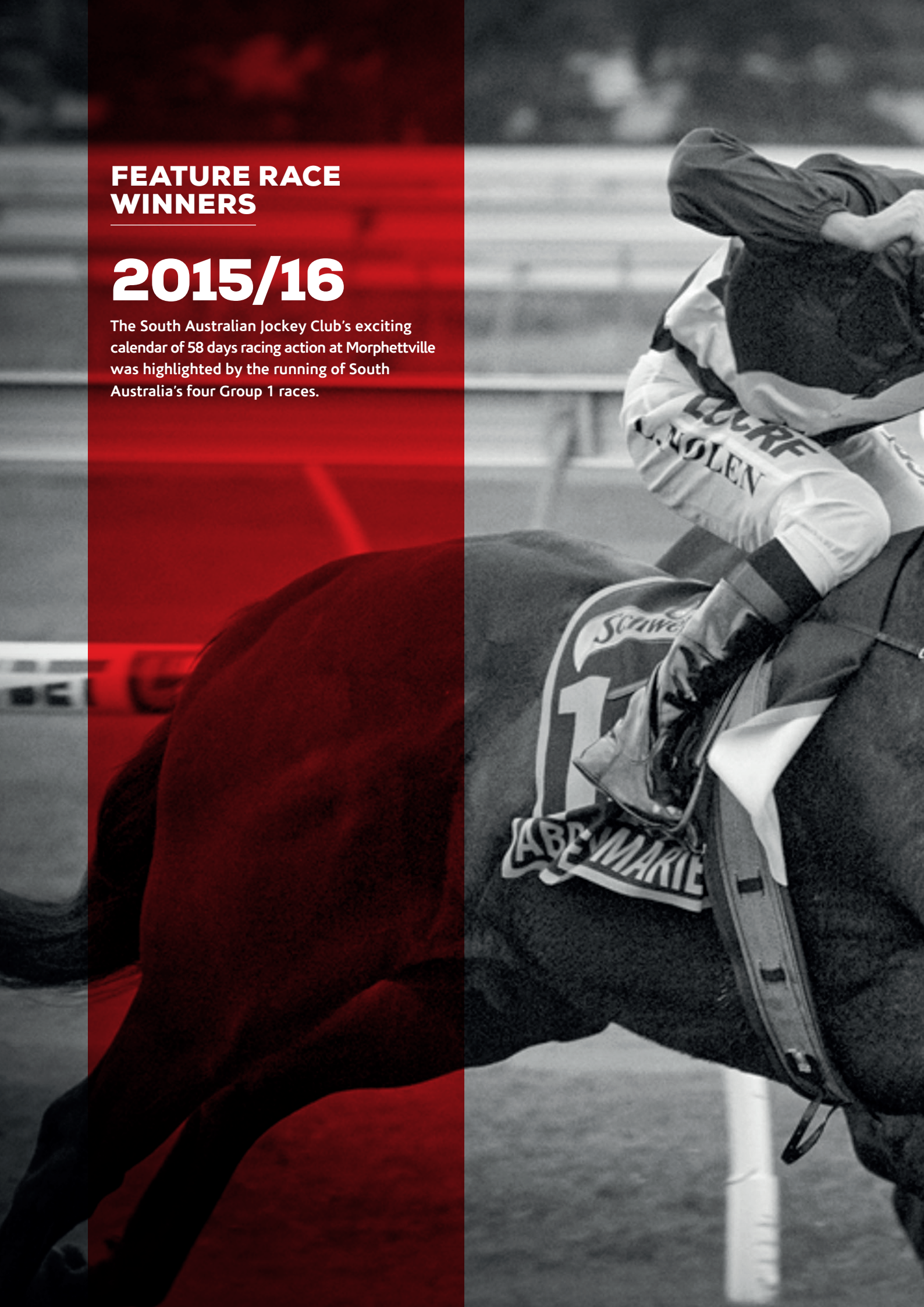




## FEATURE RACE WINNERS

# 2015/16

The South Australian Jockey Club's exciting calendar of 58 days racing action at Morphettville was highlighted by the running of South Australia's four Group 1 races.







## FEATURE RACE WINNERS 2015/16

Stakes	Race Name	Winner	Trainer	Jockey
<b>GROUP 1</b>				
\$400,000	UBET Classic (Robert Sangster Stakes)	Precious Gem	Henry Dwyer	Jake Noonan
\$400,000	Schweppes Oaks (Australasian Oaks)	Abbey Marie	Michael Kent	Luke Nolen
\$500,000	UBET South Australian Derby	Howard Be Thy Name	Darren Weir	John Allen
\$500,000	Darley Goodwood	Black Heart Bart	Darren Weir	Brad Rawiller
<b>GROUP 2</b>				
\$400,000	UBET Adelaide Cup	Purple Smile	David Hayes & Tom Dabernig	Stephen Baster
\$175,000	Hughes Chauffeured Limousines Queen of the South Stakes	Into The Mist	Tony McEvoy	Jason Holder
\$250,000	Euclase Stakes	Faatinah	David Hayes & Tom Dabernig	Matthew Neilson
<b>GROUP 3</b>				
\$120,000	David R Coles AM Spring Stakes	Red Eclipse	Grant Young	Sigrid Carr
\$115,000	Campolina Stud Breeders' Stakes	Tris	David Hayes & Tom Dabernig	Dylan Dunn
\$120,000	Hughes Chauffeured Limousines R N Irwin Stakes	Nostradamus	Phillip Stokes	Dom Tourneur
\$120,000	Schweppervescence Auraria Stakes	Silent Sedition	Andrew Noblet	Craig Williams
\$120,000	Chairman's Stakes	Howard Be Thy Name	Darren Weir	John Allen
\$120,000	UBET SA Sires Produce Stakes	Flying Jess	John Moloney	Jordan Childs
\$120,000	D C McKay Stakes	Super One	Lee & Anthony Freedman	Daniel Moor
\$150,000	Rob & Fay Gerard R A Lee Stakes	Tonopah (USA)	Darren Weir	Dean Yendall
\$120,000	SA Fillies Classic	Chabaud (NZ)	Robert Smerdon	Dwayne Dunn
\$120,000	UBET Proud Miss Stakes	Runway Star	Phillip Stokes	Dom Tourneur
\$120,000	National Stakes	I Am a Star (NZ)	Shane Nichols	Steven King
\$120,000	James Boag's Premium Lord Reims Stakes	Signoff (IRE)	Darren Weir	Harry Coffey



Stakes	Race Name	Winner	Trainer	Jockey
LISTED				
\$100,000	William Hill Penny Edition Stakes	Riziz	Ken Sweeney	Jamie Kah
\$100,000	Goldin Farms Morphettville Guineas	Celtic Tiger (NZ)	Mick Price	Steven King
\$100,000	William Hill W H Wylie Handicap	The Messina Nymph	Tony McEvoy	Matthew Neilson
\$100,000	Penang Trophy (Tokyo City Cup)	Back On Target	Nick Smart	Shayne Cahill
\$100,000	Hill Smith Stakes	Beluga Blue	Leon Macdonald & Andrew Gluyas	Clare Lindop
\$100,000	Programmed Durbidge Stakes	Flamberge	Peter G Moody	Vlad Duric
\$100,000	City of Marion Stakes	Lord Aspen	Mick Huxtable	Matthew Neilson
\$100,000	Adelaide Galvanising Christmas Handicap	Justify That	Peter Moody	Josh Cartwright
\$100,000	Holdfast Insurance Birthday Cup	Go Dreaming	Grant Kluske	Shayne Cahill
\$100,000	Cinderella Stakes	Moshki	Terry & Karina O'Sullivan	Emily Finnegan
\$100,000	Matrice Stakes	Runway Star	Peter G Moody	Luke Currie
\$100,000	Farmers Union Iced Coffee Manihi Classic	Daytona Grey	Leon Macdonald & Andrew Gluyas	Clare Lindop
\$100,000	Laelia Stakes	C'est Beau La Vie	Leon Macdonald & Andrew Gluyas	Jason Holder
\$100,000	Marsh Port Adelaide Guineas	Howard Be Thy Name	Darren Weir	John Allen
\$100,000	Projection Graphics Redelva Stakes	Don't Doubt Mamma	Tony McEvoy	Jason Holder
\$100,000	MAC Drink Driving? GROW UP Dequetteville Stakes	Modern Wonder	Leon & Troy Corstens	Stephen Baster
\$100,000	Holdfast Insurance City of Adelaide Handicap	Zebulon (NZ)	Peter Morgan & Craig Widdison	Harry Coffey
\$100,000	HC Nitschke Stakes	Rageese	Darren Weir	Brad Rawiller
\$100,000	Seven News Queen Adelaide Stakes	Moqla	David Hayes & Tom Dabernig	Damian Lane
\$100,000	Adelaide Galvanising Adelaide Guineas	Antelucan	John O'Shea	Craig Williams
\$100,000	Oaklands Plate	Morvada	Peter Jolly	Jake Toeroek
\$100,000	Mittys Port Adelaide Cup	Zanteca (NZ)	Darren Weir	Craig Williams
\$100,000	MAC Drink Driving? GROW UP Centaurea Stakes	Gabella (FR)	David Hayes & Tom Dabernig	Craig Williams
\$100,000	UBET Lightning Stakes	Viddora	Lloyd Kennewell	Matthew Neilson
\$100,000	Schweppes C S Hayes Stakes	Royal Rumble	Leon Macdonald & Andrew Gluyas	Clare Lindop



**AUDITED FINANCIAL**

# **REPORT 2015/16**

The South Australian Jockey Club  
presents its Audited Financial Statements  
for the year ended 31 July 2016.

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## AUDITED FINANCIAL REPORT 2015/16

### SAJC AND ITS CONTROLLED ENTITY BALANCE SHEET

Balance Sheet as at 31 July 2016	Note	2016 \$000	2015 \$000
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	2	7,445	7,820
Trade and Other Receivables	3	258	614
Inventories		269	335
Investments	4	2,082	2,966
Prepayments		46	177
<b>TOTAL CURRENT ASSETS</b>		10,100	11,912
<b>NON-CURRENT ASSETS</b>			
Investments	4	38,471	38,854
Property, Plant & Equipment	5	34,000	35,782
Intangible Assets	6	2,790	2,790
<b>TOTAL NON-CURRENT ASSETS</b>		75,261	77,426
<b>TOTAL ASSETS</b>		85,361	89,338
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	7	1,691	1,818
Employee Benefits	8	1,052	1,111
Other Liabilities	9	1,117	1,247
<b>TOTAL CURRENT LIABILITIES</b>		3,860	4,176
<b>NON-CURRENT LIABILITIES</b>			
Employee Benefits	8	81	57
<b>TOTAL NON-CURRENT LIABILITIES</b>		81	57
<b>TOTAL LIABILITIES</b>		3,941	4,233
<b>NET ASSETS</b>		81,420	85,105
<b>EQUITY</b>			
Reserves	10	7,343	7,599
Retained Earnings	10	74,077	77,506
<b>TOTAL EQUITY</b>		81,420	85,105

The accompanying notes form part of these financial statements.

## AUDITED FINANCIAL REPORT 2015/16

### SAJC AND ITS CONTROLLED ENTITY INCOME STATEMENT

Income statement for the year ended 31 July 2016	Note	2016 \$000	2015 \$000
<b>REVENUE FROM OPERATING ACTIVITIES</b>			
Hospitality Revenue		9,692	9,317
Gaming Revenue		3,415	3,443
Totalisator Revenue		1,160	1,270
Net Sponsorship		1,274	1,058
Nominations & Acceptance Fees		1,212	983
Members Subscriptions & Admissions		903	970
Industry Contributions		2,181	1,815
Sundry Revenue		980	1,033
<b>TOTAL REVENUE</b>		<b>20,817</b>	<b>19,889</b>
<b>EXPENDITURE FROM OPERATING ACTIVITIES</b>			
Hospitality Expenditure		9,420	8,751
Gaming - General Expenditure		2,377	2,426
General Maintenance		4,749	4,840
Raceday Wages & On-costs		1,536	1,380
Salaries & On-costs		1,947	1,953
Totalisator Operation & Maintenance		706	735
Promotion and Sponsorship		895	1,313
Insurance & Professional Fees		369	386
Sundry Expenses		570	935
<b>TOTAL EXPENDITURE</b>		<b>22,569</b>	<b>22,719</b>
<b>DEFICIT FROM OPERATIONS BEFORE DEPRECIATION &amp; FINANCE INCOME</b>		<b>(1,752)</b>	<b>(2,830)</b>
Investment Income		998	3,256
Finance Expenses		(95)	(102)
Net Finance Income		903	3,154
<b>(DEFICIT)/SURPLUS BEFORE DEPRECIATION</b>		<b>(849)</b>	<b>324</b>
Depreciation - Property, Plant & Equipment		(2,572)	(2,684)
Depreciation of Funded Assets	10	(256)	(339)
Net Gain on Disposal of Non-Current Assets		-	61
<b>DEFICIT FOR THE PERIOD</b>		<b>(3,677)</b>	<b>(2,638)</b>

The accompanying notes form part of these financial statements.



## AUDITED FINANCIAL REPORT 2015/16

### SAJC AND ITS CONTROLLED ENTITY STATEMENT OF CASH FLOWS

Statement of cash flows for the year ended 31 July 2016	Note	2016 \$000	2015 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from operating activities		22,044	22,613
Payments to suppliers and employees		(23,936)	(25,009)
Prizemoney Contribution to TRSA		-	(2,062)
Interest paid		(95)	(102)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	13	(1,987)	(4,560)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received on investments		772	500
Proceeds from sale of property, plant & equipment		-	61
Payments for property, plant & equipment		(1,048)	(1,078)
Net disposable / (acquisition) of investments		1,488	(2,941)
<b>NET CASH FROM/(USED IN) INVESTING ACTIVITIES</b>		1,212	(3,458)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from capital grants		400	200
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>		400	200
<b>NET (DECREASE) IN CASH HELD</b>		(375)	(7,818)
<b>CASH AT THE BEGINNING OF THE FINANCIAL YEAR</b>		7,820	15,638
<b>CASH AT THE END OF THE FINANCIAL YEAR</b>	2	7,445	7,820

The accompanying notes form part of these financial statements.

## AUDITED FINANCIAL REPORT 2015/16

### SAJC AND ITS CONTROLLED ENTITY STATEMENT OF COMPREHENSIVE INCOME

Statement of Comprehensive Income for the year ended 31 July 2016	Note	2016 \$000	2015 \$000
Deficit for the period		(3,677)	(2,638)
Revaluation of gaming entitlements to fair value		-	-
<b>TOTAL COMPREHENSIVE (LOSS)</b>		<b>(3,677)</b>	<b>(2,638)</b>

The accompanying notes form part of these financial statements.

### SAJC AND ITS CONTROLLED ENTITY STATEMENT OF CHANGES IN EQUITY

Statement of changes in equity for the year ended 31 July 2016	Retained Earnings \$000	Reserves \$000	Total \$000
<b>BALANCE AT 1 AUG 2014</b>	80,033	7,706	87,739
Deficit for the year	(2,638)	-	(2,638)
Depreciation of industry funded assets	-	(111)	(111)
Other comprehensive income – revaluation decrements	-	4	4
Transfers to and (from) reserves	111	-	111
<b>BALANCE AT 31 JUL 2015</b>	77,506	7,599	85,105
<b>BALANCE AT 1 AUG 2015</b>	77,506	7,599	85,105
Deficit for the year	(3,677)	-	(3,677)
Depreciation of industry funded assets	-	(256)	(256)
Other comprehensive income - revaluation decrements	(8)	-	(8)
Transfers to reserves	256	-	256
<b>BALANCE AT 31 JUL 2016</b>	74,077	7,343	81,420

The accompanying notes form part of these financial statements.



# NOTES TO THE FINANCIAL

The South Australian Jockey Club presents  
its Notes to the Financial Statements for  
the year ended 31 July 2016.





## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The South Australian Jockey Club Incorporated ('SAJC' or 'Club') is a not-for-profit entity domiciled in Australia. The consolidated financial report of the Club for the year ended 31 July 2016 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 Board on the 27th day of October 2016.

#### STATEMENT OF COMPLIANCE

The consolidated financial report of the Group and the financial report of the Club are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB – RDRs) adopted by the Australian Accounting Standards Board (AASB) and the Associations Incorporation Act 1985, as amended.

#### BASIS OF PREPARATION

The financial report is prepared on the historical cost basis except for the following material items:

- intangible assets are measured at fair value;
- derivative financial instruments are measured at fair value; and
- financial instruments at fair value through the profit or loss are measured at fair value.

The Group has disclosed rounded amounts in the financial report and throughout the Annual Report to the nearest thousand dollars, unless otherwise stated.

The financial report is prepared in Australian Dollars, which is the Group's functional currency.

The preparation of financial statements in conformity with AASB's requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the Group.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

#### 1.1 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.

#### 1.2 Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Club has an obligation to remove the assets or restore the site, an estimate of such costs; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Any gains and losses on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the income statement.

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Club. Ongoing repairs and maintenance is expensed as incurred.

## NOTES TO THE FINANCIAL STATEMENTS

### 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 estimated useful lives, using the straight line basis.

The depreciation rates used for each class of asset are as follows:

	2016	2015
Buildings & Improvements	2.5% - 10%	2.5% - 10%
Plant & Equipment	5% - 25%	5% - 25%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

The Board considers depreciation to be non-cash expenses within the income statement, therefore are presented below the result from operations and finance income.

### 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 and memberships 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 revenue recognition policies are applied for specific revenue and other income streams:

### Industry Grants

The SAJC received distributions from Thoroughbred Racing South Australia ('TRSA') to fund operations. These amounts are reported on an accruals basis. Grants received from TRSA for capital purposes are treated as operating income. The depreciation component of such items is recognised as an operating expense.

### Deferred Income

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

### Sale of Non-current Assets

The net gain or loss on non-current asset sales is 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.

### Finance Income and Finance Costs

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of investments, changes in the fair value of financial assets at fair value through profit or loss and gains on hedging instruments that are recognised in the income statement. Interest income is recognised as it

accrues in the income statement, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Club's right to receive payment is established.

Finance costs comprise interest expense on borrowings, unwinding of the discount on financial instruments, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in the income statement.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

### Government Grants

Grants constituting non-reciprocal transfers received from the Government are recognised as income when the Club takes control of the benefit. A non-reciprocal transfer is one which the Club receives assets and services or has liabilities extinguished without giving approximately equal value in exchange to the other party or parties to the transfer.

### Grants

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS

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### Donations

Revenue is recognised when the monies are received by the Group. 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 Employee Benefits

#### Defined Contribution Superannuation Fund

A defined contribution superannuation fund is a post-employment benefit plan under which the Club pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation funds are recognised as an employee benefit expense in the periods during which services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

### Long-term Service Benefits

The Club's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. Following the determination that a high quality corporate bond rate exists within the Australian market, the discount rate used is the corporate bond yield at the reporting date that has maturity dates approximating the terms of the Club's obligations. The calculation is performed using the projected unit credit method.

### Wages, Salaries and Annual Leave

Liabilities for employee benefits for wages, salaries and annual 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, and 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.

### 1.5 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the average cost principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

### 1.6 Income Tax

The Group is exempt from Income Tax.

### 1.7 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.

### 1.8 Leased Assets

Leases in terms of which the Club assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Club's balance sheet. Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

### 1.9 Intangible Assets

The Group's 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 any excess is recognised as an expense.

## NOTES TO THE FINANCIAL STATEMENTS

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### 1.10 Financial instruments

#### Non-derivative financial assets

The Club initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Club becomes a party to the contractual provisions of the instrument.

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

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Club has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Club has the following non-derivative financial assets: financial assets at fair value through profit or loss and loans and receivables.

#### Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Club manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Club's documented risk management or investment strategy. Attributable

transaction costs are recognised in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in the income statement.

Financial assets designated at fair value through profit or loss comprises equity securities where fair value is determined by reference to their quoted closing bid price at reporting date.

#### Loans and receivables

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

Loans and receivables comprise cash and cash equivalents and, trade and other receivables.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Club in the management of its short-term commitments.

#### Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date at which the Club becomes a party to the contractual provisions of the instrument.

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

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

Other financial liabilities comprise bank overdrafts and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Club's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

### 1.11 Impairment

#### Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Club on terms that the Club would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security.

#### Financial assets measured at amortised cost

The Club considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset





## NOTES TO THE FINANCIAL STATEMENTS

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and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Club uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the income statement and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the income statement.

### Non-financial assets

The carrying amounts of the Club's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Indefinite life intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of property, plant and equipment is the greater of its fair value and value in use. In the case of non-current asset of a not-for-profit entity, "value in use" means "depreciated replacement cost" of an asset when the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits.

Depreciation replacement cost is defined as the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. The current replacement cost of an asset is its cost measured by reference to the lowest cost at which the gross future economic benefits of that asset could currently be obtained in the normal course of business.

### 1.12 Provisions

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

### 1.13 Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies

and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Information about estimates and judgements that have the most significant effect on the amounts recognised in the financial statements, are described in Note 4 – Investments and Note 6 – Intangible Assets.

### 1.14 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2017, and have not been applied in preparing these financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

#### (i) AASB 9 Financial Instruments (2014)

AASB 9, approved in December 2014, replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018. The Group is assessing the potential impact on its financial statements resulting from the application of AASB 9.

### **(ii) AASB 15 Revenue from Contracts with Customers**

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018. The Group is assessing the potential impact on its financial statements resulting from the application of AASB 15

### **(iii) AASB 16 Leases**

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. AASB 16 substantially carries forward the lessor accounting requirements in AASB 117 Leases.

AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019. The Group is assessing the potential impact on its financial statements resulting from the application of AASB 16.



## NOTES TO THE FINANCIAL STATEMENTS

### 2. CASH AND CASH EQUIVALENTS

Cash And Cash Equivalents	2016 \$000	2015 \$000
Cash at Bank	3,445	3,820
Interest Bearing Deposits	4,000	4,000
<b>TOTAL</b>	<b>7,445</b>	<b>7,820</b>

At reporting date a secured overdraft facility with ANZ of \$1M (2015: \$1M) remained unused and is subject to annual review.

### 3. TRADE AND OTHER RECEIVABLES

Trade And Other Receivables	2016 \$000	2015 \$000
<b>CURRENT</b>		
Trade Receivables	266	618
Provision for Doubtful Debts	(8)	(4)
<b>TOTAL</b>	<b>258</b>	<b>614</b>

Impairment losses to the value of \$nil were written off against the doubtful debts provision during the year (2015: \$nil).

### 4. INVESTMENTS

Investments	2016 \$000	2015 \$000
<b>CURRENT</b>		
Financial assets held for trading - fair value	1,882	2,966
Fixed interest securities - fair value	200	-
	<b>2,082</b>	<b>2,966</b>
<b>NON-CURRENT</b>		
Fixed interest securities - fair value	8,958	6,370
Financial assets designated at fair value	29,513	32,484
	<b>38,471</b>	<b>38,854</b>
<b>TOTAL INVESTMENTS</b>	<b>40,553</b>	<b>41,820</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 4. INVESTMENTS

Reconciliations of the carrying amounts of each class of Investments	2016 \$000	2015 \$000
<b>FINANCIAL ASSETS HELD FOR TRADING</b>		
Carrying Amount at the beginning of year	2,966	4,320
Additions	60	832
Disposals	(1,140)	(2,294)
Fair Value Revaluations	(4)	108
<b>CARRYING AMOUNT AT THE END OF THE YEAR</b>	<b>1,882</b>	<b>2,966</b>
<b>FIXED INTEREST SECURITIES (CURRENT)</b>		
Carrying Amount at the beginning of year	-	1,000
Additions	200	-
Disposals	-	(1,000)
<b>CARRYING AMOUNT AT THE END OF THE YEAR</b>	<b>200</b>	<b>-</b>
<b>FIXED INTEREST SECURITIES (NON-CURRENT)</b>		
Carrying Amount at the beginning of year	6,370	4,640
Additions	2,700	3,239
Disposals	-	(1,681)
Fair Value Revaluations	(112)	172
<b>CARRYING AMOUNT AT THE END OF THE YEAR</b>	<b>8,958</b>	<b>6,370</b>
<b>FINANCIAL ASSETS DESIGNATED AT FAIR VALUE</b>		
Carrying Amount at the beginning of year	32,484	26,102
Additions	562	10,974
Disposals	(3,882)	(7,069)
Fair Value Revaluations	349	2,477
<b>CARRYING AMOUNT AT THE END OF THE YEAR</b>	<b>29,513</b>	<b>32,484</b>
<b>TOTAL INVESTMENTS</b>	<b>40,553</b>	<b>41,820</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 4. INVESTMENTS

Investments represent funds managed by Investment Managers	Fair Value Level 1 \$000	Fair Value Level 2 \$000	Holding at 31 July 16 \$000	Weighted Average Return 31 Jul 16	Holding at 31 July 15 \$000	Weighted Average Return 31 Jul 15
Morgans	6,383	-	6,383	-0.41%	7,903	-3.09%
Perpetual	3,914	16,199	20,113	2.36%	19,648	11.19%
Blackrock	-	14,057	14,057	2.03%	14,268	9.56%
<b>TOTAL INVESTMENTS</b>	<b>10,297</b>	<b>30,256</b>	<b>40,553</b>	<b>1.89%</b>	<b>41,819</b>	<b>7.69%</b>

### FAIR VALUE HIERARCHY

The fair value of Level 1 investments is measured at their quoted market price at reporting date. Level 2 investments represent unlisted fixed interest securities for which fair values are based on fund managers' estimates of net assets of the securities at a point in time. Internal controls over the valuation process by investment managers have been audited by the auditors of the investment managers in accordance with Guidance Statement GS007 *Audit Implications of the Use of Service Organisations for Investment Management Services*.

### 5. PROPERTY PLANT & EQUIPMENT

Property Plant & Equipment	Note	2016 \$000	2015 \$000
<b>FREEHOLD LAND AT COST</b>			
Morphettville		357	357
Cheltenham		321	321
		678	678
<b>BUILDINGS &amp; IMPROVEMENTS AT COST</b>			
Morphettville		59,724	59,264
<b>LESS: ACCUMULATED DEPRECIATION</b>		(32,138)	(30,229)
		27,586	29,035
<b>PLANT &amp; EQUIPMENT AT COST</b>			
Morphettville		14,210	13,955
<b>LESS: ACCUMULATED DEPRECIATION</b>		(9,681)	(8,766)
		4,529	5,189
<b>CAPITAL WORKS IN PROGRESS</b>		1,207	880
<b>TOTAL PROPERTY PLANT &amp; EQUIPMENT</b>		<b>34,000</b>	<b>35,782</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:	10	4,553	4,809

## NOTES TO THE FINANCIAL STATEMENTS

### 5. PROPERTY, PLANT & EQUIPMENT

Reconciliations of the carrying amounts of each class of Property, Plant & Equipment	2016 \$000	2015 \$000
<b>FREEHOLD LAND AT COST</b>		
Carrying Amount at the beginning of year	678	678
Additions	-	-
<b>CARRYING AMOUNT AT THE END OF YEAR</b>	<b>678</b>	<b>678</b>
<b>BUILDINGS &amp; IMPROVEMENTS</b>		
Carrying Amount at the beginning of year	29,035	30,668
Transfers from Capital Works in Progress	461	441
Depreciation	(1,910)	(2,074)
<b>CARRYING AMOUNT AT THE END OF YEAR</b>	<b>27,586</b>	<b>29,035</b>
<b>PLANT &amp; EQUIPMENT</b>		
Carrying Amount at the beginning of year	5,189	5,653
Transfers from Capital Works in Progress	259	542
Disposals	(1)	(57)
Depreciation	(918)	(949)
<b>CARRYING AMOUNT AT THE END OF YEAR</b>	<b>4,529</b>	<b>5,189</b>
<b>CAPITAL WORKS IN PROGRESS</b>		
Carrying Amount at the beginning of year	879	786
Additions	1,048	1,076
Transfer to Buildings & Improvements	(461)	(441)
Transfer to Property, Plant & Equipment	(259)	(542)
<b>CARRYING AMOUNT AT THE END OF YEAR</b>	<b>1,207</b>	<b>879</b>
<b>TOTAL PROPERTY PLANT &amp; EQUIPMENT</b>	<b>34,000</b>	<b>35,782</b>

### CHELTENHAM DISPOSAL

The agreement reached with AVJ-UP is a Land Facilitation Agreement ('LFA') and not a Land Sale Contract. The SAJC will continue to hold title to the land during the term of the development, and will ultimately be the vendor, as title holder, under contracts negotiated by the developers for the sale of subdivided Allotments within the development. Under completion of conditions precedent in the LFA, the SAJC has previously transferred the ultimate risks and rewards associated with the land to AVJ-UP, and has no continuing involvement or control of the land.

## NOTES TO THE FINANCIAL STATEMENTS

### 6. INTANGIBLE ASSETS

Intangible Assets	2016 \$000	2015 \$000
<b>GAMING MACHINE ENTITLEMENTS</b>		
Morphettville	1,200	1,200
Cheltenham	1,200	1,200
Norwood Community Club	390	390
<b>TOTAL LICENCES &amp; ENTITLEMENTS</b>	<b>2,790</b>	<b>2,790</b>

On 14 July 2011, the South Australian Government introduced a trading system for gaming entitlements. The most recent trading round was held on 29 September 2016, and resulted in a sell price of \$23,375. The Group values its entitlements at \$30,000 each. Given the low volume of entitlements traded, the Club has maintained its valuation at \$30,000 per entitlement.

### 7. TRADE AND OTHER PAYABLES

Trade and Other Payables	2016 \$000	2015 \$000
Trade and Other Payables	1,691	1,818
<b>TOTAL</b>	<b>1,691</b>	<b>1,818</b>

### 8. EMPLOYEE BENEFITS

Employee Benefits	2016 \$000	2015 \$000
<b>CURRENT</b>		
Employee Provisions	1,052	1,111
<b>NON-CURRENT</b>		
Employee Provisions	81	57

## NOTES TO THE FINANCIAL STATEMENTS

### 9. OTHER LIABILITIES

Other Liabilities	2016 \$000	2015 \$000
Deferred Income	1,117	1,247

### 10. RESERVES & RETAINED EARNINGS

Reserves & Retained Earnings	2016 \$000	2015 \$000
<b>RETAINED EARNINGS</b>		
Balance Brought Forward	77,506	80,033
Add: Operating Deficit	(3,677)	(2,638)
Adjustments	(8)	-
Less: Transfers from Reserves (net)	256	111
<b>TOTAL RETAINED EARNINGS</b>	<b>74,077</b>	<b>77,506</b>
<b>RESERVES</b>		
<b>INDUSTRY CAPITAL GRANTS RESERVE</b>		
Balance Brought Forward	4,809	4,916
Less: Depreciation of Industry Funded Assets	(256)	(107)
<b>BALANCE AT YEAR END</b>	<b>4,553</b>	<b>4,809</b>
<b>ASSET REVALUATION RESERVE</b>		
Balance Brought Forward	2,790	2,790
Transfers to Retained Earnings	-	-
Less: Revaluation Decrements	-	-
<b>BALANCE AT YEAR END</b>	<b>2,790</b>	<b>2,790</b>
<b>TOTAL RESERVES</b>	<b>7,343</b>	<b>7,599</b>

#### 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 1.9.



## NOTES TO THE FINANCIAL STATEMENTS

### 11. SUPERANNUATION FUND

All employees may nominate their preferred fund for employer contributions.

The Club and Group contributed \$691K of employer contributions in the year ended 31 July 2016 (2015: \$685K)

As at year end, the number of full-time employees working for the Club was 63 (2015: 70).

### 12. RELATED PARTY TRANSACTIONS

#### 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, with trading from this date consolidated into the results of the SAJC. Effective 28 February 2006, the Norwood Community Club ceased operations and while Gaming Machine Entitlements are not in use, these remain the property of the Group. On 31 July 2014, 13 of the 26 NCC gaming entitlements were disposed for \$30,000 each. There were no other transactions with the Norwood Community Club Inc. during 2015/16.

#### Thoroughbred Racing SA

The SAJC is one of two members of Thoroughbred Racing SA (TRSA) and controls 50% of the voting power in general meeting, however has minimal influence over TRSA which acts as the industry body.

- The Club received the following contributions from TRSA during the year:

TRSA CONTRIBUTIONS	2016 \$000	2015 \$000
Training Subsidy	431	427
Course Usage Subsidy	381	358
Jumps Racing Subsidy	43	22
Marketing Subsidy	265	500
Bookmaker Subsidy	85	97
Barrier Trial Subsidy	10	15
Capital & WHS Grant	400	200
Operational Subsidy	300	-
Fixed Odds Subsidy	214	196
	2,129	1,815
Office Rental	117	115
<b>TOTAL TRSA CONTRIBUTIONS</b>	<b>2,246</b>	<b>1,930</b>

#### 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 up to \$18,000 to assist with costs incurred in representing the Club during the year. The remaining Board Members are entitled to a reimbursement of their expenses not exceeding \$2,500 per annum for costs incurred in representing the Club. Reimbursement is only provided where the Board members have incurred expenses that are directly related to furthering the interests of the Group.
- Some members of the Board, either directly or through corporates in which they have a substantial financial interest, may 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 was no amounts receivable from or payable to members of the Board at reporting date arising from any such transactions.
- Members of the Board, or their relatives, may from time to time receive prizemoney from TRSA following the success of horses owned or trained by them. This prizemoney is paid by TRSA on the same terms and conditions as apply to any other owner or trainer.

#### Key Management Personnel Compensation

	2016 \$000	2015 \$000
Short-term employee benefits	994	988

#### Other Transactions with Key Management Personnel

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

## NOTES TO THE FINANCIAL STATEMENTS

### 13. CASH FLOW INFORMATION

Cash Flow Information	2016 \$000	2015 \$000
<b>RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT FROM ORDINARY ACTIVITIES</b>		
(Deficit) from ordinary activities	(3,677)	(2,638)
Investment Income	(998)	(3,256)
Less Capital Grants	(400)	(200)
Depreciation	2,572	2,684
Depreciation of Funded Assets	256	339
Profit on sale of property, plant and equipment	-	(61)
<b>CHANGE IN ASSETS AND LIABILITIES</b>		
Decrease in receivables	355	1,087
Decrease/(Increase) in inventory	66	(30)
Decrease in prepayments	131	13
(Decrease) in payables	(127)	(2,718)
(Decrease)/Increase in employee benefits	(35)	61
(Decrease)/Increase in other liabilities	(130)	158
<b>NET CASH USED IN OPERATIONING ACTIVITIES</b>	<b>(1,987)</b>	<b>(4,560)</b>

### 14. COMMITMENTS AND CONTINGENCIES

#### Contingent Revenue

Under the terms of the LFA, (refer note 5) the SAJC can earn additional revenue pending the success of the development, whereby, if total allotment sales exceed an agreed threshold, the SAJC will earn 21.5% of the excess of the defined sales price over that threshold, up to a maximum of \$10M. Any additional revenue is to be recognised only when it is probable that the revenue will be earned under the contract. As at reporting date, management has not recognised any of the additional revenue on the basis that it is unlikely based on current sales data whether any such revenue will be earned.

### 15. OPERATING LEASES

Leasing arrangements relate to the rental of photocopiers and a forklift, with lease terms of between 2 to 3 years. On conclusion of the term, there are no options to purchase.

OPERATING LEASES	2016 \$000	2015 \$000
Non-cancellable operating lease commitments	65	65
Less than one year	46	111
Between one and five years	111	176

### 16. AUDITOR'S REMUNERATION

KPMG earned the following remuneration from the Club during the year:

AUDIT SERVICES	2016 \$000	2015 \$000
Audit or review of financial reports	46	50
Non-audit services	-	25
	46	75

## REPORT AND STATEMENT BY THE BOARD

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For the year ended 31 July 2016

### 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, and \$2,500 to each other Board member, 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.

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 27th day of October, 2016*

*Signed in accordance with a resolution of the Board*



Allan C Burchard  
Chairman



A.P. (Tony) Newman  
Board Member



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#### 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 31-51 for the year ended 31 July 2016, are in our opinion properly drawn up:

- (a) so as to present fairly the financial position of the Group as at 31 July 2016 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 – Reduced Disclosure Requirements and the Associations Incorporation Act 1985, as amended.

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 27th day of October, 2016*

*Signed in accordance with a resolution of the Board*



Allan C Burchard  
Chairman



A.P. (Tony) Newman  
Board Member

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAJC INC.

For the year ended 31 July 2016



### **Independent audit report to the members of the South Australian Jockey Club Incorporated**

We have audited the accompanying financial report of the South Australian Jockey Club Incorporated (the Club), which comprises the balance sheet as at 31 July 2016, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, Notes 1 to 16 comprising a summary of significant accounting policies and other explanatory information, and the statement by the Board of the Club, for the Group comprising the Club and the entity it controlled at the year's end or from time to time during the financial year.

#### *Board's responsibility for the financial report*

The Board is responsible for the preparation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Associations Incorporation Act 1985*, as amended, and for such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error.

#### *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 the accounting policies used and the reasonableness of accounting estimates made by the Board, 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*, as amended, and Australian Accounting Standards - Reduced Disclosure Requirements, a view which is consistent with our understanding of the Group's financial position, and of its performance.

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

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.



*Independence*

In conducting our audit, we have complied with the independence requirements of the *Accounting Professional and Ethical Standards Board*.

*Auditor's opinion*

In our opinion the financial report of the South Australian Jockey Club Incorporated is properly drawn up so as to present fairly, in all material respects, the financial position of the Group as at 31 July 2016, and of its financial performance for the year then ended in accordance with the *Associations Incorporation Act 1985*, as amended, and Australian Accounting Standards – Reduced Disclosure Requirements.

A handwritten signature in blue ink, appearing to read 'John Evans'.

KPMG

A handwritten signature in blue ink, appearing to read 'John Evans'.

John Evans  
*Partner*

Adelaide

27 October 2016



## SOUTH AUSTRALIAN GROUP AND LISTED RACES 2016/17 SEASON

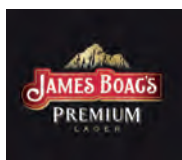
Date	Course	Prize Money	Race (and Registered Race Name)	Listing	Distance
<b>AUGUST 2016</b>					
Saturday 6	Morphettville	\$120,000	David R Coles AM Spring Stakes (WFA)	Group 3	1200m
Saturday 20	Morphettville Parks	\$100,000	UBET Penny Edition Stakes (WFA)	Listed	1400m
Wednesday 31	Balaklava	\$100,000	The Advertiser Newspapers Balaklava Cup (Quality Handicap)	Listed	1600m
<b>SEPTEMBER 2016</b>					
Saturday 10	Morphettville	\$100,000	Goldin Farms Morphettville Guineas (3YO – SW)	Listed	1600m
Saturday 17	Morphettville	\$100,000	UBET W H Wylie Handicap (Quality Handicap)	Listed	1100m
Saturday 17	Morphettville	\$100,000	Penang Trophy (SW + P) (Tokyo City Cup)	Listed	1800m
<b>OCTOBER 2016</b>					
Saturday 8	Morphettville	\$100,000	Hill Smith Stakes (3YO – SW)	Listed	1800m
Wednesday 12	Murray Bridge	\$100,000	Carlton Draught Murray Bridge Gold Cup (Quality Handicap)	Listed	1600m
Saturday 15	Morphettville	\$100,000	Programmed Durbridge Stakes (WFA)	Listed	1200m
<b>DECEMBER 2016</b>					
Saturday 10	Morphettville	\$100,000	Quayclean Stakes (Quality Handicap) (City of Marion Stakes)	Listed	1200m
Monday 26	Morphettville	\$100,000	Adelaide Galvanising Christmas Handicap (Quality Handicap)	Listed	1200m
<b>FEBRUARY 2017</b>					
Saturday 18	Morphettville	\$100,000	Holdfast Insurance Birthday Cup (Quality Handicap)	Listed	2000m
<b>MARCH 2017</b>					
Saturday 4	Morphettville	\$120,000	James Boag's Premium Lord Reims Stakes (SW + Penalties)	Group 3	2600m
Saturday 4	Morphettville	\$100,000	UBET Cinderella Stakes (2YO Fillies – Set Weights)	Listed	1050m
Monday 13	Morphettville	\$400,000	UBET Adelaide Cup	Group 2	3200m
Monday 13	Morphettville	\$100,000	Schweppes C S Hayes Memorial Cup (Quality Handicap)	Listed	1600m
Monday 13	Morphettville	\$100,000	Quayclean Matrice Stakes (SW + Penalties)	Listed	1200m
<b>APRIL 2017</b>					
Saturday 8	Morphettville	\$100,000	MAC Drink Driving? Grow Up Dequetteville Stakes (2YO Fillies – SW)	Listed	1050m
Saturday 8	Morphettville	\$100,000	Marsh Port Adelaide Guineas (3YO – Set Weights)	Listed	1800m
Saturday 8	Morphettville	\$100,000	Manihi Classic (Quality Handicap)	Listed	1100m
Saturday 8	Morphettville	\$100,000	Laelia Stakes (3YO Fillies – SW + Penalties)	Listed	1600m
Saturday 15	Oakbank	\$100,000	Oakbank Stakes (Quality)	Listed	1100m

Date	Course	Prize Money	Race (and Registered Race Name)	Listing	Distance
<b>APRIL 2017 (continued)</b>					
Saturday 22	Morphettville	\$120,000	Hughes Chauffeured Limousines R N Irwin Stakes (WFA)	Group 3	1100m
Saturday 22	Morphettville	\$100,000	Projection Graphics Redelva Stakes (3YO – SW + Penalties)	Listed	1100m
Saturday 22	Morphettville	\$120,000	Schweppervescence Stakes (3YO Fillies – SW + Penalties) (Auraria Stakes)	Group 3	1800m
Saturday 29	Morphettville	\$120,000	Chairman's Stakes (3YO-SW)	Group 3	2000m
Saturday 29	Morphettville	\$120,000	Campolina Stud Breeders' Stakes (2YO – SW)	Group 3	1200m
Saturday 29	Morphettville Parks	\$100,000	Holdfast Insurance City Of Adelaide Handicap (Quality Handicap)	Listed	1400m
Saturday 29	Morphettville Parks	\$100,000	H C Nitschke Stakes (3YO - SW + Penalties)	Listed	1400m
<b>MAY 2017</b>					
Saturday 6	Morphettville	\$400,000	UBET Classic (Fillies & Mares – WFA) (Robert Sangster Stakes)	Group 1	1200m
Saturday 6	Morphettville	\$400,000	Schweppes Oaks (3YO Fillies - SW) (Australasian Oaks)	Group 1	2000m
Saturday 6	Morphettville	\$250,000	UBET Stakes (3YO – SW) (Euclase Stakes)	Group 2	1200m
Saturday 6	Morphettville	\$175,000	Hughes Chauffeured Limousines Queen Of The South Stakes (Fillies & Mares – SW + Penalties)	Group 2	1600m
Saturday 6	Morphettville	\$120,000	D C Mckay Stakes (Quality Handicap)	Group 3	1100m
Saturday 6	Morphettville	\$100,000	Queen Adelaide Stakes (2YO – SW)	Listed	1050m
Saturday 13	Morphettville	\$500,000	UBET South Australian Derby (3YO - SW)	Group 1	2500m
Saturday 13	Morphettville Parks	\$120,000	UBET South Australian Sires Produce Stakes (2YO – SW)	Group 3	1400m
Saturday 13	Morphettville	\$100,000	Adelaide Galvanising Adelaide Guineas (3YO – SW)	Listed	1600m
Saturday 20	Morphettville	\$500,000	Darley Goodwood ( SW + Penalties)	Group 1	1200m
Saturday 20	Morphettville	\$150,000	Robert & Fay Gerard R A Lee Stakes (SW + Penalties)	Group 3	1600m
Saturday 20	Morphettville	\$120,000	UBET SA Fillies Classic (3YO Fillies – SW)	Group 3	2500m
Saturday 20	Morphettville	\$120,000	UBET Proud Miss Stakes (Fillies & Mares – SW + Penalties)	Group 3	1200m
Saturday 20	Morphettville	\$120,000	National Stakes (2YO –SW)	Group 3	1200m
Saturday 20	Morphettville	\$100,000	Mittys Port Adelaide Cup (Quality Handicap)	Listed	2500m
Saturday 20	Morphettville	\$100,000	MAC Drink Driving? Grow Up Centaurea Stakes (Fillies & Mares – SW + Penalties)	Listed	2000m
<b>JULY 2017</b>					
Saturday 22	Morphettville	\$100,000	Dominant Oaklands Plate (2YO– SW + Penalties)	Listed	1400m
Saturday 29	Morphettville	\$100,000	UBET LIGHTNING STAKES (2 & 3YO - SW)	Listed	1050m

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