

SOUTH AUSTRALIAN JOCKEY CLUB



# Annual Report 2018/2019



SOUTH AUSTRALIAN  
JOCKEY CLUB









# Contents

---

<b>Chair's Report</b>	<b>4</b>
<b>Chief Executive Officer's Report</b>	<b>6</b>
<b>Chief Financial Officer's Report</b>	<b>12</b>
<b>Club Operations</b>	<b>16</b>
<b>Our People</b>	<b>19</b>
<b>Our Partners</b>	<b>20</b>
<b>Season Review</b>	<b>24</b>
<b>Feature Race Day Winners</b>	<b>26</b>
<b>SAJC Board of Directors</b>	<b>28</b>
<b>Audited Financial Statements</b>	<b>30</b>
<b>Notes to the Financial Statements</b>	<b>34</b>
<b>Report and Statement by the Board</b>	<b>48</b>
<b>Auditor's Report</b>	<b>50</b>





# Chair's Report 2018/2019

---



CHAIR

## Bodelle Francis

---

2018/19 has been another busy year for the South Australian Jockey Club, both on and off the track. It has been a year where we have further grown our functions and events operations, cementing Morphettville's reputation as a premier event venue in South Australia. We've invested further in our facilities for the benefit of members and participants, and the actions of the Board and the direction of the Club have continued to be guided by the SAJC Strategic Plan. Nevertheless, it has also been a year that has challenged our entire industry – a challenge that I am pleased to say was met with a united response.

---

### Point of Consumption Tax

South Australia's Point of Consumption tax and its impact on racing revenues was a key focus for the thoroughbred racing industry and the SAJC in 2018/19.

A near-constant campaign of representations about the negative impact of this tax and underfunding of the industry were made by the Premier, Treasurer and Minister for Racing. These discussions were led by Thoroughbred Racing SA with the SAJC taking an active role as the State's largest Club and training centre.

Our message was simple. Racing is a critical industry to South Australia, generating more than \$360 million of economic benefit for the State's economy every year. It directly employs 3,000 people with a further 11,000 participants across the State. Therefore, it was pleasing that these discussions resulted in a \$24 million funding commitment announced by the State Government in its May budget. The stimulus and the resultant prizemoney boost will inject new levels of confidence into racing. Since the announcement, we have worked with the Minister's office to understand the governance requirements associated with the package.

### Financial performance

For 2018/19, the Club recorded an EBITDA loss of \$713K and an overall net deficit of \$1,589K after last year reporting a \$485K EBITDA loss and an overall net profit of \$123K.

The story of this year's financial performance is one of two halves. Racing revenue – for so long the backbone of the Club's finances – remains a challenge. By contrast, the Club's strategy of continuing to grow our off-track functions and events business continued to reap significant rewards with Morphettville playing host to events such as the Thirsty Camel Cup, Nutella-Palooza and Lollipop Markets, bringing thousands of new visitors to our venue.

A summary of this year's financial performance is provided on pages 12 - 15.

Our marketing, functions and events teams led by Luke Schapel and James Sellar deserve enormous credit for the way in which they continue to think outside the square to grow our non-racing revenue streams.

### Morphettville

The Club can once again be justifiably proud of the consistently outstanding condition of Morphettville's racetracks this year. Our all new \$1.3 million fibre-sand training track has been well received by trainers and the wider industry. This project has been a priority for SAJC for some time and underlines our commitment to the future of our facility and to racing.

I would like to put on record my thanks to Racecourse Manager Ian Ricardo and his team for their hard work and dedication. We have also continued to invest in facilities for our members, including committing to the new \$1 million big screen to be enjoyed by punters and eventgoers alike.

### Racing highlights

South Australian racing's rising star Raquel Clark continued to shine, winning an incredible 142 winners throughout the season and thrilling crowds at Morphettville. Not only did she win South Australian Jockey of the Year as well as repeating her success from last year winning the Leon Macdonald Award for

South Australian Apprentice of the Year, but she also won the TAB South Australian Metropolitan Apprentice Jockey of the Year as well as the Glennon-Johnson Award for South Australian Metropolitan Jockey of the Year. Tony McEvoy further enhanced his already stellar reputation as the South Australian Metropolitan Trainer of the Year as well as the CS Hayes Award for South Australian Trainer of the Year and the award for the Festival Hire South Australian Champion Racehorse of the Year award for Despatch.

You can read a full review of the season's racing highlights on page 24.

### Life members

The Club's Constitution provides for admission to life membership for those members who have achieved 50 years continuous membership. Brian Thompson has been a member of our Club for 50 years and the SAJC Board recommends him for your consideration and approval as a Life Member of the SAJC.

### Vale

On a sad note, the Club acknowledges the passing during the year of Life Members Maurice (Mo) Barry, Bill Benson, Graham Fricker, Fred Moore and Neville Martin.

### Looking ahead

The State Government's stimulus package and its flow-on effects are already being felt throughout the industry. The Government has recognised the importance of our industry and responded, creating

renewed confidence and optimism. However, it is critical that we now work together to maximise the benefits and build the momentum we need to ensure South Australian racing competes on the national stage and draws new participants, jobs and investment. For the SAJC, 2019/20 will be another busy and challenging year. We are fortunate to have such a capable, experienced and intelligent CEO in Grant Mayer and, on behalf of the Board, thank him and his team for their hard work over the past 12 months.

My fellow SAJC Board members are to be congratulated for their continued input and passion. A special mention to Tony Newman and Chris Sargent who both stepped down this year after 10 years on the SAJC Board. I wish you both well and thank you for your contribution. The Club recognises Frances Nelson and her entire team at TRSA and Wayne Henson and the

member Clubs of Country Racing South Australia. The support of Premier Stephen Marshall, Treasurer Rob Lucas and Minister for Racing Corey Wingard has been critical and we look forward to working with them to build on recent successes for our Club and the broader industry. I would like to honour Club Patron His Excellency the Hon Hieu Van Le AC and his wife Mrs Le for their continued support and attendance at the Adelaide Cup and also acknowledge Club Patron Robert Gerard AO and his wife Fay.

Finally, the Board and I pay tribute to our members. You are the reason this Club exists, and your passion to see our Club succeed is what drives us all.

Thank you and see you at the track.

Bodelle Francis  
Chair



# Chief Executive Officer's Report 2018/2019



CHIEF EXECUTIVE OFFICER

## Grant Mayer

Prior to the commencement of our last financial year, the SAJC Board approved a budget that was a financial step backwards from our result in 2017/18. The budget was approved on the basis that the Club was expecting significant downturn in racing related revenue. The result has been realised but not to the extent of what was expected at the beginning of the year.

### Club Revenues - Five Year Comparison

	2018/19 \$000	2017/18 \$000	2017/16 \$000	2016/15 \$000	2015/14 \$000
<b>CLUB REVENUES</b>					
Hospitality Revenue	11,281	10,533	10,549	10,244	9,915
Gaming Revenue	3,102	3,089	3,142	3,415	3,443
Tote Revenue	893	992	1,140	1,160	1,270
Sponsorship	1,431	1,238	1,138	1,274	1,058
Industry Contributions - Noms & Acceptances	1,111	1,293	1,324	1,212	983
Industry Contributions - TRSA	1,720	1,933	1,906	1,864	1,315
Industry Contributions - Marketing*	456	-	-	265	500
Other Revenues	1,714	1,812	1,766	1,331	1,405
<b>TOTAL REVENUE</b>	<b>21,708</b>	<b>20,890</b>	<b>20,965</b>	<b>20,765</b>	<b>19,889</b>

### The Numbers that Matter

The biggest disappointment from the 2018/19 results is the alarming reduction in racing related activity, which includes tote turnover, training revenue, starters fees, as well as nominations, acceptance fees and scratchings fees. Racing revenues (page 9) decreased \$405K, which along with the decrease in funding from TRSA of \$300K explains much of the current year's EBITDA loss.

\*TRSA managed the marketing operations of the SAJC over the period from 1 December 2015 to 31 July 2018.

The table above gives you a five year comparison on Club revenues.

In simple terms:

1. Hospitality is growing
2. Gaming revenue is steady
3. Tote Revenue is in decline
4. Sponsorship is in growth
5. Nominations, Acceptances and Scratching fees are in decline
6. Industry contributions - TRSA have declined
7. Marketing contribution is spent dollar for dollar on Racing only and does not include staff costs. TRSA managed marketing spend in the previous 2 years.

## Hospitality

From the first moment I was employed by the SAJC two years ago, Board Members, Club members and the Ferrier Hodgson Report have been calling on management to address the issue that is very broadly referred to as “hospitality”. As clear as day, the Club was under performing in this space. The Ferrier Hodgson Report identified the lack of venue utilisation as well as heightened expenses associated with running both race day and non-race day hospitality events. Change was required.

To put the term “hospitality” in context, the category includes race

day and non-race day hospitality, external hospitality and hospitality revenue related to The Junction. The breakdown below provides some greater insight in each of these individual areas. The positive news is that we appear to have made some significant steps forward. The reality is that hospitality is a high cost revenue stream and should not be seen as the single solution to the Club’s financial position.

For the sake of completeness, the Club has certainly been inconsistent in how we have allocated revenue between general admission revenue and hospitality package revenue.

There is no perfect science to this, but the reality is that it makes absolutely no difference to the bottom line of the Club. What we can see from these figures shown below is that obvious decline in admission and membership revenue is dwarfed by the increase in packaged hospitality sales. Cost management on these packages remains a priority.

	2018/19 \$000	2017/18 \$000	2016/17 \$000	2015/16 \$000	2014/15 \$000
<b>HOSPITALITY REVENUES</b>					
Race Day	5,861	5,643	5,826	5,747	5,515
Non Race Day	2,102	1,670	1,754	1,896	1,971
External	360	330	263	177	0
The Junction	2,958	2,890	2,706	2,424	2,429
<b>TOTAL</b>	<b>11,281</b>	<b>10,533</b>	<b>10,549</b>	<b>10,244*</b>	<b>9,915*</b>
<b>YEAR-ON-YEAR INCREASE</b>	<b>7.1%</b>	<b>(0.1%)</b>	<b>3.0%</b>	<b>3.3%</b>	<b>-</b>
Hospitality wages	4,460	4,574	4,539	4,500	4,201
<b>WAGES / REVENUE %</b>	<b>39.5%</b>	<b>43.4%</b>	<b>43.0%</b>	<b>43.9%</b>	<b>42.4%</b>
Hospitality expenditure	5,379	4,977	5,343	5,138	4,785
<b>TOTAL HOSPITALITY EXPENSES</b>	<b>9,839</b>	<b>9,551</b>	<b>9,882</b>	<b>9,638</b>	<b>8,986</b>
<b>HOSPITALITY CONTRIBUTION</b>	<b>1,442</b>	<b>982</b>	<b>667</b>	<b>606</b>	<b>929</b>

\*Ferrier Hodgson report analysed full year 2014/15 and 2015/16.

### Key Statistics

Racing Contribution

\$(1,157K)

**-43.2%**



down on previous year

Non-racing Contribution

\$444K

**37.5%**



increase on previous year

Race Day Attendance

96,529

**3.1%**



increase on previous year

**4.3%**

decrease in Field Sizes  
on previous year



On-course tote turnover

**-11.9%**

down on previous year



Horse Training Numbers

**-15.8%**

down on previous year



# Chief Executive Officer's Report 2018/2019

## Attendance and Membership

The broader issue of attendance is one that continues to frustrate the local and interstate industry. Big days are growing at the expense of our smaller and non-feature days. Weather, timing, competition, financial stresses and other personal demands all influence attendance. The only certainty out of all of this is that we need to be competitive, relevant and professional in all events we offer at Morphettville. It's a dynamic industry that demands flexibility in how we present the venue and how we price the product. One thing is for certain – if we continue to host 56 race meetings per year,

we cannot continue to operate all areas on our quieter winter race days.

In regards to declining membership, the Board and current membership needs to consider a change in what and how we classify membership. Clearly, we need to be protecting voting rights. Beyond that, we must take the lead from interstate Clubs and our sporting competitors and look at seasonal or major event membership packages in order to attract a new demographic. We can only do this with constitutional change.

## SAJC Membership\*

	2018/19	2017/18	2016/17	2015/16
<b>Paid Membership</b>	1,437	1,575	1,576	1,538
<b>Life Members</b>	47	51	42	42
<b>Other Membership (excl. staff)</b>	78	84	86	86
<b>Total Members</b>	1,562	1,710	1,704	1,666

\*Membership no longer includes staff

## Annual Morphettville Racing Data

Traditional reporting metrics have been included for your information.

	2018/19	2017/18	2016/17
<b>SAJC PATRONAGE</b>			
Attendance	96,529	93,623	98,797
Membership (excl. staff)	1,562	1,710	1,704
Attendance per race meeting	1,701	1,731	1,764
Average weekly Member attendance	258	273	277
Member & guest attendance as % of total	19.8%	22.6%	22.4%
<b>RACING</b>			
Race meetings	56	54	56
Races run	450	441	455
Total nominations	7,217	7,270	7,629
Total starters	4,061	4,137	4,548
Total prizemoney	\$24,134,000	\$25,193,000	\$24,934,000
<b>BETTING TURNOVER</b>			
On-course turnover	\$8,825,713	\$10,023,367	\$11,673,983
Off-Course turnover	\$27,732,097	\$31,403,093	\$34,112,231
Total Turnover	\$36,555,810	\$41,426,460	\$45,786,214
<b>BENCHMARKS - AVERAGES</b>			
Field sizes	9.0	9.4	10.0
Prizemoney per race	\$53,631	\$57,127	\$54,800
Total turnover generated for each race	\$81,235	\$93,938	\$100,629
On-course tote spend per visit	\$93	\$107	\$118
On-course turnover as % of all betting turnover	24.1%	24.2%	25.5%

## Racing and Race Day

From a race day perspective, we run a number of race days per year that are not profitable. Changing wagering habits (tote v betting apps), high labour costs due to public holidays (eg. Boxing Day), competition for customers, declining crowds in July, August and January as well as generally higher cost of goods all contribute to this issue. Some of these behavioural changes have and will continue to force us to look at our operating model and, ultimately, the timing and number of race meetings we conduct. Opening hours and venue configuration for lower yielding race days will be a focus in the coming years.

The decline in racing related revenue is now front and centre for the SAJC and will rely on stronger support from TRSA.

TRSA waged a two year campaign with the previous labour government and the current liberal government to highlight the massive contribution the industry makes to the South Australian economy. To the



credit of TRSA, the shareholders (Country Racing SA and SAJC) and the Government, an agreement was reached that seemingly allowed the industry to move ahead. The increase in prizemoney is undoubtedly an incredibly important outcome and, despite some reason for concern, the involvement by the Government in the Directors Selection Panel for the appointment of TRSA Directors has also created a higher degree of accountability. The Government now have a seat at the table which brings with it both risk and reward. The reward will come from a clear improvement in industry performance whilst the risk will come from a continual downward trend in all key revenue lines. Like the SAJC, tough decisions will need to be made by the new TRSA Board.

The flip side to these dramatic changes is the untold damage caused by a TRSA marketing and media campaign that deliberately set out to convince the uninitiated that without Government funding, the thoroughbred racing industry would be in crisis. A risky strategy that even today has caused unnecessary concern from people who are questioning their involvement with the industry or joining the industry as owners, sponsors or members of one of the many race Clubs around the State.



## Decline in Racing Related Revenue

The table below highlights the decline in pure racing related revenue.

	2018/19 \$000	2017/18 \$000	2016/17 \$000	2015/16 \$000	2014/15 \$000
<b>RACING REVENUES</b>					
Starters Fees	217	272	200	229	235
Stable Leases	229	237	200	189	189
Training Fees	464	501	489	118	88
Noms/Accept	1,111	1,293	1,324	1,212	983
Tote Revenue	893	992	1,140	1,160	1,270
Racebook Sales	58	82	83	92	103
<b>TOTAL</b>	<b>2,972</b>	<b>3,377</b>	<b>3,436</b>	<b>3,000</b>	<b>2,868</b>
<b>INCREASE / (DECREASE)</b>	<b>(12.0%)</b>	<b>(1.7%)</b>	<b>14.5%</b>	<b>4.6%</b>	<b>-</b>

	2018/19 \$000
Racing Revenue Decline	405
Capital Subsidy Decline	300
<b>TRSA + INDUSTRY UNDER FUNDING</b>	<b>705</b>

In addition to this, the average number of horses trained on course at Morphettville has dropped from 278 per day to 234 per day by the end of the financial year. Early indications in the 2019/20 financial year is that this trend will continue.

TRSA, SAJC and the entire industry now have the enormous task of rebuilding lost confidence and then ultimately growing all key metrics. The SAJC will support any and all initiatives that can demonstrate a clear return for the Club and the broader

**Quite simply, appropriate levels of TRSA funding and industry performance would have had the SAJC in a stronger position at the end of 2018/19.**

industry. It is a time for the industry to unite like never before and support strong, innovative and determined leadership, to move the industry forward.

So where do we start?

From the Club's perspective, the Key Industry Focus Areas (page 10) are a good starting point. As you would be aware, some of these are the responsibility of TRSA, some the Club and some are shared amongst the broader industry.

# Chief Executive Officer's Report 2018/2019

In some cases, some of these initiatives are under way by either the Club or TRSA. Making tough decisions is exceptionally confronting but I do believe that TRSA have started to work towards addressing some of the concerns industry participants have identified. Likewise, the SAJC Board have taken some brave steps forward over the previous few years.

We need to be patient and we need to understand that racing related revenue may continue to decline in the short term before we see some of the Key Industry Focus Areas return to growth. This is mostly a medium to long term venture but we have no doubt that there are also some easy short term wins available. We look forward to working with TRSA on these initiatives to help revitalise our proud industry.

## Non Race Day Events

The race day challenges aside, the Club continues to take some positive steps in the non-race day space. As we have said, this is a growth opportunity for the Club with all profits from this part of the business being used to support our core business of hosting racing related activity.

## Annual Morphettville Non Race Day Data

	2018/19	2017/18	2016/17
<b>TOTAL NON RACE DAY ATTENDEES</b>	<b>70,588</b>	<b>39,158</b>	<b>44,824</b>
<b>Events</b>	<b>190</b>	<b>145</b>	<b>149</b>
<b>TOTAL REVENUE \$000</b>	<b>2,102</b>	<b>1,670</b>	<b>1,754</b>

The significant increase in attendees has flowed through from events including Brixpo, Morphettville Markets and Coffee &

Chrome. Some of the more popular events from 2018/19 will return next year with a clear aim to incorporate these days in to Race Day Saturday.

## Master Plan

Putting the Master Plan process to one side for a minute, myself and the Board want to take the time to acknowledge the time and effort former Board Member and valued sponsor Greg Stewart has put in to the project over many years. Greg's passion for racing is unquestioned and he has been a true champion of this project from the very early days. His decision to step aside from the sub-committee was a big loss for the Club but we truly value his expertise and wisdom over many years. Thank you Greg.



As you would all be aware, the Club has engaged David Sinclair to help us move the Master Plan process forward. David was heavily involved in the Moonee Valley Master Plan project and will add great experience and knowledge to the SAJC. His main focus is to develop the project to the point where our Club members can help the Board determine the next steps forward. This would be a massive project for the Club and we fully understand the need to engage our membership.

## Key Industry Focus Areas

1. Growth in local, state and national Government relationships
2. Review of training fees and other industry charges
3. Active pursuit of interstate training talent to South Australia
4. A focus on the growth of horse population
5. A revised industry funding model
6. A complete review of how, when and where we race
7. New racing event development (one off events at Victoria Park for example)
8. Improved Industry collaboration
9. Owner acquisition
10. Venue operations
11. Club membership review and increased event accessibility
12. Facility upgrades
13. Education and simplification of wagering
14. On-going focus on Club costs
15. Alternate revenue opportunities to help support our core racing business
16. Animal welfare



---

## The Venue and Racecourse

The Ferrier Hodgson Report and the members have been exceptionally clear that we need to continue investing in the venue. In some cases, the investment is for safety and compliance purposes, in other cases it is wear and tear and in other cases it is to improve our revenue generating potential or patron comfort. All projects are approved by the Board as part of the annual budget process. Like many years before, the Board have approved a capital spend that addresses the above criteria. A list of the major projects undertaken as well as some of the major projects anticipated in coming years has been included for your information.

In regards to our number one asset – the Racecourse, our Track Manager has flagged the need for extensive renovations to take place in early 2021 and 2022. Ian Ricardo and his team have gained national praise for the presentation of the tracks over our big carnival days and in order to maintain this will insist on a responsible investment in both time and money. Our members will be kept up to date with these renovations but expect to see scheduled changes as early as 2020.

## The Junction

The financial contribution from The Junction cannot be understated. Consistent gaming numbers and a slight up lift in the food and beverage return has certainly helped the overall bottom line of the SAJC.

There has been much debate over many years and across the Board table as to

accounting processes around how we report the revenue received from The Junction, but like gate receipts, there is a general appreciation that how it is represented does not affect our bottom line. Charging The Junction rent simply moves revenue from one budget line to another budget line with zero difference.

What we do know is that there is still opportunity for growth in revenue from The Junction. Amanda Hillier and her team are working exceptionally hard for the Club and with potential government legislation changes afoot, the Club is ready to ensure we can move The Junction forward again in 2019/20.

## Conclusion

I would like to thank Chair Bodelle Francis and the entire Board for their efforts in 2018/19. Special mention to retiring Board Members Chris Sargent and Tony Newman for the commitment over 10 years. I have no doubt that we will all continue to see them both on course for many years to come.

To the Staff based on course and at The Junction, I thank you for your commitment and professionalism over the past 12 months. With so much change throughout the year, you should all take pride in what has been achieved.

To some extent, as a vindication of the progress and direction of the Club, but also as a fantastic recognition of the work being done day in and day out by the whole SAJC team, the SAJC was

awarded '2019 Large Club of the Year' at the recent Clubs SA awards night. We were also awarded 'Best Club Marketing.' Both awards are a major compliment to all staff.

To our valued members and sponsors, thank you for supporting this Club. There is no doubt that racing has faced many challenges over the year but your commitment allows us to look forward with hope and genuine excitement for the future. The racing industry is evolving and you will all be front and centre for these changes.

A special mention must go to our Partners TAB who continue to support the SAJC and so generously funded the Diva Bar refurb earlier in the year and AAMI who continue to add another level of class with their activations, new ideas and of course the contribution towards the fabulous new AAMI deck.

# Chief Financial Officer's Report 2018/2019

## Financial Performance

In understanding the financial result for the Club for 2018/19, we need to firstly consider the significant impacts to the Club operations that have arisen over the last 12-18 months. The budget for 2018/19 was set after taking into account:

- a decline in funding from TRSA (\$300K),
- an expected decline in Racing nominations and acceptances flowing from the State Government's decision to not continue the prizemoney contributions to the Adelaide Racing Carnival (\$158K)
- the cost of taking control of Marketing the Club (\$371K)
- the expected benefits resulting from the marketing control, Club initiatives and continued efficiency gains \$465K

The net effect of the above resulted in an increase in the EBITDA loss from 2017/18 of \$485K to a budgeted EBITDA loss for 2018/19 of \$849K.

With the budget EBITDA loss for 2018/19 established at \$849K, the Club was further hit during the year by declines in key racing and industry revenue streams. Commissions from oncourse betting continued to decline, but at a far greater rate than expected.

Training revenues from stabling, training fees and starters fees reduced by 10% on the prior year. In addition, the impact of TRSA moving premises had a net \$77K impact on the 2018/19 results comprising the net loss in rental revenue along with the shared services costs (including a redundancy) being absorbed by the SAJC. The net \$77K impact continues to be reduced as the Club increases the occupancy of the Morphetville Commons with now 8 separate tenants in this space.

On the positive side, along with the budgeted business improvements of \$465K,

the Club has worked hard to achieve an additional \$412K of business improvements (effectively a \$877K improvement on the prior year). These business improvements have come from improvements and efficiencies in The Junction and hospitality areas, improved sponsorship revenues and the growth in SAJC events. The Club remains unsatisfied with its financial results and will continue to drive the Club's strategy to achieve improved results.

## Financial Summary

We have changed the way we are reporting our financial information, absolutely not to confuse anyone but to direct the Club's and management's focus appropriately.

The table below represents the financial contributions of the business segments being Racing and Non-Racing to the Club results after a fair allocation of net

administrative, sales and marketing costs. The Racing segment represents the revenues and costs associated with managing and maintaining a race club. In addition to the pure racing revenues included on page 9, it also includes TRSA contributions, Race Day hospitality, membership and a relevant share of sponsorship, marketing, sales and administration. By default, the Non-Racing segment is the rest of the business and includes Conference & Events, The Junction and external hospitality.

Based on previous comments regarding the performance of the racing industry, it is not surprising that the Racing Operations Loss increased by \$349K compared to the prior year. At the same time, due to the improved performance at The Junction, efficiencies in hospitality and the growth from SAJC Events, the Non-Racing Operations result improved by \$121K.

	Increase / (Decrease)	2018/19 \$000	2017/18 \$000
<b>BUSINESS ACTIVITIES</b>			
<b>RACING CONTRIBUTION</b>			
Racing Revenue	↓ (2.9%)	11,872	12,229
Marketing Subsidy		456	-
Racing Expenses	↑ 3.4%	(13,485)	(13,037)
<b>TOTAL CONTRIBUTION</b>	<b>↓ (43.2%)</b>	<b>(1,157)</b>	<b>(808)</b>
<b>NON-RACING CONTRIBUTION</b>			
Non-Racing Revenue	↑ 8.3%	9,380	8,661
Non-Racing Expenses	↑ 7.2%	(8,936)	(8,338)
<b>TOTAL CONTRIBUTION</b>	<b>↑ 37.5%</b>	<b>444</b>	<b>323</b>
<b>NET OPERATIONS LOSS (EBITDA)</b>			
		(713)	(485)
Investment Earnings		1,819	3,508
<b>CONTRIBUTION FROM RECURRING BUSINESS ACTIVITIES</b>			
		1,106	3,023
Depreciation		(2,710)	(2,935)
Gain on Disposal Non-Current Asset		15	35
<b>(DEFICIT) / SURPLUS FOR THE YEAR</b>			
		(1,589)	123



Earnings from the Investment Fund of \$1,819K were down on the previous year return of \$3,508K as a result of increased volatility in the investment markets. Investment Funds as at 31 July 2019 are detailed below. Funds were drawn down during the year to invest in Board and Constitution approved allowable expenditures. The Board understand the decrease in the weighted average return to 4.02% for the year taking into account a very volatile market.

	2018/19 \$000	2017/18 \$000
<b>FMD</b>	22,659	22,727
<b>BWP</b>	22,549	22,426
<b>Term Deposits</b>	-	1,005
<b>Investment Cash Account</b>	1,055	2,012
<b>TOTAL INVESTMENT FUNDS</b>	46,263	48,171
<b>Other Investment Assets</b>	11,720	8,816
<b>TOTAL INVESTMENT ASSETS</b>	57,983	56,987
<b>WEIGHTED AVERAGE RETURNS</b>	4.02%	7.56%

After depreciation of \$2,710K (2017/18: \$2,935K) and a small gain on disposal of assets of \$15K (2017/18: \$35K), the Net Loss for the Club for 2018/19 is \$1,589K compared to a 2017/18 Net Profit of \$123K.

Additionally, the Club wrote down its carrying value of gaming entitlements held in relation to Cheltenham by \$55K to reflect the last sale price of these entitlements, and revalued Club Buildings to fair value resulting in a decrease of \$1,616K following a similar decrease of \$1,684K in 2017/18 and an upward revaluation of \$991K in 2016/17.

## SAJC Capital Projects

During 2018/19, the Club undertook a significant capital expenditure program. Total capital expenditure for 2018/19 was \$3,717K (2017/18: \$1,075K). The major capital spends are listed in the table below.

PROJECT	\$000	COMMENTS
Fibre Sand Track	1,334	Replace Pro-ride training track with Fibre Sand track
Big Screen	773	Install new Big Screen
Audio Visual Distribution System	393	Upgrade to AV systems to improve audio and visual systems
Sand Track Upgrade	110	Replacement of sand track sand
<b>PROJECTS &lt; \$100K</b>		
Building related improvements	248	Numerous facility improvements (Leilani, Diva, 1st Floor)
IT, website, Wi-fi, AV assets	172	IT type assets
Training Facility assets	138	On course stables feasibility, stable upgrades, horse walker
Gaming Machines – Junction	134	Gaming Machine replacement program
Kitchen equipment assets	123	Ovens, WHS requirements, kitchen equipment
Track Equipment	118	Upgrade track equipment
Master Plan	93	Continued feasibility works (total spend-to-date \$473K)
Other assets (furniture / equipment)	81	Miscellaneous furniture and equipment
<b>Capital Expenditure Total</b>	<b>3,717</b>	

# Chief Financial Officer's Report 2018/2019

## Major Upcoming Projects

MAJOR UPCOMING PROJECTS INCLUDE	2019/20 \$000	2020/21 \$000	2021/22 \$000
Building Fire Safety	500	1,600	1,600
Master Plan	400	500	500
Superscreen	250	-	-
The Junction Gaming Machines	200	150	150
On-Course Stabling	100	2,200	-
Gerard Pavilion Roof Replacement	100	-	-
Bathroom Upgrades	100	100	100
Access Control System	100	-	-
Race Track Upgrades	-	250	250
Catering Service Lift	-	190	-
Escalator Replacements	-	-	400

## Financial Statement Analysis

To assist Members to understand and analyse the financial information, we felt it prudent to provide some further detailed information.

	2018/19 \$000	2017/18 \$000	Difference \$000	Comments
Hospitality Revenue	11,281	10,533	748	Refer break-up on page 7. Revenue growth in all categories, with an overall 7.1% increase on prior year but also noting a 26% increase in Non Race Day revenues flowing particularly from SAJC Events (Camel Cup, Nutella Palooza, Queen Experience, Red Rock & Ribs, Elton John)
Venue Gaming Revenue	3,102	3,089	13	Flat revenue in a tough economic market for this revenue stream
Totaliser Revenue	893	992	(99)	This represents commissions from oncourse TAB turnover. This revenue stream has gradually declined from well over \$2M pa only 10 years ago
Sponsorship	1,431	1,238	193	Strong focus on sponsorship opportunities
Industry Contributions	3,287	3,226	61	Full breakdown is found on page 46. Increase only due to SAJC taking back control of Marketing function (\$456K)
Sundry Revenue	1,714	1,812	(98)	Includes product rebates, rent, track fees, starters fees, membership income. Decrease in many of these items is discussed already in this report
Hospitality Expenditure	5,379	4,977	402	Represents costs to earn revenue. Includes cost of goods, equipment hires, share of utility and facility costs. Increment in costs reflects increase in revenue
Venue Gaming Expenditure	1,570	1,711	(141)	Decrease due to contract and process efficiencies
Raceday & Facility Expenditure	3,115	3,426	(311)	Decrease due to contract efficiencies, finalisation of Pro-Ride contract \$90K, electricity recovers from mobile phone towers \$100K
Salaries & Wages	9,609	8,980	629	Labour is the Club's most significant expense. The increase on the prior year includes Enterprise Bargaining, Award rate and CPI increases, impact of incremental hospitality activity, plus Marketing & Sales wages increases reflecting the decision to take control of and improve our own marketing requirements



## Financial Statement Analysis

	2018/19 \$000	2017/18 \$000	Difference \$000	Comments
Totalisator Operations	613	664	(51)	Decline due to increased management of TAB staffing levels, plus impact of declining turnover
Sundry Expenses	2,135	1,617	518	Includes membership costs, insurance, sponsorship expenses, advertising and marketing costs (responsible for the entire increase in this category), IT and telecoms, legal fees, consultancies. The increase in marketing costs results from SAJC controlling its marketing approach and being consistent in its application across all areas of the business, and is offset to some extent by the Marketing subsidy from TRSA
Cash and Cash Equivalents	252	3,214	(2,962)	Cash has decreased by nearly \$3M. These funds have been used to fund the business operations and capital improvements. The decline is reflected by the Net Operations Loss and the significant capital expenditure for the year. Cash is managed very tightly, and generally in an overdraft situation. Any drawdowns from Investment Funds must be Board approved and ensure that it meets the Constitutional requirements
Inventories	286	273	13	Represent stocks of food and beverages on hand
Trade & Other Receivables	694	457	237	Amounts due to the Club at balance date, reflects incremental activity level at the end of this year
Investments	45,208	45,154	54	Represents funds under management with FMD and Bentley Wealth Partners
Prepayments	289	95	194	Payments made in advance (i.e. insurance) where expense is deferred to appropriate period
Property, Plant & Equipment	35,323	35,936	(613)	Physical assets of the Club, including Land. Buildings are subject to annual revaluation by a Valuation professional. Assets are depreciated in accordance with Accounting Standards. Additions based on capital spend and disposals also impact this balance
Intangible Assets	1,756	1,811	(55)	Represents the Club's Gaming entitlements. 40 Junction entitlements are valued in use at \$30,000 each, 40 Cheltenham entitlements are valued based on the last market sale price of \$11,375 each (down from \$12,750 each last year, resulting in a write-down of \$55K this year) and the 9 Norwood Community Club entitlements have been identified by the SAJC Board as being held for sale at a proposed sale price of \$11,250 each
Trade & Other Payables	1,059	856	203	Amounts payable by the Club at balance date, reflects both activity level and timing of capital projects
Employee Benefits	971	942	29	Legislative provisions for employee annual and long service leave
Other Liabilities	965	1,069	(104)	Funds received in advance for future events

# Club Operations

## Thoroughbred Racing was delivered at Morphettville on 56 separate occasions during the recent 2018/19 season.

The SAJC race-days during the season included 47 Saturday meetings, four mid-week feature days (Adelaide Cup, Melbourne Cup, Twilight and Boxing Day) plus five standard mid-week meets. Morphettville accepted an additional winter race meeting from Balaklava on 31 July due to the state of their track.

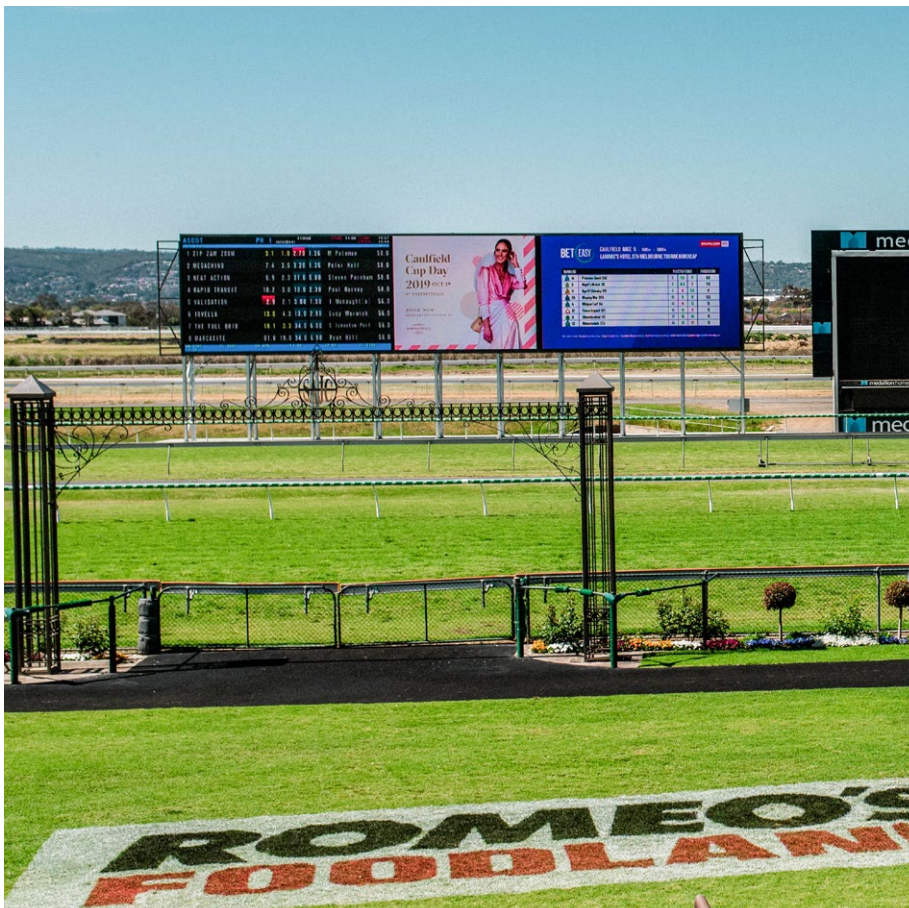
## Racing Facilities

A minor renovation to the Course proper was completed through September and October, where the inside 12 metres was mowed down to 40mm. Coring, scarifying and vacuuming of this section of the track was completed to stimulate growth from the kikuyu grass in preparation for the Adelaide Cup and Group One racing. The remaining 16 metres only received limited renovations due to the need for continuous training. A major renovation to both the Course Proper and Parks is proposed during the

next 2-3 years, where each track will be unavailable for all activity for 12-14 weeks. The replacement of the superscreen was undertaken during the 2018/19 season. This included a comprehensive tender process and design workshop. The new 146m<sup>2</sup> screen provides increased flexibility for race day operations and ensures important racing information is visible trackside. The final design is identical to the Moonee Valley screen and was constructed locally by Big Screen Video. The opportunity for the SAJC to partner with another local dynamic business in such a project increased the benefit to the State. The redundant screen will be removed during the next 12 months.

Handover for the IPTV (Internet Protocol Television) installation was completed in April 2019. This completes the third and final stage of upgrades to the oncourse Audio-Visual system. The new IPTV provides a modern platform for the distribution of vision to more than 330 television screens at Morphettville. It was synchronized with digital broadcast upgrades to enhance the quality of vision and flexible delivery modes.

Our refurbishment of the Diva Lounge project was undertaken through April 2019 with Tabcorp. These were carefully planned between Adelaide Cup and Autumn Racing Carnival to ensure the SAJC business could operate with limited disruptions to hospitality services. This internal refurbishment and new decking areas (catering for an additional 60 patrons) was completely funded by Tabcorp for which we are most grateful. When combined with new furniture it has modernized the Club's most important public racecourse bar and viewing area.



---

An audit of major infrastructure was undertaken around electrical and mechanical services. The Club has identified long term capital investment to replace 30 year old infrastructure (including lifts, escalators, generators) and ensure compliance with modern electrical and building standards.

In partnership with BCA Fire Engineers and the City of Marion Building Fire Safety Committee we continue progress on a modern fire strategy at the venue. The fire compliance project required multiple Development Applications for storage areas, and, retrospectively, the Gerard Pavilion construction 12 years ago. The Rainlover Bar has now been cleared of all flammable materials (i.e. storage of goods) from within the Heritage Grandstand. It is anticipated that the Fire Compliance project will continue over the next three to five years and ultimately includes installation of a sprinkler system throughout the entire venue.

Water security and management remains a key issue for the SAJC. We use in excess of 10 Million Litres of water a week through summer watering grass tracks and training areas. Over the past year we extracted more than 221 Million Litres of water for irrigation and only injected 145 Million Litres during winter from the aquifer. As the climate changes the value of our Aquifer Storage Recharge

(wetlands) will only increase. Local partnerships established with the City of Marion and Glenelg Golf Club will support environmentally sustainable practices for the Club into the future.

Other maintenance works through the venue include:

- Installation of race day Spa for Riders in the Jockeys room
- WiFi installation for essential infrastructure
- Refurbishment of first floor office area
- Replacement of damaged grandstand roof area
- Energy efficient LED light upgrades throughout venue
- Construction of Leilani Deck trackside
- Refurbishment of The Junction Sports Bar and TAB area in association with TAB
- Grease Arrestor upgrades
- Enhance CCTV monitoring in public areas

### Morphettville Commons

Commencing February 2019, the SAJC has transformed the area previously tenanted by TRSA into a co-working space known as Morphettville Commons. At the date of this report, we have 8 tenants renting working space from us, creating a collaborative community on Level 1. This space is at 72% capacity.

### Training Facilities

Replacement of the synthetic Pro-Ride training track was completed in early 2019. This all-weather surface had supported training for 11 years and reached the end of its usable life. A comprehensive review was undertaken and the best value option for the Club was to replace with a Fibre-Sand track. The replacement of the track was funded in full by the SAJC and becomes the most important training surface for Morphettville-based trainers.

Feedback from local Trainers has been overwhelmingly positive, with a more stable and forgiving surface preparing horses to race.

A project to completely replace sand from the main sand training track was completed on time and within budget during September 2018. A total of 2,494 tonnes of sand was required for the project. More than 10 separate sand profiles were tested before selecting a large round washed particle sand with increased clay and silt content.

Safety of Industry participants remains at the fore during trackwork each day. We continue to refine our practices and educate participants to mitigate risks for all involved. The Club liaised closely with the Trainers Association,



# Club Operations

Jockeys Association, TRSA and Safework SA through the year to develop new policies to protect the interests of all in the local area.

In support of TRSA we commenced the filming of Official Jump Outs to enhance the local racing product. This initiative has been well received by trainers, owners and punters, with vision being available through the TRSA website within six hours.

Will Clarcken moved oncourse in March 2019, taking over the barn previously occupied by Lloyd Kennewell. The Club provides stabling for Ryan Balfour, Chris Bieg and Ken Sweeney.

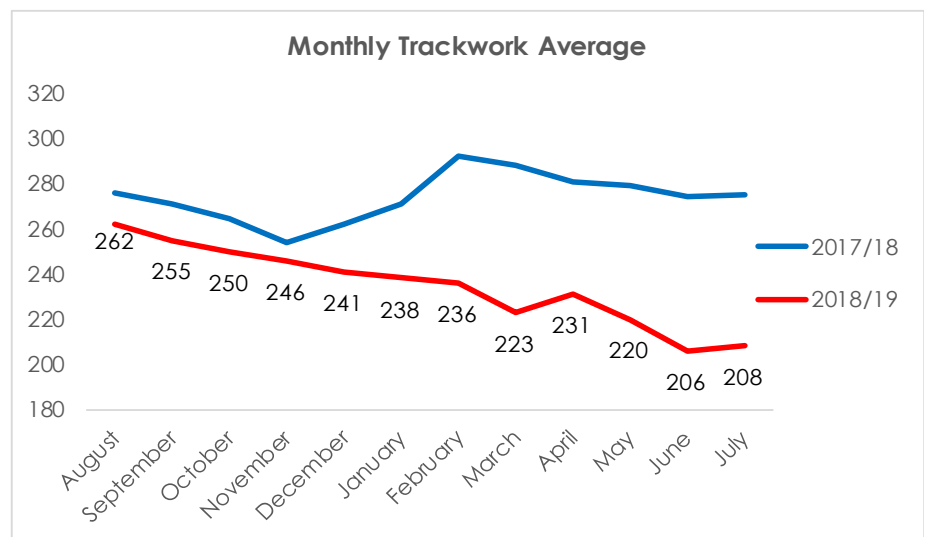
The reduction in training numbers over the past 12 months was expected, albeit much greater than anticipated. Negative sentiment surrounding thoroughbred racing was public from January, and local trainers indicated this impacted their ability to attract owners. In addition, we have seen the departure of Lloyd Kennewell, Campolina Racing and Billy Papazaharoudakis from Morphettville. Phillip Stokes and Ken Sweeney have also reduced their local stable size.

Even with the decline of training at Morphettville, we retain an essential role in the preparation of thoroughbreds for racing. During 2018/19 an average of 234 horses

participated in Trackwork six mornings (Monday-Saturday) each week. Training numbers have declined by 14% over the past 12 months, and 16% over two years.

Training does place a heavy load on the management of the two race tracks. Whilst the integrity of the racing surface remains our priority, Morphettville hosted 97 days of training activity specifically on the grass tracks during the 2018/19 season - 13 Barrier Trials, 22 Jump Outs and 62 days of Grass Gallops. During the season there was more than 12,000 individual horse visits across the two grass tracks for racing and training.

2018/19 TRAINING ACTIVITY	VISITS
Total Number of horses on track	73,467
Average per day	235
Daily Maximum - 22/11/18	317
Daily Minimum - 21/8/18	141
Highest Month - August 2018	7,068
Annual Grass Gallops	6,464



# Our People

**The SAJC employs 67 permanent staff, around 30 core casuals and hundreds of casual employees during carnival times.**

## Staff Training

This year the Club took on an apprentice in the Operations Team who is working toward a Certificate III in Horticulture.

Three staff completed diplomas at the end of 2018, one staff member completed a Diploma in Human Resource Management and two employees completed Diplomas in Project Management.

Two staff at The Junction are completing traineeships where they are working towards a Certificate IV in Hospitality, and one Finance staff is undertaking their Certified Practising Accountant qualification.

The SAJC have continued to provide the following training opportunities during the year:

- Fire Warden
- First Aid
- Forklift and Manitou
- Manual Handling
- Armed Hold up
- Induction training

## Shining Star

The Shining Star is an initiative to acknowledge a staff member each month. Fellow colleagues can nominate a staff member they believe is a worthy recipient with an explanation of why and how it aligns with the SAJC values. The executive team decides on the winner each month.



## 2018/19 Shining Star Winner – Michael Walkom

Michael is a quiet achiever but a hard worker, who comes in everyday with a smile. While the finance team were going through a restructure, Michael was the rock who picked up the extra workload, stayed late, asked for additional duties and delivered.

## Runner-up – Louise Smith

## Work, Health & Safety

Each month the (SAJC) Health and Safety Committee meet to provide a consultative forum that can effectively address the Work, Health and Safety matters arising at the SAJC, with reference to the requirements contained in the Work Health and Safety Act (WHS), 2012 and company policies.

The committee is made up of employees representatives from each work group, which are voted in by their colleagues. The member holds office for a three year term.

## Fundraising

This year the SAJC undertook a number of fundraising events: Footy Colours day was held on Thursday 19 September, with the kitchen team cooking a BBQ for staff, raising funds for assisting children and young people with cancer with their education during treatment.

Staff were asked to bake and bring in a treat for the “Biggest Morning Tea” which was shared during a quiz, with funds raised for the Cancer Council.

A new initiative this year was “Walk a Mile in my Boots”, where seven staff braved the cold morning to walk and raise money for the Hutt Street Centre which supports homelessness.

Casual Day is another new initiative held on the last Friday of the month, where staff who choose to wear casual clothes can make a donation to raise money for the Jockeys Trust. An ongoing collection will be donated at the end of the year, at which time a new charity partner will be the selected.

### The Club values are:

**Positive**

**Accountable**

**Collaborative**

**Respectful**

# Our Corporate Partners 2018/19

---

## Premier Partner

---



### TAB: BETTING FACILITIES

TAB are a proud partner of the SAJC and with Australia's largest wagering retail footprint, the TAB retail network consists of over 1,400 standalone, Pub, Club and on-course TAB outlets. TAB will continue for the coming years to be the naming rights partner to the TAB Adelaide Cup, with supporting functions and activations held on this day. The South Australian Jockey Club would like to extend their thank you to TAB for the refurbished Diva Lounge that was completed in May 2019, which has brought a modern touch into a popular area.

## Diamond Partner

---



### LION: BEER, SPIRITS AND WINE

Lion is one of Australasia's largest food and beverage companies. With a proud history extending back to 1840, we market premium brands in the dairy, juice, soy, beer, cider, fine wine, spirits and non-alcohol beverages categories. Lion have activated several different brands such as Heineken 3, Furphy and Iron Jack at Morphettville's Feature Race Days over the past 12 months. The SAJC look forward to working with Lion on upcoming activation opportunities.



### SCHWEPPE: SOFT DRINK, WATER

Schweppes is recognised throughout Australia as one of the major supporters of the Thoroughbred Industry for more than three decades. Schweppes manufacture, sell, distribute and market some of Australia's most popular non-alcoholic beverage brands including SOLO, Pepsi, Cottee's, Gatorade and Cool Ridge Water. Thank you to Schweppes who were the naming rights partner to the Schweppes Festival Gardens package that was held at the 2019 TAB Adelaide Cup. A sell out area with refreshing, bold accents spread throughout this trackside package.



### AAMI: INSURANCE

As one of Australia's largest and most awarded insurers, AAMI makes it easy to insure your property with home, landlord and strata insurance, your possessions with contents, car and vehicle insurance, and your family's future with business, income, life and health insurance. For the second year in a row, AAMI have come on board as the naming rights partner to the 2019 AAMI Spring Carnival. AAMI's popular VIP marquee will be activated throughout Spring Carnival along with regular packages on the new AAMI Deck that was built early 2019.

## Gold Partner

---



### SOUTHERN CROSS AUSTEREO: RADIO STATIONS

Home to hit107 and Triple M, Southern Cross Austereo are a leading Australian entertainment company. The team at hit107 have been involved in a number of events over the last 12 months including 2018 AAMI Spring Carnival, Twilight Races and TAB Adelaide Cup. Morphettville re-named one of the rooms, the Triple M Punters Lounge, to align with the demographic of both Triple M and the patrons that book within that package.



## Silver Partner



### ADELAIDE GALVANISING: HOT DIP GALVANISING

Adelaide Galvanising Industries is a South Australian family owned company and has been operating from their current site since 1996. The 2018 Adelaide Galvanising Boxing Day Race meet was a continued success and the SAJC would like to thank Adelaide Galvanising for their continued Sponsorship and support to the SAJC.



### HOLDFAST INSURANCE: INSURANCE

Holdfast Insurance Brokers have been sponsors of the South Australian Jockey Club since 2007. Established in SA, Holdfast Insurance Brokers have provided clients with professional & cost effective solutions to their insurance needs since 1982. We thank Holdfast for their continued support within the racing industry and to the Jockey Club.



### HUGHES LIMOUSINES: CHAUFFEUR SERVICE

Australians have relied upon Hughes Chauffeured Limousines since 1904 for their personal transport needs. Hughes Adelaide's fleet of chauffeured cars, stretch limousines and coaches is serviced by a 24 hour a day, state-of-the-art reservations system.



### TERRY HOWE PRINTING: SIGNAGE

Terry Howe Printing is Morphettville's preferred signage and printing supplier. They are more than just a printing and signage service, they also provide quality graphic design and prepress trade services. The team is fully qualified with over 50 years combined industry experience and use of the latest software and equipment. Terry Howe Printing have been a sponsor of the Club since 2018 and we look forward to continuing this relationship with them.

## Key Partner



### BAROSSA FINE FOODS: SMALLGOODS SUPPLIER

Barossa Fine Foods have come on board as a supporting partner of Restaurant 1873 and will be recognised through the venue on our menus. Winning a consistent amount of awards since 2010, see's Barossa Fine Foods as Australia's Most Awarded Smallgoods Maker and a household name. Barossa Fine Foods supply a range of fresh meat, smallgoods, breads and antipasto offerings but will have exclusivity across Pork and Seafood products here at Morphettville.



### METAL-LINK: ROOFING AND GUTTERING

Metal-Link was established in 1999 in Adelaide and has been an avid supporter of the South Australian Jockey Club. With 25 years of experience, Metal-Link are expertise in all facets of roofing requirements including new roofs, re-roofing, gutters, fascias and downpipes.

# Our Corporate Partners



## WINNING EDGE PRESENTATIONS: MERCHANDISE SUPPLIER

Winning Edge stocks thousands of products and apparel – from shirts and blouses to pens and rulers. From stress balls to golf balls. Winning Edge can look after us for everything that we need for our clients and for the staff here at SAJC.



## PERNOD RICARD (G.H. MUMM): CHAMPAGNE SUPPLIER

Situated in Reims in Northern France, G.H. Mumm is one of the largest Champagne producers and is currently ranked 4th globally and one of our most popular Champagnes sold at Morphettville. The second year for G. H. Mumm and the brand presence has increased on course over the last 12 months. With the creation of the sold-out package, Mumm First Class for the 2019 TAB Adelaide Cup and the execution of a stand out point of sale marquee, we look forward to working with Mumm on upcoming events.



## DOMINANT: CLEANING PRODUCTS

Dominant has been running since 1958 as a manufacturer of industrial cleaning and sanitation products and have grown to be recognised as a leader and innovator in its field. Dominant supply Morphettville all their cleaning products.



## WESLO STAFF: SECURITY SERVICES

Weslo staff and security is Adelaide's premier Event and venue staffing supplier in South Australia. Their employees staff all the Morphettville Racecourse events.



## TEYS AUSTRALIA: 36° SOUTH BEEF SUPPLIER

For three generations, Teys Australia have built an unrivalled reputation for delivering beef with a superior eating quality. They are proud to have the 36° South range in our portfolio of consumer brands. 36° South are a supporting partner of Restaurant 1873.



## M & J CHICKENS: POULTRY SUPPLIER

Their second partnership year with the Club, combining the expertise and commitment of people to world class processes and equipment, we are able to produce and distribute an extensive range of fresh poultry and cooked "ready to eat" value added products to clubs, cafes, restaurants, hotels, resorts, government agencies, corporate catering services and more.



## MAGIC MILLIONS: AUCTION HOUSE

Magic Millions is best known for its showcase Gold Coast Yearling Sale each January. It is the company's signature sale. However Magic Millions operates its thoroughbred auction house all year round conducting sales in four states of Australia. Magic Millions in Adelaide, neighbors to the Morphettville Racecourse, are involved in sponsoring one of the races on TAB Adelaide Cup Day.



**COCA-COLA AMATIL: (CANADIAN CLUB) RTD BEVERAGE SUPPLIER**

Under the Coca Cola Amatil company, Canadian Club continues to be the choice of savvy drinkers who are looking for a refreshing alternative to beer, a classic cocktail or simply a great tasting whisky served neat. Canadian Club have had a big brand presence at the track over the last 12 months, with the creation of a new point of sale bar and a package at the 2018 Twilight Races, called 'The Canadian Club.'



**OPTIONS WINES: BEVERAGE SUPPLIER**

Options Wine Merchants Pty Ltd is responsible for distributing some of the world's most respected and sought-after wines to the trade. A new agreement in 2019 sees Options providing beverages to 50% of the SAJC beverage lists.



**EVRIGHT.COM: TROPHY SUPPLIER**

Evrigh has been manufacturing and supplying trophies and plaques in Australia for 50 years. Evrigh is the exclusive trophy supplier for the South Australian Jockey Club. They also supply all of our replica trophies that are ordered throughout the year.



**TABLE & CHAIR CO: CORPORATE FURNITURE SUPPLIER**

Table and Chair Co are a 25 year old, small family-run business specialising in custom-made, locally sourced or quality imported commercial grade furniture, providing hospitality furniture options to the restaurant and cafe market. Table & Chair Co have provided furniture to Morphettville on the new AAMI deck and both on Level 1 and Level 2.



**FLEURIEU MILK COMPANY: DAIRY PRODUCTS**

Fleurieu Milk Company produces premium fresh milk to the South Australian Jockey Club, delivering excellent customer service and great taste. Fleurieu Milk continue to be an avid supporter of the Club and we look forward to working closer with them over the coming years on upcoming



**MEDALLION HOMES**

**MEDALLION HOMES: BUILDER**

During the past two decades, we have forged an unrivalled reputation in South Australia for designing and building unique, high quality homes. The South Australian Jockey Club would like to thank Medallion Homes for their continued support and branding on our superscreen.



**SPENDLESS SHOES: SHOE RETAILER**

Spendless Shoes is a proudly Australian owned and operated footwear retailer selling the latest fashion looks for less. From humble beginnings in 1988, Spendless continue to grow and currently operate in excess of 220 stores throughout every mainland state of Australia. Spendless Shoes are the partner for the Fashion Booth competition that we run at Morphettville each Feature Race Day during the 2018/19 racing season.



# Morphettville Season Review 2018/19

---

**Year after year, the quality of racing continues to grow here at Morphettville and this season we were blessed to see some of the country's finest on display in our biggest races.**

In one of our oldest and most prestigious races, it was a youngster who stole the show and Surprise Baby's dominant win in the Adelaide Cup was something to behold. The four-year-old was well backed in the lead up to the Cup and South Australian born jockey Dean Holland produced a peach of a ride to give Paul Preusker's horse the win. Surprise Baby is now one of the most exciting staying prospects in the country, with the horse set towards the 2019 Melbourne Cup; and if you believe the bookies, is a huge chance in this race.

Our Festival of Racing keeps going from strength to strength. The stories, the future stars and the most importantly, the spotlight on the great participants in our state.

Oaks winner Princess Jenni did what many Oaks favourites have done over the years by winning like a good thing. She gave trainer David Brideoake his first win in the race and champion jockey Damien Oliver a record fourth win in the Group 1 feature.

A week later it was Qafila's turn to shine. She couldn't beat the girls in the Oaks the week before but showed the boys what she was made of in the Derby! The win was even sweeter after beating one of the most promising three-year-olds in the country in Mr Quickie who went on to win the Group 1 Queensland Derby. The Phillip Stokes

trained gelding looks set for a huge Cup's Campaign over the 2019 Spring Carnival and no doubt will show that the form out of our Carnival is elite.

We were only halfway through Goodwood Day when the upset of the season occurred in the SA Fillies Classic. First emergency Moor Gait claimed the Group 2 at any old odds of \$101 for Andrew Noblet and Dan Stackhouse. A win like this is what makes this sport great. You've got to be in it to win it and she did just that!

The best was still yet to come and there is no doubt the feel good story of the carnival and probably the whole season was the local win by Despatch in the Group 1 Goodwood. It had been 17 years since a locally trained winner saluted in our finest race when Zip Zip Aray won for David Jolly back in 2002.

Despatch was a horse in form, winning his previous three races including the Group 3 DC McKay Stakes on Oaks Day. The horse delivered Tony McEvoy his first Goodwood win and jockey Todd Pannell's his first ever Group 1 victory. The win was full of merit beating a hot field including Group 1 winners Spright and Booker.

That race almost gave David Jolly his second Goodwood win as his charger, Behemoth produced an almighty run to finish second and showed the quality of horse and trainer we have in our great state.

McEvoy was a dominant force at Morphettville across the season with 51 Metropolitan wins. He loved training big winners at Morphettville with seven of his 23 Australian Stakes wins coming at the course.

While McEvoy is one of the country's best trainers, this season also highlighted the training talent we have coming through our ranks. The young trainers in our State did us proud with Will Clarcken finishing in second spot with 35 winners and Ryan Balfour coming in fourth spot with 22 wins. South Australia has always batted above its average when unearthing quality jockeys and this season it was Raquel Clark's time to shine.

After Jamie Kah departed the state halfway through the season, Clark showed that she is a force to be reckoned with in the saddle claiming the Metropolitan Jockey Premiership on 49 wins. She defeated the classy Todd Pannell on 43 victories and despite her shortened season Jamie Kah still finished in third spot with 42 winners.

CONTRIBUTION FROM ARLEN KAESLER







# Feature Race Day Winners 2018/19

STAKES	RACE NAME	WINNER	TRAINER	JOCKEY
<b>GROUP 1</b>				
\$600,000	TAB Classic (Robert Sangster Stakes)	Spright	Garry Frazer	Damien Oliver
\$500,000	Schweppes Oaks (Australasian Oaks)	Princess Jenni (NZ)	David Brideoake	Damien Oliver
\$500,000	TAB South Australian Derby	Qafila	David & B Hayes & T Dabernig	Cory Parish
\$750,000	The Goodwood	Despatch	Tony McEvoy	Todd Pannell
<b>GROUP 2</b>				
\$400,000	TAB Adelaide Cup	Surprise Baby (NZ)	Paul Preusker	Dean Holland
\$250,000	TAB Euclase Stakes	Valour Road	Simon A Miller	Luke Currie
\$200,000	Hughes Limousines Queen Of The South Stakes	Music Bay	Phillip Stokes	Craig Williams
<b>GROUP 3</b>				
\$120,000	David R Coles AM Spring Stakes	Dollar For Dollar	Tony McEvoy	Jamie Kah
\$120,000	13CABS Lord Reims Stakes	Bondeiger	Ciaran Maher & David Eustace	James Winks
\$120,000	Hughes Limousines R N Irwin Stakes	Hard Empire	Richard Jolly & Chantelle Jolly	Jake Toeroek
\$120,000	Schweppervescence Auraria Stakes	Mirette	Archie Alexander	Declan Bates
\$120,000	Heineken 3 Chairman's Stakes	Declarationofheart	Anthony Freedman	Clayton Douglas
\$120,000	Terry Howe Printing Breeders' Stakes	Kooweerup	Ciaran Maher & David Eustace	Jamie Kah
\$150,000	D C McKay Stakes	Despatch	Tony McEvoy	Barend Vorster
\$150,000	TAB SA Sires Produce Stakes	She Shao Fly	Tony McEvoy	Dwayne Dunn
\$175,000	Robert & Fay Gerard R A Lee Stakes	Fastnet Tempest (IRE)	David & B Hayes & T Dabernig	Andrew Mallyon
\$150,000	M & J Chickens National Stakes	Li'l Kontra	Ryan Balfour	Dwayne Dunn
\$175,000	TAB South Australian Fillies Classic	Moor Gait	Andrew Noblet	Daniel Stackhouse
\$150,000	TAB Proud Miss Stakes	Lady Cosmology	Simon A Miller	Luke Currie
\$120,000	Heineken 3 Port Adelaide Cup	Valac (IRE)	David & B Hayes & T Dabernig	Craig Williams

STAKES	RACE NAME	WINNER	TRAINER	JOCKEY
LISTED				
\$100,000	UBET Penny Edition Stakes*	Theanswermyfriend	Darren Weir	Harry Coffey
\$100,000	Heineken 3 Morphetville Guineas	Fiera Vista	Darren Weir	Chris Symons
\$100,000	W H Wylie Handicap	Holy Blade	Darren Weir	Harry Coffey
\$100,000	Tokyo City Cup	Moss 'n' Dale (NZ)	Peter Gelagotis	Jack Martin
\$100,000	Romeos Hill Smith Stakes	Burn Off	Shayne Cahill	Jeffrey Maund
\$100,000	The Community Co Durbridge Stakes	Casino Wizard	Lee Creek	Emily Finnegan
\$100,000	Schweppes City Of Marion Stakes	Illustrious Lad	Peter Gelagotis	Anthony Darmanin
\$100,000	Adelaide Galvanising Christmas Handicap	Princess of Queens	Mick Price	Dom Tourneur
\$100,000	Holdfast Insurance Birthday Cup	Wasabi Bob	Leon Macdonald & Andrew Gluyas	Raquel Clark
\$100,000	TAB Cinderella Stakes	Lady Naturaliste	Matt Cumani	Raquel Clark
\$100,000	Schweppes C S Hayes Stakes	Mantastic(IRE)	Chris Waller	Corey Brown
\$100,000	AAMI Matrice Stakes	Snitzkraft	Phillip Stokes	John Allen
\$100,000	Heineken 3 Manihi Classic	Everyday Lady	Will Clarken	Beau Mertens
\$100,000	Fleurieu Milk Laelia Stakes	Cosmic Alert	Will Clarken	Todd Pannell
\$100,000	Dominant Port Adelaide Guineas	Classic Weiwei	Tony McEvoy	Barend Vorster
\$100,000	Terry Howe Printing Redelva Stakes	Humma Humma	John McArdle	Beau Mertens
\$100,000	AAMI Dequetteville Stakes	Li'l Kontra	Ryan Balfour	Jye McNeil
\$100,000	Holdfast Insurance City Of Adelaide Handicap	Hussybay	Mick Huxtable	Jamie Kah
\$100,000	H C Nitschke Stakes	East Indiaman	Tony McEvoy	Raquel Clark
\$100,000	AAMI Queen Adelaide Stakes	Absolute Flirt	Danny O'Brien	Damien Oliver
\$100,000	Adelaide Galvanising Adelaide Guineas	So We Are	Phillip Stokes	John Allen
\$100,000	AAMI Centaurea Stakes	Clearly (GB)	Archie Alexander	Damien Oliver
\$100,000	SAROA Oaklands Plate	Westport	Tony McEvoy	Barend Vorster
\$100,000	TAB Lightning Stakes	Assertive Approach	Michael, Wayne & John Hawkes	Todd Pannell

\*Race run prior to TAB rebrand



# SAJC Board of Directors

---



**Bodelle Francis**

**CHAIR**

*SAJC Board member since 2010*

**SAJC SUB-COMMITTEES**

- Chair: Performance and Review Working Party
- Ex-officio on all Board Committees



**Bob Holton**

**VICE-CHAIRMAN**

*SAJC Board member since 2015*

**SAJC SUB-COMMITTEES**

- Chair: Master Plan and Infrastructure Working Party
- Finance, Investment and Audit Committee
- Performance and Review Working Party



**Tony Newman**

**DEPUTY VICE-CHAIRMAN**

*SAJC Board member since 2009*

**SAJC SUB-COMMITTEES**

- Finance, Investment and Audit Committee
- Master Plan and Infrastructure Working Party



**John Caruso**

*SAJC Board member since 2018  
(elected November 2018)*

**SAJC SUB-COMMITTEES**

- Master Plan and Infrastructure Working Party



**Adam Glenn**

*SAJC Board member since 2017*

**SAJC SUB-COMMITTEES**

- Master Plan and Infrastructure Working Party



**Kevin Harrison**

*SAJC Board member since 2016*

**SAJC SUB-COMMITTEES**

- Finance, Investment and Audit Committee



**Paul Kristoris**

*SAJC Board member since 2017*

**SAJC SUB-COMMITTEES**

- Chair: Finance, Investment and Audit Committee



**Chris Sargent**

*SAJC Board member since 2009*



**Christine Simpson**

*SAJC Board member since 2016*

**SAJC SUB-COMMITTEES**

- Performance and Review Working Party

**Board Members Attendance at Meetings 2018/19**

Board Member	Board		Finance, Investment and Audit Committee	
	(a)	(b)	(a)	(b)
Bodelle Francis	14	13	-	-
Bob Holton	14	13	10	9
Tony Newman	14	14	10	9
John Caruso	9	9	-	-
John Girvan	4	4	-	-
Adam Glenn	14	13	-	-
Kevin Harrison	14	14	3	3
Paul Kristoris	14	13	10	8
Chris Sargent	14	13	-	-
Christine Simpson	14	12	-	-

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

(b) Number of meetings attended. Note: A Master Plan Working Party and Performance and Review Working Party is established and met on numerous ad hoc times during the year

# Audited Financial Statements 2018/19

## SAJC and its Controlled Entity Balance Sheet

AS AT 31 JULY 2019	Note	2019 \$000	2018 \$000
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	2	252	3,214
Inventories		286	273
Trade and Other Receivables	3	694	457
Investments	4	2,135	1,867
Prepayments		289	95
<b>TOTAL CURRENT ASSETS</b>		<b>3,656</b>	<b>5,906</b>
<b>NON-CURRENT ASSETS</b>			
Investments	4	43,073	43,287
Property, Plant & Equipment	5	35,323	35,936
Intangible Assets	6	1,756	1,811
<b>TOTAL NON-CURRENT ASSETS</b>		<b>80,152</b>	<b>81,034</b>
<b>TOTAL ASSETS</b>		<b>83,808</b>	<b>86,940</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	7	1,059	856
Employee Benefits	8	933	881
Other Liabilities	9	965	1,069
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,957</b>	<b>2,806</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee Benefits	8	38	61
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>38</b>	<b>61</b>
<b>TOTAL LIABILITIES</b>		<b>2,995</b>	<b>2,867</b>
<b>NET ASSETS</b>		<b>80,813</b>	<b>84,073</b>
<b>EQUITY</b>			
Reserves	10	12,090	14,039
Retained Earnings	10	68,723	70,034
<b>TOTAL EQUITY</b>		<b>80,813</b>	<b>84,073</b>

The accompanying notes form part of these financial statements.

# Audited Financial Statements 2018/19

## SAJC and its Controlled Entity Statement of Profit or Loss & Other Comprehensive Income

FOR THE YEAR ENDED 31 JULY 2019	Note	2019 \$000	2018 \$000
<b>REVENUE</b>			
<b>REVENUE FROM OPERATING ACTIVITIES</b>			
Hospitality Revenue		11,281	10,533
Venue Gaming Revenue		3,102	3,089
Totalisator Revenue		893	992
Net Sponsorship		1,431	1,238
Industry Contributions		3,287	3,226
Sundry Revenue		1,714	1,812
<b>TOTAL REVENUE</b>		<b>21,708</b>	<b>20,890</b>
<b>EXPENDITURE FROM OPERATING ACTIVITIES</b>			
Hospitality Expenditure		5,379	4,977
Venue Gaming Expenditure		1,570	1,711
Racing & Facility Expenditure		3,115	3,426
Salaries & Wages		9,609	8,980
Totalisator Operations		613	664
Sundry Expenses		2,135	1,617
<b>TOTAL EXPENDITURE</b>		<b>22,421</b>	<b>21,375</b>
<b>DEFICIT FROM OPERATIONS BEFORE FINANCE INCOME, DEPRECIATION AND CAPITAL DISPOSALS</b>			
		(713)	(485)
Net Finance Income		1,819	3,508
<b>Surplus Before Depreciation</b>			
		1,106	3,023
Depreciation - Property, Plant & Equipment	5	(2,677)	(2,887)
Change in Estimates - Accelerated Depreciation of Property, Plant & Equipment	5	(33)	(48)
Net Gain/(Loss) on Disposal of Non-Current Assets		15	35
<b>SURPLUS / (DEFICIT) FOR THE PERIOD</b>			
		(1,589)	123
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS</b>			
Revaluation of Gaming Entitlements to Fair Value		(55)	(173)
Revaluation of Buildings to Fair Value		(1,616)	(1,684)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(3,260)</b>	<b>(1,734)</b>

The accompanying notes form part of these financial statements.



# Audited Financial Statements 2018/19

## SAJC And Its Controlled Entity Statement of Changes in Equity

FOR THE YEAR ENDED 31 JULY 2019	CONSOLIDATED		
	Retained Earnings \$000	Reserves \$000	Total \$000
<b>BALANCE AT 1 AUG 2017</b>	69,557	16,250	85,807
Surplus for the year	123	-	123
Revaluation Decrements	-	(1,857)	(1,857)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	123	(1,857)	(1,734)
Depreciation of industry funded assets	-	(309)	(309)
Transfers to and (from) reserves	354	(45)	309
<b>BALANCE AT 31 JUL 2018</b>	70,034	14,039	84,073
<b>BALANCE AT 1 AUG 2018</b>	70,034	14,039	84,073
Deficit for the year	(1,589)	-	(1,589)
Revaluation Decrements	-	(1,671)	(1,671)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	(1,589)	(1,671)	(3,260)
Depreciation of industry funded assets	-	(278)	(278)
Transfers to and (from) reserves	278	-	278
<b>BALANCE AT 31 JUL 2019</b>	68,723	12,090	80,813

The accompanying notes form part of these financial statements.

# Audited Financial Statements 2018/19

## SAJC and its Controlled Entity Statement of Cash Flows

FOR THE YEAR ENDED 31 JULY 2019	Note	2019 \$000	2018 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from operating activities		23,538	23,433
Payments to suppliers and employees		(24,567)	(24,791)
Interest paid		(23)	(152)
<b>NET CASH UTILISED IN OPERATING ACTIVITIES</b>	<b>13</b>	<b>(1,052)</b>	<b>(1,510)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received on Investments		68	251
Proceeds from sale of property, plant & equipment		19	80
Payments for property, plant & equipment		(3,717)	(1,075)
Proceeds from capital grants		-	300
Proceeds from disposal of Investments		1,720	445
<b>NET CASH GENERATED FROM / UTILISED IN INVESTING ACTIVITIES</b>		<b>(1,910)</b>	<b>1</b>
<b>NET DECREASE IN CASH HELD</b>		<b>(2,962)</b>	<b>(1,509)</b>
<b>CASH AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<b>3,214</b>	<b>4,723</b>
<b>CASH AT THE END OF THE FINANCIAL YEAR</b>	<b>2</b>	<b>252</b>	<b>3,214</b>

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2019

## 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 2019 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 31st October 2019

### 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
- buildings are measured at fair value
- derivative financial instruments are measured at fair value
- 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

Buildings are measured at fair value. When a revaluation increases the carrying value of buildings the increase is credited to the revaluation reserve in equity. To the extent the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. When the carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. To the extent the decrease reverses an increase previously recognised in equity, the decrease is first recognised in other comprehensive income, and presented in equity.

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

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
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is

# Notes to the Financial Statements

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 profit or loss.

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.

## 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:-

	2019	2018
Buildings and Improvements	2.5% - 20%	2.5% - 20%
Plant & Equipment	2.5% - 33%	2.5% - 33%

Assets with a written down value of less than \$1,000 are written off at the end of the financial year. Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

## 1.3 Revenue & Other Income

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

### 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 profit or loss 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 & 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. Interest income is recognised as it accrues in the profit or loss 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.

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



# Notes to the Financial Statements

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.

## 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 profit or loss 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 profit or loss 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 profit or loss statement

# Notes to the Financial Statements

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.

## 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

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

### 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 comprises 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.

### INVESTMENTS AND OTHER FINANCIAL ASSETS

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Club has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

# Notes to the Financial Statements

## 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.

#### IMPAIRMENT OF FINANCIAL ASSETS

The Club recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Club's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

#### 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 which is not carried at fair value 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.

# Notes to the Financial Statements

## 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, Note 5 – Property, Plant & Equipment and Note 6 – Intangible Assets.

## 1.14 New Standards

### AASB 9 FINANCIAL INSTRUMENTS

The Club has adopted AASB 9 from 1 August 2018. The standard introduced new classification and measurement

models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value.

All other financial assets are classified and measured at fair value through profit or loss unless the Club makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Club's own credit risk to be presented in OCI (unless it would create an accounting mismatch).

New simpler hedge accounting requirements are intended to more closely align the accounting treatment

with the risk management activities of the Club. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

### IMPACT OF ADOPTION

AASB 9 was adopted using the modified retrospective approach and as such comparatives have not been restated. Note 4 'Investments' has changed from 2018 to reflect the presentation requirements of the new standard. There was no impact on opening retained profits as at 1 August 2018.



# Notes to the Financial Statements

## 2. Cash And Cash Equivalents

	2019 \$000	2018 \$000
Cash at Bank	252	2,214
Interest Bearing Deposits	-	1,000
<b>TOTAL</b>	<b>252</b>	<b>3,214</b>

The SAJC maintain a secured overdraft facility with ANZ of \$2M which is subject to annual review. At reporting date, \$1,028K (2018: \$165K) of this overdraft had been drawn down.

## 3. Trade And Other Receivables

	2019 \$000	2018 \$000
<b>CURRENT</b>		
Trade Receivables	697	460
Allowance for Expected Credit Loss	(3)	(3)
<b>TOTAL</b>	<b>694</b>	<b>457</b>

## 4. Investments

	2019 \$000	2018 \$000
<b>CURRENT</b>		
Financial assets at fair value through profit or loss	2,135	-
Financial assets held for trading	-	1,867
<b>TOTAL</b>	<b>2,135</b>	<b>1,867</b>
<b>NON CURRENT</b>		
Financial assets at fair value through profit or loss	43,073	-
Fixed interest securities	-	6,092
Financial assets designated at fair value	-	37,195
<b>TOTAL</b>	<b>43,073</b>	<b>43,287</b>
<b>TOTAL INVESTMENTS</b>	<b>45,208</b>	<b>45,154</b>

# Notes to the Financial Statements

## 4. Investments

RECONCILIATIONS OF THE CARRYING AMOUNTS OF EACH CLASS OF INVESTMENTS	2019 \$000	2018 \$000
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CURRENT)</b>		
Carrying Amount at the beginning of year	1,867	-
Additions	268	-
<b>CARRYING AMOUNT AT THE END OF YEAR</b>	<b>2,135</b>	<b>-</b>
<b>FINANCIAL ASSETS HELD FOR TRADING</b>		
Carrying Amount at the beginning of year	-	2,432
Additions	-	1,867
Disposals	-	(2,432)
<b>CARRYING AMOUNT AT THE END OF YEAR</b>	<b>-</b>	<b>1,867</b>
<b>FIXED INTEREST SECURITIES (CURRENT)</b>		
Carrying Amount at the beginning of year	-	300
Disposals	-	(300)
<b>CARRYING AMOUNT AT THE END OF YEAR</b>	<b>-</b>	<b>-</b>
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (NON-CURRENT)</b>		
CARRYING AMOUNT AT THE BEGINNING OF YEAR	43,287	-
Additions	1,023	-
Disposals	(3,011)	-
Revaluations	1,774	-
<b>CARRYING AMOUNT AT THE END OF YEAR</b>	<b>43,073</b>	<b>-</b>
<b>FIXED INTEREST SECURITIES (NON-CURRENT)</b>		
Carrying Amount at the beginning of year	-	12,571
Additions	-	257
Disposals	-	(6,762)
Revaluations	-	26
<b>CARRYING AMOUNT AT THE END OF YEAR</b>	<b>-</b>	<b>6,092</b>
<b>FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		
Carrying Amount at the beginning of year	-	26,944
Additions	-	38,769
Disposals	-	(31,846)
Revaluations	-	3,328
Carrying Amount at the end of year	-	37,195
<b>TOTAL INVESTMENTS</b>	<b>45,208</b>	<b>45,154</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 2019 \$000	Weighted Average Return 31 July 2019	Holding at 31 July 2018 \$000	Weighted Average Return 31 July 2018
FMD	3,185	19,474	22,659	4.16%	22,727	9.75%
Bentleys Wealth Partners	2,119	20,430	22,549	4.18%	22,427	5.47%
<b>TOTAL INVESTMENTS</b>	<b>5,304</b>	<b>39,904</b>	<b>45,208</b>	<b>4.17%</b>	<b>45,154</b>	<b>7.81%</b>

### FAIR VALUE HIERARCHY

The fair value of Level 1 investments are 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

	Note	2019 \$000	2018 \$000
<b>FREEHOLD LAND AT COST</b>			
Morphettville		357	357
Cheltenham		321	321
<b>TOTAL</b>		<b>678</b>	<b>678</b>
<b>BUILDINGS &amp; IMPROVEMENTS AT FAIR VALUE</b>			
Morphettville		21,163	23,861
<b>TOTAL</b>		<b>21,163</b>	<b>23,861</b>
<b>PLANT &amp; EQUIPMENT AT COST</b>			
Morphettville		38,156	35,744
<b>LESS: ACCUMULATED DEPRECIATION</b>		<b>(26,048)</b>	<b>(24,924)</b>
<b>TOTAL</b>		<b>12,108</b>	<b>10,820</b>
<b>CAPITAL WORKS IN PROGRESS</b>			
		1,374	577
<b>TOTAL PROPERTY PLANT &amp; EQUIPMENT</b>			
		<b>35,323</b>	<b>35,936</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	3,718	3,996

### BUILDINGS

Buildings are measured at fair value, based on the ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Buildings are to be independently valued every three years by an external valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

For the year ended 31 July 2019, the SAJC Board undertook a Directors Valuation of Buildings, based on the valuation principles as updated by the external, independent valuer, Wayne Smith B.AppSc (PRM) AAPI Certified Practising Valuer of Wayne Smith Property Valuers Pty Ltd.

# Notes to the Financial Statements

## 5. Property Plant & Equipment

RECONCILIATIONS OF THE CARRYING AMOUNTS OF EACH CLASS OF PROPERTY, PLANT & EQUIPMENT	Note	2019 \$000	2018 \$000
<b>FREEHOLD LAND AT COST</b>			
Carrying Amount at the beginning of year		678	678
<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		23,861	26,632
Transfers from Capital Works in Progress		451	568
Depreciation		(1,533)	(1,655)
Revaluation		(1,616)	(1,684)
<b>CARRYING AMOUNT AT THE END OF YEAR</b>		<b>21,163</b>	<b>23,861</b>
<b>PLANT &amp; EQUIPMENT</b>			
Carrying Amount at the beginning of year		10,820	11,330
Transfers from Capital Works in Progress		2,469	770
Disposals		(4)	-
Depreciation		(1,177)	(1,280)
<b>CARRYING AMOUNT AT THE END OF YEAR</b>		<b>12,108</b>	<b>10,820</b>
<b>CAPITAL WORKS IN PROGRESS</b>			
Carrying Amount at the beginning of year		577	840
Additions		3,717	1,075
Transfer to Buildings & Improvements		(451)	(568)
Transfer to Property, Plant & Equipment		(2,469)	(770)
<b>CARRYING AMOUNT AT THE END OF YEAR</b>		<b>1,374</b>	<b>577</b>
<b>TOTAL PROPERTY PLANT &amp; EQUIPMENT</b>		<b>35,323</b>	<b>35,936</b>

Every year, the Club conducts a review of its assets which may result in changes in the expected usage of certain plant & equipment. This refers to assets which are determined to have reached the end of their useful life, or include assets with limited or no use to the Club, such as aged assets and assets being replaced. These assets are subject to accelerated depreciation, with the effect of this assessment being a reduction in depreciation expense of \$0K in 2019 (\$11K in 2018).

In the prior year, an adjustment was made to correct an historical error in relation to incorrect useful lives of certain plant & equipment assets. This reduced opening retained earnings at 1 August 2016 by \$1,027K, and increased the depreciation expense and accumulated depreciation by \$148K for the year ended 31 July 2017 for Plant & Equipment.



# Notes to the Financial Statements

## 6. Intangible Assets

	2019 \$000	2018 \$000
<b>GAMING MACHINE ENTITLEMENTS</b>		
Morphettville	1,200	1,200
Cheltenham	455	510
Norwood Community Club	101	101
<b>TOTAL LICENCES &amp; ENTITLEMENTS</b>	<b>1,756</b>	<b>1,811</b>

### INTANGIBLE ASSETS

On 14 July 2011, the South Australian Government introduced a trading system for gaming entitlements. The most recent trading round was held on 13 June 2019, and resulted in a sell price of \$11,375. The Club has put the Norwood Community Club entitlements up for sale, and have accordingly valued these entitlements as assets held for sale at their expected recoverable amount. The Club has valued the Cheltenham entitlements at their fair value representing the latest trading round sell price. The Club has undertaken a net present value calculation to determine the Morphettville entitlements fair value as entitlements in use and maintained their value at \$30,000 per entitlement.

INTANGIBLE ASSET RECONCILIATION	Morphettville \$000	Cheltenham \$000	Norwood Community Club \$000	Total \$000
<b>GAMING MACHINE ENTITLEMENTS</b>				
BALANCE AT 1 AUGUST 2017	1,200	683	147	2,030
Disposals	-	-	(45)	(45)
Revaluation	-	(173)	(1)	(174)
BALANCE AT 31 JULY 2018	1,200	510	101	1,811
BALANCE AT 1 AUGUST 2018	1,200	510	101	1,811
Revaluation	-	(55)	-	(55)
BALANCE AT 31 JULY 2019	1,200	455	101	1,756

## 7. Trade And Other Payables

	2019 \$000	2018 \$000
Trade and Other Payables	1,059	856

# Notes to the Financial Statements

## 8. Employee Benefits

	2019 \$000	2018 \$000
<b>CURRENT</b>		
Employee Provisions	933	881
<b>NON-CURRENT</b>		
Employee Provisions	38	61

## 9. Other Liabilities

	2019 \$000	2018 \$000
Deferred Income	965	1,069

## 10. Reserves & Retained Earnings

	2019 \$000	2018 \$000
<b>RETAINED EARNINGS</b>		
Balance Brought Forward	70,034	69,557
Add: Operating Surplus / (Deficit)	(1,589)	123
Transfers from Reserves (net)	278	354
<b>TOTAL RETAINED EARNINGS</b>	<b>68,723</b>	<b>70,034</b>
<b>RESERVES</b>		
<b>INDUSTRY CAPITAL GRANTS RESERVE</b>		
Balance Brought Forward	3,996	4,305
Less: Depreciation of Industry Funded Assets	(278)	(309)
<b>BALANCE AT YEAR END</b>	<b>3,718</b>	<b>3,996</b>
<b>ASSET REVALUATION RESERVE</b>		
Balance Brought Forward	10,043	11,945
Plus: Buildings Revaluation Decrements	(1,616)	(1,684)
Less: Intangibles Revaluation Decrements	(55)	(173)
Transfers to Reserves	-	(45)
<b>BALANCE AT YEAR END</b>	<b>8,372</b>	<b>10,043</b>
<b>TOTAL RESERVES</b>	<b>12,090</b>	<b>14,039</b>

### ASSET REVALUATION RESERVE

The Asset Revaluation reserve includes the net revaluation increments and decrements arising from the revaluation of intangible assets and buildings measured as fair value, in accordance with Notes 1.2, 1.9, 5 and 6.

# Notes to the Financial Statements

## 11. Superannuation Fund

All employees may nominate their preferred fund for employer contributions.

The Club and Group contributed \$720K of employer contributions in the year ended 31 July 2019 (2018: \$653K)

As at year end, the number of full-time equivalent employees working for the Club was 65 (2018: 62).

## 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 (refer Note 6) are not in use, these remain the property of the Group. There were no transactions with the Norwood Community Club Inc. during 2018/19.

### 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 (excluding nominations, acceptances and scratching income) from TRSA during the year:

	2019 \$000	2018 \$000
<b>TRSA CONTRIBUTIONS</b>		
Training Subsidy	485	483
Course Usage Subsidy	426	413
Jumps Racing, Race Book & Switching Subsidy	97	53
Bookmaker Subsidy	132	98
Barrier Trial Subsidy	10	11
Capital, Maintenance & WHS Subsidy	-	300
Operational & Audit Fee Subsidy	349	345
Fixed Odds Subsidy	183	230
Other Raceday Subsidy	38	-
Marketing Subsidy	456	-
	2,176	1,933
Nominations, Acceptances & Scratchings	1,111	1,293
	3,287	3,226
Office Rental	63	119
<b>TOTAL TRSA CONTRIBUTIONS</b>	<b>3,350</b>	<b>3,345</b>

### TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The Board Members receive no remuneration for their services.

### OTHER TRANSACTIONS OF THE BOARD

- The Chair 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 Club.
- Some Board Members, 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 transactions with Members of the Board are no more favourable than those available to other entities on an arm's length basis.
- There were no such transactions with Members of the Board during the year.
- 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

	2019 \$000	2018 \$000
Short-term employee benefits	1,183	1,001

### 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

	2019 \$000	2018 \$000
<b>(I) RECONCILIATION OF CASH</b>		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:-		
Cash and Cash Equivalents	252	3,214
<b>(II) RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT FROM ORDINARY ACTIVITIES</b>		
Surplus/(Deficit) from ordinary activities	(1,589)	123
Net Investment Income	(1,842)	(3,660)
Less Capital Grants	-	(300)
Depreciation	2,432	2,578
Depreciation of Funded Assets	278	309
Change in estimates – accelerated depreciation of Property, Plant & Equipment	-	48
(Profit)/Loss on sale of property, plant and equipment	(15)	(35)
<b>CHANGE IN ASSETS AND LIABILITIES</b>		
(Increase) / Decrease in receivables	(237)	1,029
(Increase) / Decrease in inventory	(13)	20
(Increase) / Decrease in prepayments	(194)	(7)
Increase / (Decrease) in payables	203	(1,576)
Increase / (Decrease) in employee benefits	30	75
Increase / (Decrease) in other liabilities	(105)	(114)
<b>NET CASH PROVIDED (UTILISED) BY OPERATIONS</b>	<b>(1,052)</b>	<b>(1,510)</b>

## 14. Operating Leases

Leasing arrangements relate to the rental of photocopiers and a forklift, with lease terms of between 2 to 5 years. On conclusion of the terms there are no options to purchase.

	2019 \$000	2018 \$000
<b>OPERATING LEASES</b>		
Non-cancellable operating lease commitments	54	61
Less than one year	58	53
Between one and five years	93	129

## 15. Auditor's Remuneration

The auditors earned the following remuneration from the Club during the year:

	2019 \$000	2018 \$000
<b>AUDIT SERVICES</b>		
Audit or review of financial reports	29	36
Non-audit services	-	-
<b>TOTAL</b>	<b>29</b>	<b>36</b>



# Report & Statement by the Board

FOR THE YEAR ENDED 31 JULY 2019

## 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 Chair, 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 31st day of October 2019*

*Signed in accordance with a resolution of the Board*



Bodelle Francis  
Chair



Paul Kristoris  
Board Member

---

## 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 30 - 47 for the year ended 31 July 2019, are in our opinion properly drawn up:

- (a) so as to present fairly the financial position of the Group as at 31 July 2019 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 31st day of October 2019*

*Signed in accordance with a resolution of the Board*



Bodelle Francis  
Chair



Paul Kristoris  
Board Member

# Independent Auditor's Report to the members of SAJC Inc.

FOR THE YEAR ENDED 31 JULY 2019



Tel: +61 8 7324 6000  
Fax: +61 8 7324 6111  
www.bdo.com.au

Level 7, BDO Centre  
420 King William St  
Adelaide SA 5000  
GPO Box 2018, Adelaide SA 5001  
AUSTRALIA

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH AUSTRALIAN JOCKEY CLUB INCORPORATED

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of South Australian Jockey Club Incorporated (the Entity) and its controlled entity (the Group), which comprises the controlled entity balance sheet as at 31 July 2019, the SAJC and its control entity statement of profit or loss and other comprehensive income, the SAJC and its controlled entity statement of changes in equity and the SAJC and its controlled entity statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the statement by the board.

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of the Group as at 31 July 2019, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *South Australia Associations Incorporations Act 1985*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Other information

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

BDO Audit (SA) Pty Ltd ABN 33 161 379 086 is a member of a national association of separate entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (SA) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



#### **Responsibilities of management and those charged with governance for the Financial Report**

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *South Australia Associations Incorporations Act 1985* and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

#### **Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf)

This description forms part of our auditor's report.

#### **Report on other legal and regulatory requirements**

In accordance with section 37(3e) of the *South Australia Associations Incorporations Act 1985*, we are required to report whether we have obtained all the information and explanations required from the Group in performing our duties as auditor. We have obtained all the information and explanations required.

BDO Audit (SA) Pty Ltd

Andrew Tickle  
Director

Adelaide, 1 November 2019















*2019 Awards for Excellence  
Celebrating 100 Years*

*Winner*

*South Australian Jockey Club*

*Best Club Marketing*

*&*

*Club of the Year - Large*

The reporting period timeframe is 1 August 2018 to 31 July 2019.

All images featured in this Annual Report were taken at Morphettville during the 2018/19 racing season.

ALL IMAGES COURTESY OF:  
Meaghan Coles, Now and Then Photography

DESIGN:  
Samuel Hue, In-house Graphic Designer





SOUTH AUSTRALIAN  
JOCKEY CLUB

[MORPHETTville.COM.AU](http://MORPHETTville.COM.AU)

South Australian Jockey Club  
Morphettville Racecourse  
79 Morphett Road  
Morphettville SA 5043  
(08) 8295 0111  
[enquiries@sajc.com.au](mailto:enquiries@sajc.com.au)