

SOUTH AUSTRALIAN JOCKEY CLUB



Annual Report 2019/2020



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Chairman's Report 2019/20



CHAIRMAN

Bob Holton

2019/20 has been a year of contrast for the South Australian Jockey Club (SAJC). Like all involved in the racing industry, the Club has been required to navigate the significant challenges of COVID-19, which has seen necessary restrictions placed on our daily lives and social activities. However, in the face of these challenges, the Club and the industry has endured with great persistence and fortitude. While this has required the Board and management to make some difficult decisions, we are confident that these actions, combined with our continued focus on our strategic plans, positions us well for the future.

Whilst recently we have not been able to entertain members in the traditional fashion due to necessary restrictions on social activities, your continued support has also been integral to ensuring our ongoing viability. The industry's many participants, under the auspices of Thoroughbred Racing SA (TRSA), also deserves credit for quickly adapting to the new reality and keeping racing going while other sports were forced to cancel or postpone. This has been of enormous importance to the more than 3,000 South Australians working in the industry and to Morphettville as the State's premier racing club.

In spite of COVID-19, there were plenty of highlights. The Autumn Carnival boasted arguably the best racing for 25 years and the three weeks of coverage across Channel 7 was a fantastic advertisement for our venue and our racing product. The SAJC has also continued to invest in facilities that improve the raceday experience for our members and provide participants with access to a first-class racing and training establishment.

Government Funding

The Point of Consumption (POC) Tax remains a key issue that TRSA is committed to working through with the SA Government. In 2019/20, TRSA prepared a submission to the Department of Treasury and Finance highlighting the importance of the racing industry in generating \$360M of economic benefit and employing more than 3,000 people across South Australia. Subsequently, as part of the 2020 Budget, it is vital that the State Government lifts the distribution of revenue generated by the POC Tax to a considerably higher percentage of the circa \$36M in net wagering revenue generated across South Australia. Whilst this would be a welcome increase, it is imperative that it does not fall short of what is required to provide the short to medium-term stimulus SA racing needs to progress to a largely self-supporting position. Whilst we recognise the financial pressures endured by the State Government as a result of COVID-19, a reduction of the 15% POC Tax to interstate levels remains one of the priorities for TRSA and the SAJC.

Financial Performance

SAJC management, led by CEO Grant Mayer, has continued to work tirelessly to restructure the Club's business model with a strong focus on cost efficiency and future viability. A key aspect of this has been working toward increasing profitability across our hospitality operations, particularly on racedays. Pleasingly, despite the financial pressures of COVID-19, the Club's prudent approach to financial management has seen it record a 38% reduction in Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) loss for 2019/20, down from \$714K in 2018/19 to \$445K.

On the track, TRSA made the unavoidable decision to reduce prizemoney across all SA races from April in response to COVID-19. As a result, Carnival prizemoney in May was heavily impacted leading to a significant fall in acceptance revenues. The SAJC's conference and events operations were brought to a halt in response to COVID-19 restrictions, as was The Junction, which was closed for 10 weeks and has only recently

reopened in a limited form. Despite this, revenue produced by The Junction has been impressive, which is a testament to the venue's management. We look forward to seeing these important retail contributions ramp up as South Australia continues to move beyond COVID-19 restrictions.

Morphettville

The SAJC remains committed to maintaining the facilities at Morphettville to an exceptional standard. In 2019/20, the Club took exciting steps in progressing its Master Plan. Following approval from the Government, we have rezoned our excess land to 'Urban Core', which enables us to move to the next stage of planning. We continue to explore new opportunities to improve facilities available to the industry and enhance the raceday experience for patrons. Racecourse Operations Manager Ian Ricardo and his team have worked

tirelessly to ensure our racing surfaces remain of superlative quality, while construction on the highly anticipated 90 on-course stables is close to commencing. Our \$1M infield screen remains a key piece of raceday infrastructure that adds significantly to the on-track experience and thanks go to Eagle Eye Image for their expertise in formatting the screen to perfection. The Diva Patio has been upgraded with a fresh artificial lawn surface plus new tables and fencing.

Racing

We continue to witness strong results from our stable of locally-trained horses. Amongst others, Gytrash, Bella Vella, Dalasan, Behemoth, Bold Star and Garner have flown the SA flag proudly and we look forward to cheering on all SA horses that are on the verge of breaking through on the big stage. A highlight of the year was the

renaming of six feature races after the SAJC approved recommendations made by a panel formed by TRSA. These races now recognise outstanding contributors to racing in our State: Clare Lindop, Leon Macdonald, John Letts and the late David Coles AM, along with Tobin Bronze and Without Fear.

For the first time in its history, the TRSA annual Racing Awards were presented virtually over three nights in late August. These awards continue a proud tradition of celebrating the achievements of our year's top performers. Todd Pannell won the Glennon-Johnson Award for SA Metropolitan Jockey of the Year and the SA Jockey of the Year, Kayla Crowther won the SA Metropolitan Apprentice Jockey of the Year and the Leon Macdonald SA Apprentice Jockey of the Year. Tony and Calvin McEvoy won the SA Provincial and Country Trainer of the Year, the SA Metropolitan Trainer of the Year and the CS Hayes award for SA Trainer of the Year.



Life Members

The Club's Constitution provides for admission to life membership for those members that have rendered valuable service to the Club, achieved 50 years continuous membership or been a member of the Club and been involved in thoroughbred racing for more than 40 years. At the 2019 Annual General Meeting, it was the Boards great pleasure to recognise Brian Thompson as a Life Member for his 50 years of Membership.

Vale

On a sad note, the Club acknowledges the passing during the year of Life Member Gerald Schlink, Member for Life Graham Burns as well as former SAJC Chairman and Board member Dr Richard Morton.

Summary

As we look ahead, I am confident in the future of the SAJC. The way in which the Club has withstood the significant challenges of 2019/20 speaks volumes about our management and the strength of the racing industry as a whole. I cannot speak too highly of CEO Grant Mayer – his determination and professionalism has been evident as he has skilfully guided the Club through the minefield created by the COVID-19 restrictions. Chief Financial Officer Mike Cox has also done an outstanding job and his partnership with Grant has been instrumental in the result this year. I also thank the rest of Grant's team and their staff members for going over and above the call of duty.

Earlier this year, former Chair Bodelle Francis resigned from the Board due to increasing work commitments. We

thank Bodelle for her years of devotion and application to the SAJC and we also congratulate her and partner Mitch on the arrival of their son Hunter. John Caruso also resigned in May and we thank him for his contribution. This year, we also filled two casual vacancies with industry veterans Judith Jones and John Girvan being welcomed to the SAJC Board. To my fellow Board members, I thank you for your continued commitment and diligence – the strong working relationship between the Board and CEO is a credit to both parties and a major reason for our progress this year.

I would also like to put on record our thanks to Premier Steven Marshall, Treasurer Rob Lucas and Racing Minister Corey Wingard for continuing to support racing and we look forward to further constructive dialogues around key issues impacting the Club and the industry. We are also fortunate to have outstanding Club Patrons in His Excellency the Honourable Hieu Van Le AC and Mrs Le, together with Robert Gerard AO and Fay Gerard and we sincerely thank them for their support.

Your Board is acutely cognisant of its obligation to protect the integrity of your Club at all levels. The recently concluded litigation and the resultant public acknowledgements provided to members on 11 August are evidence of that commitment.

Your Board continues to work constructively with TRSA, and I thank Frances Nelson QC and the TRSA Board for their efforts. We also acknowledge and thank the Chairman of Country Racing SA, Wayne Henson, and his Board for their valuable cooperation and contribution.

I look forward to TRSA being able to elevate our stake money to pre COVID-19 levels, which would be greatly assisted by eagerly anticipated improvements in State Government funding. The revenue generated by our wagering partners, TABCORP and the Corporate Bookmakers, is crucial to being able to fund both the industry and prize money. TRSA has addressed the issue of small fields being experienced earlier this year by significant programming changes linked to the horse population. Wagering turnover has improved greatly and the addition of a ninth race has had the desired effect. This increase in wagering turnover is great for the industry, however the SAJC would like to see more of these funds flow through to the Clubs.

To our members, we thank you for your continued support of South Australia's premier racing club. We pride ourselves on delivering an unmatched patron experience and believe that the steps we have taken this year further solidify this commitment.

As we move into the latter part of 2020, I am buoyed by the opportunities ahead. We look forward to welcoming more of you back to the track soon for what promises to be another exciting year at Morphettville.



Chief Executive Officer's Report 2019/20



CHIEF EXECUTIVE OFFICER

Grant Mayer

**“Rock bottom is the foundation on which I rebuilt my life”
– JK Rowling.**

Has there ever been a more appropriate quote to reflect upon after the 12 months we have all endured from a personal and professional perspective? Just when we thought losing our Xmas Twilight Race Meeting due to extreme heat would be the most challenging thing we would face in 2019/20, the world came to a grinding halt on the back of COVID-19.

Pre COVID-19

Much of the focus in this annual report is on the impact of COVID-19 on the business operations of the SAJC – and rightly so. We cannot, however, take our eye off of what the business achieved during the seven months we operated before our world changed forever.

- Spring Carnival and Melbourne Cup Day Events: Strong attendance at all events
- Xmas Twilight non race day event: Despite losing the racing, a crowd of over 2000 people came and enjoyed an afternoon and evening with friends and colleagues
- Concert series and Community Xmas Carols: Three of the four events were successful and showed us the way forward for outdoor events. Lots of families and locals coming to the racecourse for the first time.
- Adelaide Cup Day: Another cracking day with strong crowds and tremendous average spend
- Site Re-zoning: The opportunity now exists for the Club to consider options to

secure our financial future. Members will play a crucial part in how this progresses.

- An increased focus on Dry Hire Events: An increase in customers just wanting to hire the venue with no food and beverage inclusions has been a trend we continue to explore. Limited risk and good returns.
- Re-vitalisation of The Junction: Gaming will continue to drive the success of The Junction. Food and beverage returns are improving but still requires work.

The Impact of COVID-19

In the days immediately following the 2020 Adelaide Cup, it became increasingly apparent that the business world would be coming to a grinding halt. In a rapidly changing landscape, the Club quickly and decisively acted as follows:

- Immediate stand down of almost 400 casual staff
- 70% of full time and part time workforce stood down
- Contract staff working hours reduced to less than 30% of normal hours

- All staff directed to take Annual Leave and Long Service Leave where possible
- Non-renewal of off-contract staff
- Re-negotiation of required contracted services

The impact of the National and State Governments COVID-19 operating restrictions led to the following:

- All on course wagering revenue was lost for a period of 19 weeks (132 days)
- All Race Day Hospitality revenue was lost for a period of 18 weeks (125 days)
- All race day ticketing revenue was lost for a period of 18 weeks (125 days)
- The Junction Poker Machine revenue was lost for a period of 14 weeks (96 days)
- The Junction hospitality revenue was lost for a period of 10 weeks (73 days), and continues to be restricted to comply with social distancing requirements
- All conference, wedding and event business was cancelled and lost for a period of 20 weeks (140 days)

Then came JobKeeper.

As communicated to members at the time, the initial “COVID-19 Forecast” suggested an operating loss of \$1.8M which was subsequently reduced to \$1.4M when all JobKeeper payments were considered. This re-forecast was again reduced in May when we became confident that the additional measures the Club had implemented were having a positive impact.

The end of year operational loss of \$445K (as against a budgeted loss of \$587K) is due to:

- the Government’s swift action and early re-introduction of Club gaming and hospitality
- TRSA’s ability to keep us racing; and
- A raft of tough operational decisions made by the SAJC Board and management including staff redundancies and rationalisation of venue operations.

Our members can judge for themselves whether this a disappointing result, an acceptable result or an outstanding result in the face of a worldwide pandemic. From my point of view, all I can say is that it is a result based upon a lot of hard work and that any reflection should be taken on what could have been had we not acted in the way we did back in March.

Impact of JobKeeper

For many businesses around the country, JobKeeper helped and will continue to help keep them afloat. The SAJC was not quite in this position but it undoubtedly allowed the Club to keep several staff on the books

that otherwise would have joined the unemployment queue. This has enabled the Club to swiftly transition as restrictions eased.

In simple numbers, the Club collected \$1.392M in JobKeeper payments. This allocation included an amount of \$524K for 39 casual employees who without this government intervention would not have received any income from the SAJC.

It also helped to support 33 eligible full time and part time staff that were stood down prior to the announcement of JobKeeper with some income other than what they were entitled to draw down from accrued annual leave or long service leave.

The salaries of the 33 remaining full-time staff (23 track/venue staff and 10

administration staff) were subsidised by the Government and has minimised the operating losses incurred. That said, this subsidy did not come close to the effective \$4.3M of lost revenue from the business shutdown (\$2.9M decrease after reflecting the JobKeeper subsidy as a revenue item).

Some people ask, “what would have happened if the Government did not provide substantial support to the business community”. There is no simple answer to this other than to say that the 30% reduction in full time staff would have been dramatically different as would race day presentation and services. The Club acknowledges and thanks the Federal Government for making this decision to support Australian businesses.



Chief Executive Officer's Report 2019/20

Overall Club Revenue

	2019/20 \$000	2018/19 \$000	2017/18 \$000	2016/17 \$000	2015/16 \$000
CLUB REVENUES					
Hospitality Revenue	8,467	11,281	10,533	10,549	10,244
Gaming Revenue	2,472	3,102	3,089	3,142	3,415
Tote Revenue	540	893	992	1,140	1,160
Sponsorship	1,433	1,431	1,238	1,138	1,274
Industry Contributions - Noms & Acceptances	939	1,111	1,293	1,324	1,212
Industry Contributions - TRSA	2,012	1,937	2,205	2,187	2,093
Industry Contributions - Marketing*	370	456	-	-	265
Other Revenues **	2,612	1,497	1,540	1,485	1,102
TOTAL REVENUE	18,845	21,708	20,890	20,965	20,765

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

** Includes \$1.392M JobKeeper subsidy in 2019/20.

I present the numbers that matter. You will note that we have deliberately presented the numbers in the CEO report to reflect last year's presentation for easy year on year comparison of financial performance.

As would be expected, the top line numbers achieved in 2019/20 have not reached previous years results. The late cancellation of our Xmas Twilight race meeting was a well justified decision by TRSA but this resulted in the loss of \$150K to our normal business return for this event. Due to the late change, the Club made contact with all group bookings and subsequently decided that the "party" would continue without the on track entertainment. Around 50% of the confirmed bookings chose to cancel altogether or re-schedule for a race meeting later in the year. The day could be considered financially successful despite the loss of these patrons.

Hospitality Revenue

The figures adjacent show the impact of COVID-19 on our hospitality revenues.



	2019/20 \$000	2018/19 \$000	2017/18 \$000	2016/17 \$000	2015/16 \$000
HOSPITALITY REVENUES					
Race Day	4,463	5,861	5,643	5,826	5,747
Non Race Day	1,692	2,102	1,670	1,754	1,896
External	278	360	330	263	177
The Junction	2,034	2,958	2,890	2,706	2,424
TOTAL	8,467	11,281	10,533	10,549	10,244
YEAR-ON-YEAR INCREASE	(25.0%)	7.1%	(0.1%)	3.0%	-
Hospitality wages	3,273*	4,460	4,574	4,539	4,500
WAGES / REVENUE %	38.7%	39.5%	43.4%	43%	43.9%
Hospitality expenditure	4,051	5,379	4,977	5,343	5,138
TOTAL HOSPITALITY EXPENSES	7,324	9,839	9,551	9,882	9,638
HOSPITALITY CONTRIBUTION	1,143	1,442	982	667	606

*Hospitality wages for 2019/20 is disclosed net of JobKeeper subsidy

Annual Morphettville Racing Data

	2019/20	2018/19	2017/18
SAJC PATRONAGE			
Attendance	67,263	100,784	97,673
Membership	1,440	1,562	1,710
Attendance per race meeting	2,020*	1,800	1,808
Average weekly Member attendance	345*	346	392
Member & guest attendance as % of total	17.10%*	19.23%	21.69%
RACING			
Race meetings	46	56	54
Races run	392	450	441
Total nominations	6,479	7,217	7,270
Total starters	3,599	4,061	4,137
Total prizemoney	\$21,154,500	\$24,134,000	\$25,193,000
BETTING TURNOVER			
On-course turnover	\$5,283,505	\$8,823,713	\$9,831,907
Off-Course turnover	\$22,260,343	\$27,732,097	\$31,403,093
Total Turnover	\$27,543,848	\$36,555,810	\$41,426,460
BENCHMARKS - AVERAGES			
Field sizes	9.2	9.0	9.4
Prizemoney per race	\$53,966	\$53,631	\$57,127
Total turnover generated for each race	\$70,265	\$81,235	\$93,938
On-course tote spend per visit	\$84*	\$88	\$101
On-course turnover as % of all betting turnover	19.2%	24.1%	24.2%

*Data based on only those race meetings that had attendees (31)

Annual Morphettville Non Race Day Data

	2019/20	2018/19	2017/18
TOTAL NON RACE DAY ATTENDEES			
	38,995	70,588	39,158
Events	118	190	145
TOTAL REVENUE \$000			
	1,692	2,102	1,670

Chief Executive Officer's Report 2019/20

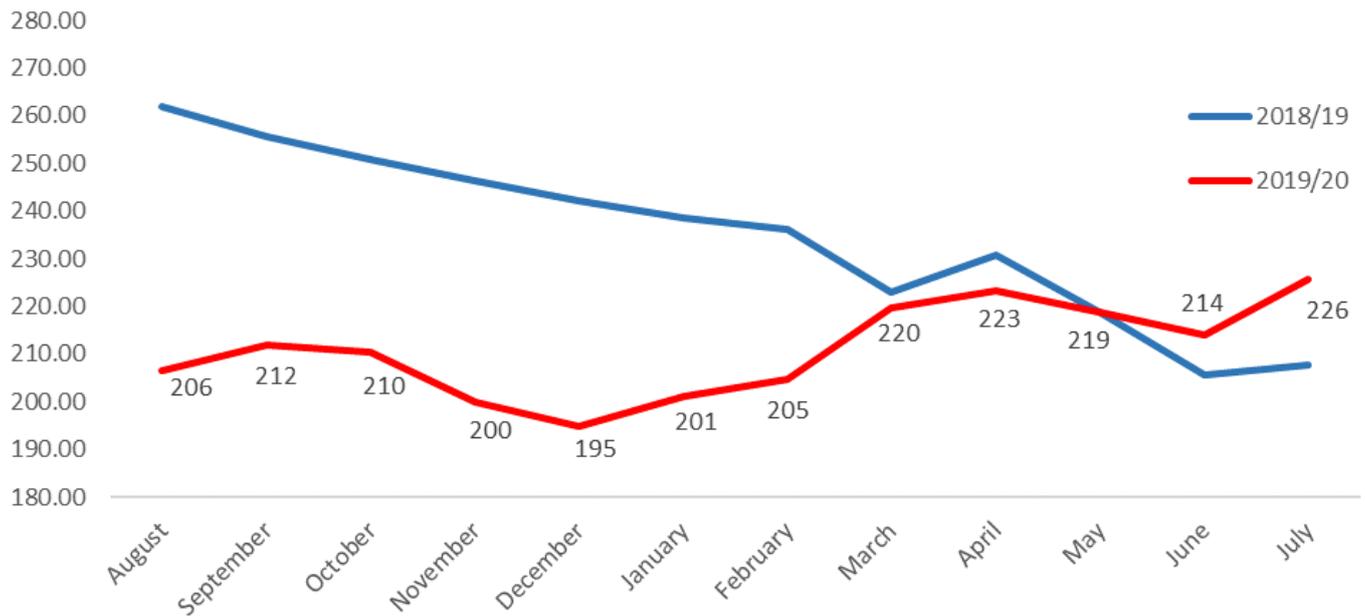
Training

One of the unique aspects of our Club's business is the ability to host daily trackwork. Under strict TRSA and SAJC directives, trackwork continued unabated during the year. Numbers continued to decline but the Club worked with all Morphettsville based trainers to reduce daily fees by more than 65% for three months. We have no doubt that this contribution by the Club helped many of the trainers continue to function across the winter months.

TRAINING ACTIVITY	2019/ 20	2018/ 19
Total number of horses on track	66,206	73,467
Average per day	211	235
Daily Maximum	263	317
Daily Minimum	82	141
Highest Month	6,089	7,068
Annual Grass Gallops/Jump Outs	4,308	6,464



MONTHLY TRACKWORK AVERAGE



Venue Reconfiguration

There is no doubt that the tough SA Government COVID-19 restrictions have given us the opportunity to re-configure the venue to help get us closer to an annual break-even position. This venue was built for another era and would never be contemplated for our industry if it were to be built in 2021. Too big, too cumbersome and lacks flexibility and vision. I refer you to

the Royal Randwick and Flemington Grandstands built interstate over the last few years.

We had to make some dramatic changes that would help us operate at a time that demanded immediate and regular change. Moving our members and key stakeholders to one floor is simple in theory but certainly created some challenges and constructive feedback. We continue to navigate these challenges but

feel there is now a greater level of acceptance and understanding amongst members, owners and other industry stakeholders.

The venue will continue to evolve and will certainly be operated in a manner that gives us the option to open or close areas based upon time of year, racing season or even week by week bookings. The idea of opening all three levels every week is a practice that is unlikely to be repeated other than on major event days.

	2019/20	2018/19	2017/18	2016/17
Paid Membership	1,291	1,421	1,575	1,576
Life Members	45	47	51	42
Other Membership (excl. staff)**	104	94	84	86
Total Members	1,440	1,562	1,710	1,704

*As at 15 October 2020, members totalled 1,884

**Comprises NCC, coporates and complimentary



Membership

Almost daily we watched as the football codes wrestled with how they would manage their membership programs and members during the peak of the pandemic.

I am proud and thankful to say that SAJC members as a group stayed solid behind the Club despite being frozen out from attending the races. The SAJC Board recognised this commitment by the members by introducing an exceptionally low member fee for the 2020/21 year.

On behalf of the Board, I would like to thank you for your on-going support of the Club.

Chief Executive Officer's Report 2019/20

TRSA

As one of the only industries allowed to continue during the pandemic, Racing Australia and TRSA need to be recognised and congratulated for their exceptional work during the year. In a baptism of fire, new TRSA CEO Nick Redin did a phenomenal job working with the SAJC and all SA racing clubs to ensure we could help keep the industry afloat. Decision making regarding on course protocols were efficient and effective and should not be forgotten by all racing participants.

To outgoing TRSA CEO Jim Watters, please accept our gratitude for your many years of dedication and professionalism. We wish you well with whatever comes next.



Racing Revenues

	2019/20 \$000	2018/19 \$000	2017/18 \$000	2016/17 \$000	2015/16 \$000
RACING REVENUES					
Starters Fees	224	217	272	200	229
Stable Leases	211	229	237	200	189
Training Fees	356	464	501	489	118
Noms/Accept	939	1,111	1,293	1,324	1,212
Tote Revenue	540	893	992	1,140	1,160
Racebook Sales	33	58	82	83	92
TOTAL	2,303	2,972	3,377	3,436	3,000
INCREASE / (DECREASE)	(22.5%)	(12.0%)	(1.7%)	14.5%	4.6%

Staff

At the start of the 2019/20 year the SAJC employed more than 70 full time and part time staff and engaged approximately 400 casuals across our race day and non-race day events and at The Junction. For most of these employees, 2020 was a very challenging year.

Permanent employees have reduced by more than 20 and very few of the 400 casuals have retained any shifts at Morphettville. Despite their commitment and work ethic, they are the victims of this turbulent year.

I want to thank them all for what they have achieved at the Club and truly wish them well.

To the staff that remain – please understand that the Board and Senior Management truly appreciate all your efforts. Some of you have returned to a full-time role and some remain on reduced hours – the fact that you have chosen to remain with the SAJC speaks volumes of your character and commitment to the Club. Thank you to all and let's continue to work together for a vastly more stable and improved 2021.

Board

After Tony Newman and Chris Sargent's retirement from the Board, the members voted in John Keen and welcomed back Steve Kelton. Both have fitted in exceptionally well and have taken the lead in a number of key areas – John Keen with the Risk and Governance portfolio and Steve Kelton taking on the Finance, Investment and Audit Committee.

Early in the new year John Caruso left the Board after little more than a year. Soon after, former Chair Bodelle Francis resigned due to growing work and family demands. Bodelle was the Chair during my appointment process and I cannot speak highly enough of her commitment, professionalism and passion for the SAJC. Racing is in the family blood and I have no doubt we will all continue to see Bodelle, Mitch and their new son Hunter on course throughout the year.

Experienced Board Members John Girvan and Judith Jones joined the SAJC to fill casual vacancies arising from the resignations and have added great knowledge and experience to the Board.

To Chairman Bob Holton and the entire Board, thank you for your support and direction.

Masterplan

After more than four years of hard work, the SAJC Board was successful in getting re-zoning approval for the land at the north and north east of the precinct. The State Government decision has opened the door for the Club to commercialise this space in the form of residential and commercial property development. As has been stated in the past by the Board this project is about future proofing racing at Morphettville. Declining racing revenues have placed greater emphasis on the need for the Club to generate new income to protect all aspects of racing and training at the SAJC.

The members will play an instrumental part in how we progress from here as all movements will be openly and transparently discussed before we proceed.

Commercial Partners

TAB, AAMI, Lion and Schweppes were the leading partners of the SAJC during 2019/20. We thank them and all our partners for their on-going contribution to Morphettville and for their flexibility and understanding during this difficult period.

TAB aided us in hosting a very successful 2020 Adelaide Cup (only weeks prior to COVID-19) and has

more recently launched its new wagering app. AAMI, as has become tradition, graced 2019's Spring Carnival with a magnificent marquee, whilst Lion has activated regularly across the year and were prominent in our Twilight Concerts, Lucky's Beach Club and Ministry of Sound events.

We look forward to continuing to foster these very important relationships into the future.

Constitution Working Party

As advised at last year's AGM, the SAJC Board and Management have commenced the in depth task of reviewing our current SAJC Constitution with the aim of modernising its content in line with expectations placed on the industry by the SA Government and the Australian Institute of Company Directors. Protection of members' rights is paramount through this process.

I would like to formally acknowledge Phil Bentley, Ron Pratt and Allie Umoff for volunteering their time to assist John Keen and Judith Jones with this process. We would expect to engage members with formal information sessions early in 2021.

Chief Executive Officer's Report 2019/20

The Way Forward

The 2019/20 financial year should always be seen as the year the Club was given the opportunity to re-set and adapt to the demands of a changed world. If we do not embrace the opportunity to retain some of the changes we have introduced then we will simply fall back in to old habits and achieve nothing.

The Club's publicly stated goal in July of 2020 was to ensure that we did not operate any event, including race day, as a loss making event. I am committed to reminding the Board, the staff and the members that this should be a shared vision even when we may not agree on simple things such as table settings, television locations or sound levels. It can no longer be about what is right for me – it must be right for us as a Club. Thank you again for your on-going support of the SAJC and we look forward to seeing you at the races.



MAJOR FOCUS AREAS	ACTIONS
Growth in local, state and national Government relationships	This remains an on-going opportunity for the Club and the industry. TRSA continues to benefit from State Government support and the SAJC has identified this as a crucial path for the Club in 2021 and beyond
Review of training fees and other industry charges	Action was taken by the Club to significantly reduce training fees through the COVID-19 period. All charges are constantly reviewed to ensure we are reasonable and competitive
A focus on the growth of key racing metrics – owners, trainers and horses	Whilst the horse population may not have grown considerably, it was especially pleasing to see actions by TRSA regarding race scheduling and trainers to increase the weekly Saturday runners through the back half of the year
An equitable distribution of wagering revenue across the industry	TAB and TRSA have flagged massive changes to the way patrons punt on course. A move towards digital interaction (ie TAB app) will create great uncertainty and impact on the Club's revenue. This deliberate change should trigger a worthwhile discussion in how wagering revenue is distributed amongst all clubs in SA
SAJC Constitution Review	A very worthwhile process to modernise how the Club is governed and managed. AICD and other best practice principles will be taken into account during this process
Improved industry collaboration	Collaboration amongst all industry stakeholders at this time is a must
Financial Performance	Will be the centrepiece for every decision or recommendation Club management makes going forward
Venue operations and upgrades	Refer to separate summary in the Annual Report
Club membership review and increase event accessibility	The reduction in members' fees for 2020/21 is the start of a renewed focus on growing our membership
Cheltenham Land Development	The Club continues to hold on to the hope that we can build a licenced premise on the land we retained at Cheltenham. Recent changes to Liquor and Gaming licenses allows the Club to investigate opportunities
Anzac Highway Development - Masterplan	The re-zoning of our land provides opportunity to engage with potential business partners to develop select parts of Club land. Due to its main road location, Anzac Highway would be of appeal to the right partner. Member engagement is crucial to next steps
Alternate revenue opportunities to help support our core racing business	Racing remains central to everything we do at the Club. Decline in traditional racing revenue will continue to place pressure on the Board and Management to look at alternative sources of revenue. The business models of interstate racing clubs offer a tremendous guide



Chief Financial Officer's Report 2019/20

Financial Performance

At the end of February, the Net Operations position of the Club was behind budget by \$155K. This was almost entirely due to the loss of the Twilight race meeting due to extreme heat. Part of this loss was clawed back with a successful Adelaide Cup event, which in hindsight we were very fortunate to be able to hold as COVID-19 restrictions began to be enforced from mid-March.

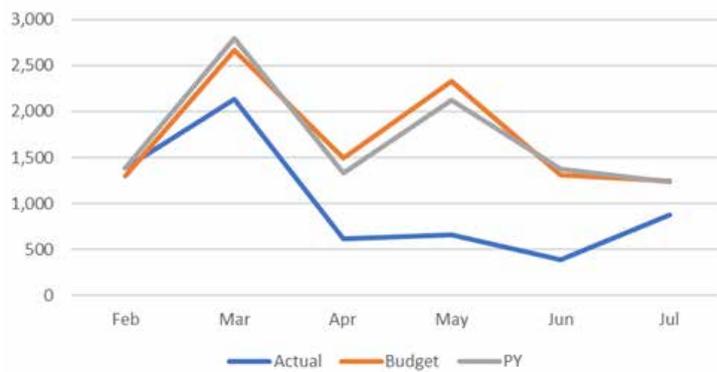
The closure of the Junction on 23 March, the subsequent exclusion of attendees to race meetings and the cancellation of all conferences and events was all set for the Club to post a very ordinary 2019/20 financial result.

At this time, based on the significant expected loss in revenue, management forecast a loss for the 2019/20 year of \$1.37M.

However the initiatives introduced and implemented by the CEO, management and the Board as identified in earlier parts of this report have enabled the Club to report an EBITDA loss for the year of \$445K, much improved against the forecast loss of \$1.37M, the budgeted loss of \$587K and the 2018/19 loss of \$713K.

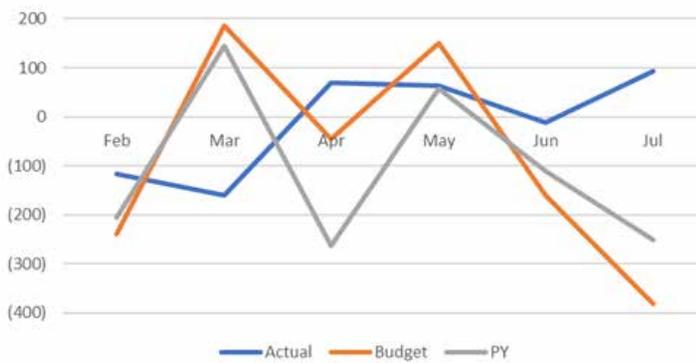
Whilst still an unacceptable loss, it is an amazing result. As reflected in the graphs, the Club took an enormous hit to our revenue base. From the middle of March to the end of July, revenue was nearly \$4.2M or 47.3% behind revenue for the same period in 2018/19.

REVENUE PER MONTH: FEB - JULY

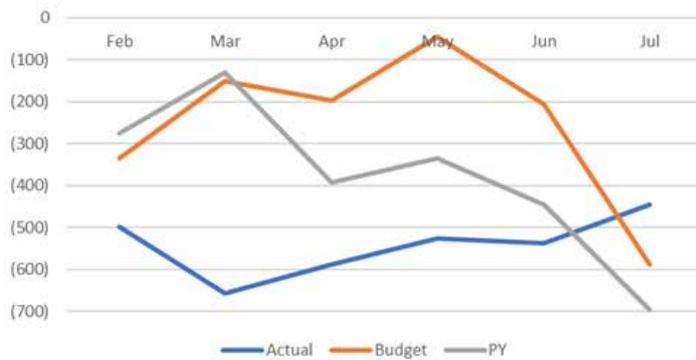


Remarkably, the EBITDA loss for the six months to the end of July was \$64K compared to a budget loss of \$490K and a PY loss of \$628K.

MONTHLY EBITDA: FEB - JULY



YTD EBITDA: FEB - JULY



There were a number of unbudgeted, unusual and one-off type events that either positively or negatively impacted the annual result. If these events / items did not arise, the net effect would have been an improvement in the bottom line of the Club. These included:

JOBKEEPER WAGES SUBSIDY	<p>Due to the significant decline in revenues compared to the prior year, the Club qualified for the JobKeeper subsidy from the ATO. For the period to end of July, the Club collected \$1.392M in subsidy. Approximately \$454K of this was used to offset the salaries of staff who continued to work through the COVID-19 period (including all ground staff, CEO, management and essential staff), with the balance on-paid to those permanent and casual staff who qualified.</p> <p>The Club recorded this subsidy as Sundry Income in accordance with accounting recognition requirements</p>
GOVERNMENT CASHFLOW SUBSIDY	<p>In the initial stages of the COVID-19 outbreak, the Federal Government announced a cashflow subsidy available to qualified entities. \$75K was recognised as revenue in the 2019/20 year</p>
TWILIGHT	<p>Due to extreme heat, the Twilight race meeting was cancelled by TRSA. Whilst there continued to be some attendance on the evening, unfortunately the significant cancellations resulted in an under-budget return of approximately \$150K</p>
MARKETING SUBSIDY FROM TRSA	<p>There was a shortfall in the subsidy budgeted of \$442K and the amount claimed of \$370K by \$72K. Whilst allowable costs had been incurred appropriately by the Club, no claims against the subsidy were accepted by TRSA after the end of March</p>
GOVERNMENT GRANT – ON-COURSE STABLES	<p>During the year the Club received \$95K of a \$500K grant from the Government via TRSA to construct on-course stables. This was unbudgeted</p>
LAND VALUATION	<p>In September 2019, the Club received notice that its racecourse land had been revalued by the Valuer General from \$29.4M to \$42M. This increase in land valuation had the unbudgeted effect of increasing council, ESL and water rates by \$96K</p>
LEGAL FEES	<p>Significant fees were incurred during the year flowing from governance breaches by a Director</p>
REDUNDANCIES	<p>As a result of the impact of COVID-19 on future revenues due to the downturn and restrictions in the hospitality industry, the Club made four permanent staff positions redundant</p>
ACCOUNTING STANDARDS	<p>Due to a change in the accounting standards relating to the treatment of operating leases, there has been a transfer of \$58K of what was treated as lease operating expense to now be reported as depreciation and interest expense</p>

Chief Financial Officer's Report 2019/20

Financial Summary

To the end of January, the investment fund was in a strong position. February and March saw large losses in the investment markets driven by COVID-19. These losses were gradually reversed in the following months, but unfortunately the investment fund returned its first negative return over a financial year of (0.96%) (2018/19: 4.02%). Our investment managers, FMD and Bentleys Wealth Partners, took appropriate action to both stem the bleeding and take action at the right time to reinvest where appropriate.

Investment Funds are detailed below. Funds were drawn during the year to invest in Board approved and Constitution allowable expenditures.

	2019/20 \$000	2018/19 \$000
FMD	21,221	22,659
BWP	21,844	22,549
Investment Cash Account	45	1,055
TOTAL INVESTMENT FUNDS	43,110	46,263
Other Investment Assets	12,191	11,720
TOTAL INVESTMENT ASSETS	55,301	57,983
WEIGHTED AVERAGE RETURNS	-0.96%	4.02%

FINANCIAL SUMMARY	2019/20 \$000	2018/19 \$000
NET OPERATIONS LOSS (EBITDA)	(445)	(713)
Investment Return	(429)	1,819
CONTRIBUTION FROM RECURRING BUSINESS ACTIVITIES	(874)	1,106
Depreciation	(2,985)	(2,710)
Gain on Disposal Non-Current Asset	14	15
DEFICIT FOR THE YEAR	(3,845)	(1,589)

CUMULATIVE INVESTMENT RETURNS (BEFORE FEES)



Total depreciation expense for the year of \$2,985K (2018/19: \$2,710K) includes the \$50K accounting standard adjustment for operating leases plus \$230K of asset write-offs. The major asset write-off during the year was the Gerard Pavilion (\$206K).

After depreciation and a small gain on disposal of assets, the Net Loss for the Club for 2019/20 is \$3,845K (2018/19: \$1,589K).

As a result of there being no Gaming Entitlement Trading Rounds held during 2019/20 financial year, the Board approved for no change to the carrying value of gaming entitlements. The Board did however revalue Club Buildings, which were slightly devalued by \$749K (2018/19: (\$1,616K); 2017/18: (\$1,684K); 2016/17: \$9,916K), reflecting a net revaluation gain over the last 4 years of \$5,867K.

SAJC Capital Projects

During 2019/20 the Club spent \$1,707K on capital projects (2018/19: \$3,717K).

The major spends are listed in the table below.

PROJECT	\$000	COMMENTS
Master Plan	463	There was major progression on feasibility works (total spend-to-date \$936K)
Big Screen	274	Finalisation of installation and connection of Big Screen
Building Fire Safety	196	Major safety compliance works to improve water flow for fire purposes
PROJECTS < \$100K		
Building related improvements	325	Numerous facility improvements, including Diva Patio, Phar Lap East, The Junction beer garden, Grease Arrester
IT, website, Wi-fi, AV assets	169	IT type assets including upgrades of AV equipment, rostering system and POS equipment
Hospitality / kitchen assets	115	Upgrades for WHS, glass polishing machine, equipment replacement
Track equipment	99	Upgrade track equipment
Training facility assets	45	On course stables feasibility
Other assets	22	Miscellaneous furniture and equipment
CAPITAL EXPENDITURE TOTAL	1,707	

Major Upcoming Projects

There are some significant projects to be undertaken in the near future, with a significant spend profile. The SAJC Board has approved the 2020/21 capital budget in principle with the following years representing indicative spends. All capital projects are approved in accordance with Club policies prior to project commencement. In addition, the Club continues to investigate the potential of developing its land holding at Cheltenham / St Clair.

MAJOR UPCOMING PROJECTS INCLUDE	2020/21 \$000	2021/22 \$000	2022/23 \$000
Gerard Pavilion Replacement	3,000	-	-
On-course Stabling	2,200	-	-
Master Plan	600	600	600
Building Fire Safety	240	1,500	1,500
Escalator Upgrade	350	-	-
Junction Gaming Machines	300	150	150
Bathroom Upgrades	300	100	100
TV / AV Upgrades	250	50	50
Phar Lap East Upgrade	250	50	-
Race Track Upgrades	-	250	250
Catering Service Lift	-	200	-

Chief Financial Officer's Report 2019/20

Financial Statement Analysis

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

	2019/20 \$000	2018/19 \$000	Difference \$000	COMMENTS
Hospitality Revenue	8,467	11,281	(2,814)	Refer break-up on page 10. Revenue decrease in all categories, with an overall 25% decrease on the prior year, although taking into consideration that there was little to no Hospitality Revenues for the last 4.5 months (37.5%) of the year due to COVID-19
Venue Gaming Revenue	2,472	3,102	(630)	Overall decline but noting an increase of 5.97% on prior year up until the end of March (COVID-19 shutdown)
Totalisator Revenue	540	893	(353)	This represents commissions from oncourse TAB turnover. This revenue stream has gradually declined from well over \$2M pa only 10 years ago. Noting that this year was severely affected by COVID-19
Sponsorship	1,433	1,431	2	Strong focus on sponsorship opportunities providing a steady income stream, with some lost income post the COVID-19 shutdown
Industry Contributions	3,321	3,504	(183)	Full breakdown is found on page 53
Sundry Revenue	2,612	1,497	1,115	Includes product rebates, rent, track fees, membership income, JobKeeper subsidy (\$1.392M)
Hospitality Expenditure	4,051	5,379	(1,328)	Represents costs to earn revenue. Includes cost of goods, equipment hires, share of utility and facility costs
Venue Gaming Expenditure	1,251	1,570	(319)	Decrease due to contract and process efficiencies, and COVID-19 shutdown (i.e. no Gaming Tax during this period)
Raceday & Facility Expenditure	2,712	3,115	(403)	Decrease due to contract & business efficiencies, and closer attention to non-essential costs (During the whole year but especially during the latter part of the year).
Salaries & Wages	8,698	9,609	(911)	Labour is the Club's most significant expense. The decrease on prior year is due to improved staffing efficiencies and closer management attention during the earlier parts of the year, and then with a lack of activity in the latter part of the year. In accordance with accounting recognition requirements, Salaries & Wages have been grossed up by \$1.392M representing the JobKeeper subsidy
Totalisator Operations	355	613	(258)	Decline due to increased management of TAB staffing levels, impact of declining turnover, and then the COVID-19 shutdown
Sundry Expenses	2,223	2,135	88	Includes membership costs, insurance, sponsorship expenses, advertising and marketing costs, IT and telecoms, legal fees, consultancies. The main driver for this increase is due to legal fees incurred during the year

	2019/20 \$000	2018/19 \$000	Difference \$000	COMMENTS
Cash and Cash Equivalents	(900)	252	(1,152)	Cash has decreased by \$1.15M. 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, with the Club operating in an overdraft situation. Any drawdowns from Investment Funds must be Board approved and ensure that it meets the Constitutional requirements
Inventories	321	286	35	Represent stocks of food and beverages on hand. Increase on hand due to the effects of the sudden shutdown post Adelaide Cup
Trade & Other Receivables	950	694	256	Amounts due to the Club at balance date. Whilst activity levels are lower at the end of this year, this figure contains \$459K of JobKeeper recovery and \$30K of Government cash flow subsidies
Investments	43,065	45,208	(2,143)	Represents funds under management with FMD and Bentley Wealth Partners
Prepayments	197	289	(92)	Payments made in advance (i.e. insurance & annual costs related to a future year) where expense is deferred to appropriate period
Property, Plant & Equipment	33,346	35,323	(1,977)	Physical assets of the Club, including Land and 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, plus write-off of Gerard Pavilion
Right of Use of Assets	176	0	176	Accounting standard reclassification of Operating Leases, now to be reflected on Balance Sheet
Intangible Assets	1,756	1,756	0	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 rate of \$11,375 each 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. No change from 2018/19
Trade & Other Payables	1,003	1,059	(56)	Amounts payable by the Club at balance date, reflects both activity level and timing of capital projects
Employee Benefits	849	971	(122)	Legislative provisions for employee annual and long service leave
Other Liabilities	664	965	(301)	Funds received in advance for future events, obviously decreased as future events cancelled or attendance restrictions introduced
Lease Liabilities	176	0	176	Accounting standard reclassification of Operating Leases, now to be reflected on Balance Sheet

Club Operations

Club Operations

The 2019/20 season has been an extremely busy one both on and off track. Ian Ricardo, Racecourse Operations Manager and his dedicated team have done a tremendous job of maintaining the tracks, again receiving distinguished feedback from local and interstate jockeys, trainers and owners following the Autumn Carnival. Trevor Greig, Venue Manager joined the Club in late 2019 and has hit the ground running. Trevor was previously Venue Manager for Morphettville's cleaning contractor Quayclean overseeing Adelaide Oval operations. Trevor has great knowledge of the venue and with the assistance of his operations team, was able to implement a number of positive changes around the venue during the year.

The Venue

During the COVID-19 shutdown, one of management's priorities was to lift the presentation of the member and public areas of the racecourse. AV improvements, painting on Level 2, in the Betting Ring and breezeway, new flooring and fencing in the Diva Bar has totally refreshed the most popular areas on course.

The configuration of Restaurant 1873 was changed to introduce a Premium package that includes tabletop televisions and the best view on course.

The Fire, Safety and Compliance upgrades required across the site continued with the decommissioning and removal of Gerard

Pavilion. The structure had failed building compliance measures and costs associated with remedial action were exorbitant. The Board agreed to demolish the Gerard Pavilion following Adelaide Cup due to financial and safety concerns.

Phar Lap East was completely remodelled to provide the club with the flexibility to better host race and non-race day events. The installation of bi-fold doors and an operable wall will allow the space to be transformed into a private function room. The room has proved a popular location on course offering members a premium viewing space.

Audio Visual

Distribution of the Audio-Visual component of the venue has been a challenge for many years with picture quality and latency issues due to underutilised software packages and outdated hardware. Work has been undertaken and software installed to enable the full capabilities of the big screen and audio-visual system to be reached. We have achieved a consistent and higher quality output with one touch controls not seen before at the SAJC.

Further audio-visual improvements have been introduced including projectors and large interactive and portable screens in Phar Lap East which will appeal to racegoers as well as the conference and event market.

It has been a welcome sight to see improved audio-visual throughout the venue with further upgrades planned in the coming year.

Track Operations

The 2019/20 season has been a busy one as usual with the club conducting 48 race meetings spread over the two grass tracks. In addition, 13 sets of trials and approximately 28 days conducting jump outs took place through the year subjecting the tracks to a significant workload. Despite the heavy usage, the tracks have held up well and should thrive following a period of renovation which is scheduled for November through to early January.

Extensive track renovations are required over the next two years which will involve taking one track out of play at a time for a period of 8 to 12 weeks. This should create some longevity out of both tracks before a rebuild is required.

Rainfall for the year was below average which contributed to a large percentage of tracks in the Good or Soft range for the year. A good result as far as good quality racing surfaces are concerned however, some more rain especially in the warmer months would be of assistance.

After the previous season where we suffered quite a severe winter and the tracks looked average at best (although raced ok), the decision was made to oversow with an annual ryegrass this year. This was to provide extra coverage through winter, which also changed the appearance for the better and provided much more winter confidence for all stakeholders. This decision has proved to be a success this year and our next challenge is how well our warm season

kikuyu grass returns from dormancy fighting its way through the current layer of rye grass.

Rail movement, trials and grass gallop placements are ongoing challenges. The potential to conduct more meetings in the True position would be an advantage being the most preferred standings which may contribute to achieving larger fields and possibly more spirited betting.

The fibre sand track continues to perform well with the majority of trainers very happy with its performance. Both sand tracks have also performed well, only encountering problems during heavy rainfall periods.

Annual pool works were carried out as standard however, investigations will commence into filtration and sediment tank replacements for the future.

The wetlands continues to provide a valuable source of water for irrigation purposes, also providing a substantial cost saving.

Fundraising

Following the disastrous bushfires across Australia in late 2019 and early 2020, the SAJC came together with other industry counterparts across the state to assist in whatever ways it could. The SAJC volunteered to supply staff and other items to assist with the O'Leary Walker Bushfire Relief Race

day at Oakbank in January 2020 to assist in raising funds. Free transport to the race day was also on offer for SAJC members.

In conjunction with Southern Cross Austero and South Aussie With Cosi, the SAJC reached out to 197 families offering family race day passes to those victims directly impacted by the fires. The SAJC has also contributed to several other fundraising initiatives with proceeds being donated to the SA Bushfire Appeals Fund.

A number of members joined the SAJC organised trip to Kangaroo Island for the KI Cup in February 2020. Sealink and Kangaroo Island Racing Club were grateful for our efforts in taking the group over to the devastated island at such a difficult time. Feedback from members was very positive and this is something we would look to do in the future.

Staff Service Awards

Service Awards are given to staff for who have provided extended years of dedicated service to the Club. During 2019/20, the following staff reached service milestones and we thank them for their dedication and commitment over the years.

EMPLOYEE	No. of years	Position
Adrian Stankovich	35	Groundsperson
Adrian Francis	30	Maintenance Supervisor
Steve LeDuff	30	Groundsperson
Simon Mudge	25	Facilities Supervisor
David Whitelaw	15	Groundsperson
Alison Bryant	15	Systems Accountant



Photo: SAJC member tour to the Kangaroo Island Cup.

Our Corporate Partners 2019/20

Premier Partner



TAB: BETTING FACILITIES

TAB is 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.

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, alcoholic ready to- drinks 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. We look forward to working with Lion on upcoming activation opportunities.



SCHWEPES: 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 2020 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 has 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 AUSTERO: RADIO STATIONS

Home to hit107 and Triple M, Southern Cross Austereo is a leading Australian entertainment company. The team at hit107 has been involved in a number of events over the last 12 months including the 2019 AAMI Spring Carnival, Twilight Races and TAB Adelaide Cup. Morphettville re-named one of our 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 wholly South Australian family owned company and has been operating from their current site since 1996. The 2019 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 since 2010.



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 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 has been a sponsor of the club since 2018 and provide the team at Morphettville all of their signage requirements.

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, sees 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 has expertise in all facets of roofing requirements including new roofs, re-roofing, gutters, fascias and downpipes.



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 2020 TAB Adelaide Cup and the execution of a stand out point of sale marquee, we look forward to working with Mumm on upcoming events.

Our Corporate Partners 2019/20



DOMINANT: CLEANING PRODUCTS

Dominant has been running since 1958 as a manufacturer of industrial cleaning and sanitation products and has 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 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, they 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 although Magic Millions operates its thoroughbred auction house all year-round conducting sales in four states of Australia. Magic Millions in Adelaide, neighbours to the Morphettville Racecourse, is 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 featuring heavily at the 2020 Adelaide Cup.



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 see's Options providing beverages to 50% of the SAJC beverage lists.



TABLE & CHAIR CO: CORPORATE FURNITURE SUPPLIER

Table and Chair Co is 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 has provided furniture to Morphettville on the new AAMI deck and both on Level 1 and Level 2.



Accolade Wines

ACCOLADE WINES: BEVERAGE SUPPLIER

Since treading their first grapes over 165 years ago, Accolade has continued to draw on a proud heritage as a leading global wine company producing some of the world's best known and loved brands. Accolade came on board in 2019 and contribute 50% of our wine list.



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 continues to be an avid supporter of the club and we look forward to working closer with them over the coming years on upcoming events.



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 ran an innovative activation at the 2020 Adelaide Cup.



CAUDO VINEYARD: BEVERAGE SUPPLIER

Caudo Vineyard is a family owned and run vineyard and cellar door located on the banks of the River Murray. Their new line of Sangria was a heavy feature across Lucky's Beach Club and Adelaide Cup.



METCASH: ROMEO'S SUPERMARKETS

Metcash is the power behind Australia's most successful independent retail brands including IGA, Foodland and Mitre 10. On Caulfield Guineas Day, Romeo's and the SAJC collaborated to bring to life the highly popular Romeo's Family Day.



PORSCHE

PORSCHE: LUXURY CAR MANUFACTURER

Porsche is a luxury make of car boasting a rich history that speaks for itself. Porsche had a successful activation on Melbourne Cup Day at Morphettville in 2019 and we thank them for the ongoing support.



WILLS AND DANIEL: FRUIT AND VEG PRODUCE

Wills and Daniel bring the finest quality grown and produced products from regions all over South Australia direct to your doorstep. They helped to increase the quality of food service at Morphettville and we look forward to working with them going forward.

Morphettville Season Review 2019/20

As we know the outbreak of the COVID-19 pandemic through the years of 2019/20 has been extremely challenging and devastating for lives the world over. Incredibly the Racing Industry has stood tall and bravely through these difficult times and here in Australia racing has managed to continue on.

Unfortunately there have been some sacrifices along the way but with great leadership at many levels, and a commitment to common sense, the Industry can hold its head high at what has been achieved. It was just after TAB Adelaide Cup day that Australia was put on notice due to COVID-19 and restrictions and life as we knew it was turned upside down.

Morphettville in March on Cup day was a cracking day and the big crowd would witness King Of Leogrance reign supreme in the big two miler in the famous Lloyd William's colours. For Williams it would be a fourth win in the Adelaide Cup after previous success with Just A Dash (1981), Gallic (2007) and Muir (2011). Trainer Danny O'Brien had won the Cup in 2005 with Demerger and for one of the young stars of the Australian jockey ranks Damian Lane, it was a maiden Adelaide Cup victory.

When May arrived for the three weeks of Group 1 racing at Morphettville it would be a Festival Of Racing run under strict regulations with no crowds allowed on track and only essential race day workers permitted.

What could not be restricted though was the quality of racing and there were many highlights throughout the carnival. There would be two Group 1's on day one with the running of both the Schweppes Oaks and the TAB Classic (Robert Sangster Stakes).

Toffee Tongue would take the Schweppes Oaks and provide her champion trainer Chris Waller with yet another Group 1 to add to his CV. However for young Victorian jockey Damien Thornton it would be a maiden milestone Group 1 victory and what a brilliant ride it was too.

That same afternoon another Group 1 duck was broken in the TAB Classic when outstanding young South Australian trainer Will Clarken landed the feature sprint with Bella Vella. Winning jockey Todd Pannell made it a second Group 1 to go with his Goodwood win twelve months earlier on Despatch for Tony McEvoy. The Bella Vella story is an amazing tale. Purchased as a tried horse by Clarken, fellow trainer David Jolly, and a host of clients for \$20,000 a little less than a year ago, the daughter of Commands has been transformed into one of the best sprinting mares in the land. Day two was TAB South Australian Derby day and the classic would see a three year old from the Danny O'Brien stable stamp himself as potentially one of the best horses in the land.

Russian Camelot, Northern hemisphere bred, and effectively giving away six months in age to his rivals, would arrogantly sit wide and sweep home from last to win the Derby at just his fifth race start with John Allen in the saddle. Allen would come back a week later and take the final Group 1 of the carnival winning South Australia's biggest sprint race The Goodwood for James Cummings in the Godolphin Blue on Trekking.

At season's end it was a familiar sight at the top of the Metropolitan Trainer's Premiership with the McEvoy name claiming a ninth title and a fifth under the McEvoy Mitchell Racing banner. This would

be a particularly special Premiership for the McEvoy brand as it is the first since Tony had linked up in a training partnership with his son Calvin.

Todd Pannell was the dominant rider across South Australia in 2019/20 and he snared all senior riding awards. That included his first Metropolitan Glennon - Johnson Jockey's Premiership and a successful defence of his John Letts Medal. Kayla Crowther would cap a brilliant final twelve months of her apprenticeship by being crowned as the TAB Metropolitan Apprentice Of The Year.

Finally the danger of our Industry we were so cruelly reminded of on many occasions throughout the 2019/20 season. We experienced the shock and pain of the loss of former SA girl Melanie Tyndall after her death from a race fall in Darwin last August.

Not long after in November our champion rider from 2018/19 Raquel Clark was dislodged and suffered what is likely to be career ending injuries after a race fall at Morphettville. Another of our popular female riders Krystal Bishop also made the decision at season end to hang up her race riding saddle after a career interrupted with bad injuries. We wish Raquel all the best in her recovery and for Krystal good luck in her training partnership endeavour with John Dunn.

No one could have predicted what the 2019/20 year would bring, but let us hope through the deeds of as an example, Gytrash and Gordon Richards, we will have so much to celebrate in 2020/21.

CONTRIBUTION FROM TERRY MCAULIFFE



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Feature Race Day Winners 2019/20

STAKES	RACE NAME	WINNER	TRAINER	JOCKEY
GROUP 1				
\$400,000	TAB Classic (Robert Sangster Stakes)	Bella Vella	Will Clarken	Todd Pannell
\$400,000	TAB South Australian Derby	Russian Camelot (IRE)	Danny O'Brien	John Allen
\$400,000	The Goodwood	Trekking	James Cummings	John Allen
\$500,000	Schweppes Oaks (Australasian Oaks)	Toffee Tongue (NZ)	Chris Waller	Damien Thornton
GROUP 2				
\$200,000	TAB Euclase Stakes	Xilong	Tony & Calvin McEvoy	Barend Vorster
\$275,000	Queen of the South Stakes	Shrouded in Mist	Tony & Calvin McEvoy	Barend Vorster
\$400,000	TAB Adelaide Cup	King Of Leogrance (FR)	Danny O'Brien	Damian Lane
GROUP 3				
\$120,000	David R Coles AM Spring Stakes	Dalasan	Leon Macdonald & Andrew Gluyas	Raquel Clark
\$120,000	Medallion Homes Lord Reims Stakes	Eperdument	Shane Oxlade	Kayla Crowther
\$120,000	Hughes Limousines R N Irwin Stakes	Gytrash	Gordon Richards	Jason Holder
\$120,000	Schwepperversence Auraria Stakes	Silent Sovereign	Tony & Calvin McEvoy	Barend Vorster
\$120,000	Furphy Chairman's Stakes	Dalasan	Leon Macdonald & Andrew Gluyas	Jason Holder
\$120,000	M&J Chickens Breeders' Stakes	Ecumenical	Mick Huxtable	Ryan Hurdle
\$120,000	TAB SA Sires Produce Stakes	Ringbolt	Tony & Calvin McEvoy	John Allen
\$120,000	Rober & Fay Gerard R A Lee Stakes	Chapel City	Gordon Richards	Georgina Cartwright
\$120,000	National Stakes	Extra Time	Leon Macdonald & Andrew Gluyas	Jason Holder
\$120,000	TAB SA Fillies Classic	Realm Of Flowers	Anthony Freedman	Damien Thornton
\$120,000	TAB Proud Miss Stakes	Humma Humma	John McArdle	Zac Spain
\$175,000	D C McKay Stakes	Behemoth	David Jolly	Todd Pannell

STAKES	RACE NAME	WINNER	TRAINER	JOCKEY
LISTED				
\$125,000	AAMI Queen Adelaide Stakes	Forever Free	Mathew Ellerton & Simon Zahra	Todd Pannell
\$100,000	TAB Penny Edition Stakes	Behemoth	David Jolly	Todd Pannell
\$100,000	Morphettville Guineas	Bonvicini	Giaron Maher & David Eustace	Jake Toeroek
\$100,000	W H Wylie Handicap	Soothing	Anthony Freedman	Raquel Clark
\$100,000	Tokyo City Cup	Single Handed	Nick Smart	Paul Gatt
\$100,000	Hill Smith Stakes	Craftmanship (NZ)	Mick Price & Michael Kent	Kayla Crowther
\$100,000	Romeo's Durbridge Stakes	Kemalpassa	Richard & Chantelle Jolly	Jake Toeroek
\$100,000	City of Marion Stakes	Benz	Gordon Richards	Kayla Crowther
\$100,000	Adelaide Galvanising Christmas Handicap	Ef Troop	Tony & Calvin McEvoy	Barend Vorster
\$100,000	Holdfast Insurance Birthday Cup	Master Chum	Rob Wilkinson	Eran Boyd
\$100,000	TAB Cinderella Stakes	Hard Rock Girl	Byron Cozamanis	Dean Holland
\$100,000	Schweppes C S Hayes Stakes	Over Exposure	Tony & Calvin McEvoy	Jamie Kah
\$100,000	Terry Howe Printing Matrice Stakes	Runson	Leon & Troy Corstens	John Allen
\$100,000	Furphy Manihi Classic	Shamino	Phillip Stokes	Kayla Crowther
\$100,000	Fleurieu Milk Laelia Stakes	Meuse	Anthony Freedman	Jason Holder
\$100,000	Hills Railway Stakes Furphy Stakes	Bella Vella	Will Clarken	Lachlan Neindorf
\$100,000	Winning Edge Presentations Redelva Stakes	Garner	Gordon Richards	Jason Holder
\$100,000	Holdfast Insurance City Of Adelaide Handicap	A Shin Rook (JPN)	Anthony Freedman	Paul Gatt
\$100,000	HC Nitschke Stakes	Wild Vixen	Levi Kavanagh	Jason Holder
\$100,000	Dominant Port Adelaide Cup	Oceanex (NZ)	Mick Price & Michael Kent (Jnr)	Zac Spain
\$100,000	Adelaide Galvanising Adelaide Guineas	Game Keeper	Tony & Calvin McEvoy	John Allen
\$100,000	AAMI Centaurea Stakes	Oasis Girl	Mathew Ellerton & Simon Zahra	Georgina Cartwright
\$100,000	Schweppes Oaklands Plate	Instant Celebrity	Phillip Stokes	Kayla Crowther
\$100,000	TAB Lightning Stakes	Parlophone	Mick Price & Michael Kent (Jnr)	Jessica Eaton
\$110,000	AAMI Dequetteville Stakes	Ecumenical	Mick Huxtable	Ryan Hurdle
\$110,000	Dominant Port Adelaide Guineas	Dalasan	Leon Macdonald & Andrew Gluyas	Jason Holder

SAJC Board of Directors



Bob Holton

CHAIRMAN

SAJC Board member since 2015

SAJC SUB-COMMITTEES

- Chairman: Master Plan Working Party
- Chairman: Performance and Review Working Party
- Ex - officio on all Board Committees



Steve Kelton

VICE-CHAIRMAN

SAJC Board member since 2019

SAJC SUB-COMMITTEES

- Chairman: Finance, Investment and Audit Committee
- Performance and Review Working Party



John Keen

DEPUTY VICE-CHAIRMAN

SAJC Board member since 2019

SAJC SUB-COMMITTEES

- Chairman: Risk and Governance Committee
- Chairman: Constitution Working Party



Paul Kristoris

SAJC Board member since 2017

SAJC SUB-COMMITTEES

- Finance, Investment and Audit Committee



Adam Glenn

SAJC Board member since 2017

SAJC SUB-COMMITTEES

- Master Plan Working Party



Judith Jones

Appointed to fill casual vacancy in May 2020

SAJC SUB-COMMITTEES

- Risk and Governance Committee
- Constitution Working Party
- Performance and Review Working Party



John Girvan

Appointed to fill casual vacancy in May 2020



Bodelle Francis

SAJC Board member since 2010

Resigned in May 2020



John Caruso

SAJC Board member since 2018

Resigned in May 2020

SAJC SUB-COMMITTEES

- Risk and Governance Committee

Board Members Attendance at Meetings 2019/20

The attendance by individual directors at meetings of the Board and its committees in 2019/20 was as follows:

Director	Board	Finance, Investment and Audit Committee	Risk & Governance Committee
John Caruso ¹	7 (8)	-	1 (1)
Bodelle Francis ¹	9 (9)	-	-
John Girvan ²	2 (2)	-	-
Adam Glenn	10 (11)	-	-
Kevin Harrison ³	0 (1)	0 (1)	-
Bob Holton	11 (11)	8 (8)	2 (2)
Judith Jones ²	3 (3)	-	1 (1)
John Keen ⁴	6 (6)	-	2 (2)
Steve Kelton ⁴	6 (6)	5 (5)	-
Paul Kristoris	10 (11)	6 (8)	-
Tony Newman ⁵	5 (5)	3 (3)	-
Chris Sargent ⁵	5 (5)	-	-
Christine Simpson ⁵	5 (5)	-	-

Figures in brackets denote the maximum number of meetings that could have been attended.

¹ resigned from the Board in May 2020

² appointed to fill a casual vacancy in May 2020

³ suspended as a Member and Board Member in September 2019

⁴ elected to the Board on 30 November 2019

⁵ retired from the Board on 30 November 2019

- A Master Plan Working party is established and meets on a monthly basis.
- A Constitutional Working Party was formed in 2020 and has met on numerous occasions.
- A Performance and Review Working Party is established and met on several occasions during the year.

Independent representatives and members were appointed to the Board Sub-Committees and Working Parties to offer expertise and to complement the skills of Board members.

Those independent members for the 2019/20 year are:

- Neville Ortmann – Finance, Investment & Audit Committee
- Kym Hume – Risk & Governance Committee
- Bob Boorman – Master Plan Working Party
- Tony Newman – Master Plan Working Party
- Ron Pratt – Constitution Working Party
- Philip Bentley – Constitution Working Party
- Allie Umoff – Constitution Working Party

Financial Statements 2019/20

SAJC and its Controlled Entity Balance Sheet

AS AT 31 JULY 2020	Note	2020 \$000	2019 \$000
CURRENT ASSETS			
Cash and Cash Equivalents	2	(900)	252
Inventories		321	286
Trade and Other Receivables	3	950	694
Investments	4	2,154	2,135
Prepayments		197	289
TOTAL CURRENT ASSETS		2,722	3,656
NON-CURRENT ASSETS			
Investments	4	40,911	43,073
Property, Plant & Equipment	5	33,346	35,323
Right of Use Assets		176	-
Intangible Assets	6	1,756	1,756
TOTAL NON-CURRENT ASSETS		76,189	80,152
TOTAL ASSETS		78,911	83,808
CURRENT LIABILITIES			
Trade and Other Payables	7	1,003	1,059
Employee Benefits	8	811	933
Lease Liabilities		47	-
Other Liabilities	9	664	965
TOTAL CURRENT LIABILITIES		2,525	2,957
NON-CURRENT LIABILITIES			
Employee Benefits	8	38	38
Lease Liabilities		129	-
TOTAL NON-CURRENT LIABILITIES		167	38
TOTAL LIABILITIES		2,692	2,995
NET ASSETS		76,219	80,813
EQUITY			
Reserves	10	11,026	12,090
Retained Earnings	10	65,193	68,723
TOTAL EQUITY		76,219	80,813

The accompanying notes form part of these financial statements.

Financial Statements 2019/20

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

FOR THE YEAR ENDED 31 JULY 2020	Note	2020 \$000	2019 \$000
REVENUE FROM OPERATING ACTIVITIES			
Hospitality Revenue		8,467	11,281
Venue Gaming Revenue		2,472	3,102
Totalisator Revenue		540	893
Sponsorship		1,433	1,431
Industry Contributions	12	3,321	3,504
Sundry Revenue	13	2,612	1,497
TOTAL REVENUE	14	18,845	21,708
EXPENDITURE FROM OPERATING ACTIVITIES			
Hospitality Expenditure	13	4,051	5,379
Venue Gaming Expenditure		1,251	1,570
Racing & Facility Expenditure		2,712	3,115
Salaries & Wages	13	8,698	9,609
Totalisator Operations		355	613
Sundry Expenses		2,223	2,135
TOTAL EXPENDITURE		19,290	22,421
DEFICIT FROM OPERATIONS BEFORE FINANCE INCOME, DEPRECIATION AND CAPITAL DISPOSALS (EBITDA)		(445)	(713)
Net Finance Income	4	(429)	1,819
(Deficit) / Surplus Before Depreciation		(874)	1,106
Depreciation - Property, Plant & Equipment	5	(2,705)	(2,677)
Depreciation - Right of Use Assets		(50)	-
Accelerated Depreciation of Property, Plant & Equipment	5	(230)	(33)
Net Gain on Disposal of Non-Current Assets		14	15
DEFICIT FOR THE PERIOD		(3,845)	(1,589)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to Profit or Loss			
Revaluation of Gaming Entitlements to Fair Value		-	(55)
Revaluation of Buildings to Fair Value		(749)	(1,616)
TOTAL OTHER COMPREHENSIVE INCOME		(749)	(1,671)
TOTAL COMPREHENSIVE INCOME		(4,594)	(3,260)

The accompanying notes form part of these financial statements.

Financial Statements 2019/20

SAJC And Its Controlled Entity Statement of Changes in Equity

FOR THE YEAR ENDED 31 JULY 2020	CONSOLIDATED		
	Retained Earnings \$000	Reserves \$000	Total \$000
BALANCE AT 1 AUG 2018	70,034	14,039	84,073
Deficit for the year	(1,589)	-	(1,589)
Revaluation Decrements	-	(1,671)	(1,671)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(1,589)	(1,671)	(3,260)
Depreciation of industry funded assets	-	(278)	(278)
Transfers to and (from) reserves	278	-	278
BALANCE AT 31 JUL 2019	68,723	12,090	80,813
BALANCE AT 1 AUG 2019	68,723	12,090	80,813
Deficit for the year	(3,845)	-	(3,845)
Revaluation Decrements	-	(749)	(749)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(3,845)	(749)	(4,594)
Depreciation of industry funded assets	-	(315)	(315)
Transfers to and (from) reserves	315	-	315
BALANCE AT 31 JUL 2020	65,193	11,026	76,219

The accompanying notes form part of these financial statements.

Financial Statements 2019/20

SAJC and its Controlled Entity Statement of Cash Flows

FOR THE YEAR ENDED 31 JULY 2020	Note	2020 \$000	2019 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operating activities		20,034	23,538
Payments to suppliers and employees		(21,157)	(24,567)
Interest paid		(199)	(23)
NET CASH UTILISED IN OPERATING ACTIVITIES	15	(1,322)	(1,052)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received on Investments		163	68
Proceeds from sale of property, plant & equipment		14	19
Payments for property, plant & equipment		(1,707)	(3,717)
Proceeds from disposal of Investments		1,750	1,720
NET CASH GENERATED FROM / (UTILISED) IN INVESTING ACTIVITIES		220	(1,910)
CASH FLOWS FROM FINANCING ACTIVITIES			
Reduction in Lease Liabilities		(50)	-
NET CASH UTILISED IN FINANCING ACTIVITIES		(50)	-
NET DECREASE IN CASH HELD		(1,152)	(2,962)
CASH AT THE BEGINNING OF THE FINANCIAL YEAR		252	3,214
CASH AT THE END OF THE FINANCIAL YEAR	2	(900)	252

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2020

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 2020 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 29th October 2020.

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 and improvements 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 and improvements 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 costs; and
- capitalised borrowing costs.

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

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

Any gains and losses on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds

Notes to the Financial Statements

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.

Capital works in progress is measured on the cost basis and represents items of property, plant and equipment that the Club holds but are deemed to not yet be at their final stage of completion. Once each item of property, plant and equipment is complete, the asset is transferred to the relevant asset class.

DEPRECIATION

In arriving at the 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.

	2020	2019
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 is recognised at an amount that reflects the consideration to which the Club is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Club: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

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 insofar as the fair value of the amount received does not exceed any related amounts already recognised by the Club, in which case the Club will recognise a liability until such time that the Club satisfies its Performance Obligations. The depreciation component of such items is recognised as a deficit.

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 and 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.

Notes to the Financial Statements

GRANTS

Grant revenue is recognised in profit or loss when the Club satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant which must be satisfied before the Club is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

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 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 under section 50-15 of the Income Tax Assessment Act 1997.

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

RIGHT-OF-USE ASSETS

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Notes to the Financial Statements

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Club expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities. The Club has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

LEASE LIABILITIES

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the Club's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments

arising from a change in the rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset.

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 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 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.

Notes to the Financial Statements

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.

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 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 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 measured at amortised cost. 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

Notes to the Financial Statements

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.

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

The Club has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for

the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Club:

AASB 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Club has adopted AASB 15 from 1 August 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that the Club shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the Club expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in the Clubs statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Club's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Notes to the Financial Statements

AASB 16 LEASES

The Club has adopted AASB 16 from 1 August 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities.

AASB 1058 INCOME OF NOT-FOR-PROFIT ENTITIES

The Club has adopted AASB 1058 from 1 August 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the Club to further its objectives. For transfers of financial assets to the Club which enable it to acquire or construct a recognisable non-financial asset, the Club must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance

with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the Club satisfies its performance obligation. If the transaction does not enable the Club to acquire or construct a recognisable non-financial asset to be controlled by the Club, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately.

IMPACT OF ADOPTION

AASB 15, AASB 16 and AASB 1058 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 August 2019.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Club.

Notes to the Financial Statements

2. Cash And Cash Equivalents

	2020 \$000	2019 \$000
Cash and Cash Equivalents on Hand	254	245
Cash at Bank – Investment Account	6	1,035
Bank Overdraft	(1,160)	(1,028)
TOTAL	(900)	252

The SAJC maintain a secured overdraft facility with ANZ of \$3M which is subject to annual review. At reporting date, \$1,160K (2019: \$1,028K) of this overdraft had been drawn down. In addition, the SAJC has a fully secured \$3M capital debt facility. At reporting date, this facility had not been utilised.

3. Trade And Other Receivables

	2020 \$000	2019 \$000
CURRENT		
Trade and Other Receivables	953	697
Allowance for Expected Credit Loss	(3)	(3)
TOTAL	950	694

4. Investments

	2020 \$000	2019 \$000
CURRENT		
Financial assets at fair value through profit or loss	2,154	2,135
TOTAL	2,154	2,135
NON CURRENT		
Financial assets at fair value through profit or loss	40,911	43,073
TOTAL	40,911	43,073
TOTAL INVESTMENTS	43,065	45,208

Notes to the Financial Statements

4. Investments

RECONCILIATIONS OF THE CARRYING AMOUNTS OF EACH CLASS OF INVESTMENTS	2020 \$000	2019 \$000
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CURRENT)		
Carrying Amount at the beginning of year	2,135	1,867
Additions	219	268
Disposals	(200)	-
CARRYING AMOUNT AT THE END OF YEAR	2,154	2,135
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (NON-CURRENT)		
Carrying Amount at the beginning of year	43,073	43,287
Additions	1,619	1,023
Disposals	(3,387)	(3,011)
Unrealised (Loss) / Gain on Fair Value	(394)	1,774
CARRYING AMOUNT AT THE END OF YEAR	40,911	43,073
TOTAL INVESTMENTS	43,065	45,208
NET FINANCE INCOME		
Net Interest (Expense) / Income	(15)	55
Finance & Investment Fund Manager Fees Expense	(210)	(213)
Net (Loss) / Gain on Investments	(204)	1,977
NET FINANCE INCOME	(429)	1,819

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].

INVESTMENTS REPRESENT FUNDS MANAGED BY INVESTMENT MANAGERS	Fair Value Level 1 \$000	Fair Value Level 2 \$000	Holding at 31 July 2020 \$000	Weighted Average Return 31 July 2020	Holding at 31 July 2019 \$000	Weighted Average Return 31 July 2019
FMD	3,133	18,088	21,221	-2.15 %	22,659	4.16%
Bentleys Wealth Partners	2,593	19,251	21,844	0.21%	22,549	4.18%
TOTAL INVESTMENTS	5,726	37,339	43,065	-0.96%	45,208	4.17%

Notes to the Financial Statements

5. Property Plant & Equipment

	Note	2020 \$000	2019 \$000
FREEHOLD LAND AT COST			
Morphettville		357	357
Cheltenham		321	321
TOTAL		678	678
BUILDINGS & IMPROVEMENTS AT FAIR VALUE			
Morphettville		18,929	21,163
TOTAL		18,929	21,163
PLANT & EQUIPMENT AT COST			
Morphettville		39,586	38,156
LESS: ACCUMULATED DEPRECIATION		(27,400)	(26,048)
TOTAL		12,186	12,108
CAPITAL WORKS IN PROGRESS			
		1,553	1,374
TOTAL PROPERTY PLANT & EQUIPMENT		33,346	35,323
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	3,403	3,718

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. Whilst this valuation was due to be undertaken this year, due to COVID-19 impacts the SAJC Board approved the deferral of this valuation for 12 months.

For the year ended 31 July 2020, 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.

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 review being an increase of depreciation expense of \$230K in 2020 (\$33K in 2019).

Notes to the Financial Statements

5. Property Plant & Equipment

RECONCILIATIONS OF THE CARRYING AMOUNTS OF EACH CLASS OF PROPERTY, PLANT & EQUIPMENT	Note	2020 \$000	2019 \$000
FREEHOLD LAND AT COST			
Carrying Amount at the beginning of year		678	678
CARRYING AMOUNT AT THE END OF YEAR		678	678
BUILDINGS & IMPROVEMENTS			
Carrying Amount at the beginning of year		21,163	23,861
Transfers from Capital Works in Progress		98	451
Depreciation		(1,583)	(1,533)
Revaluation		(749)	(1,616)
CARRYING AMOUNT AT THE END OF YEAR		18,929	21,163
PLANT & EQUIPMENT			
Carrying Amount at the beginning of year		12,108	10,820
Transfers from Capital Works in Progress		1,430	2,469
Disposals		-	(4)
Depreciation		(1,352)	(1,177)
CARRYING AMOUNT AT THE END OF YEAR		12,186	12,108
CAPITAL WORKS IN PROGRESS			
Carrying Amount at the beginning of year		1,374	577
Additions		1,707	3,717
Transfer to Buildings & Improvements		(98)	(451)
Transfer to Property, Plant & Equipment		(1,430)	(2,469)
CARRYING AMOUNT AT THE END OF YEAR		1,553	1,374
TOTAL PROPERTY PLANT & EQUIPMENT		33,346	35,323

Notes to the Financial Statements

6. Intangible Assets

	2020 \$000	2019 \$000
GAMING MACHINE ENTITLEMENTS		
Morphettville	1,200	1,200
Cheltenham	455	455
Norwood Community Club	101	101
TOTAL LICENCES & ENTITLEMENTS	1,756	1,756

INTANGIBLE ASSET RECONCILIATION	Morphettville \$000	Cheltenham \$000	Norwood Community Club \$000	Total \$000
GAMING MACHINE ENTITLEMENTS				
BALANCE AT 1 AUGUST 2018	1,200	510	101	1,811
Revaluation	-	(55)	-	(55)
BALANCE AT 31 JULY 2019	1200	455	101	1,756
BALANCE AT 1 AUGUST 2019				
BALANCE AT 1 AUGUST 2019	1,200	455	101	1,756
Revaluation	-	-	-	-
BALANCE AT 31 JULY 2020	1,200	455	101	1,756

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 Level 2 fair value which represents the latest trading round selling 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.

7. Trade And Other Payables

	2020 \$000	2019 \$000
Trade and Other Payables	1,003	1,059

Notes to the Financial Statements

8. Employee Benefits

	2020	2019
	\$000	\$000
CURRENT		
Employee Provisions	811	933
NON-CURRENT		
Employee Provisions	38	38

9. Other Liabilities

	2020	2019
	\$000	\$000
Deferred Income	664	965

10. Reserves & Retained Earnings

	2020	2019
	\$000	\$000
RETAINED EARNINGS		
Balance Brought Forward	68,723	70,034
Add: Surplus / (Deficit)	(3,845)	(1,589)
Transfers from Reserves (net)	315	278
TOTAL RETAINED EARNINGS	65,193	68,723
RESERVES		
INDUSTRY CAPITAL GRANTS RESERVE		
Balance Brought Forward	3,718	3,996
Less: Depreciation of Industry Funded Assets	(315)	(278)
BALANCE AT YEAR END	3,403	3,718
ASSET REVALUATION RESERVE		
Balance Brought Forward	8,372	10,043
Plus: Buildings Revaluation Decrements	(749)	(1,616)
Less: Intangibles Revaluation Decrements	-	(55)
BALANCE AT YEAR END	7,623	8,372
TOTAL RESERVES	11,026	12,090

RESERVES

The Industry Capital Grants Reserve represents the written down value of Government funded capital assets that the Club has received. These assets are included in the total Property, Plant and Equipment figure in the Club's Balance Sheet.

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 \$566K of employer contributions in the year ended 31 July 2020 (2019: \$720K)

As at year end, the number of full-time equivalent employees working for the Club was 57 (2019: 71).

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 2019/20.

THOROUGHBRED RACING SA

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

	2020 \$000	2019 \$000
TRSA CONTRIBUTIONS		
Raceday	1,180	1,225
Training	513	495
On Course Stables (State Government)	95	-
Marketing	370	456
TOTAL	2,158	2,176
Nominations, Acceptances & Scratchings	939	1,111
Trainers Starter Fees	224	217
TOTAL	3,321	3,504
Office Rental	-	63
TOTAL TRSA CONTRIBUTIONS	3,321	3,567

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The Board Members receive no remuneration for their services.

NAME	BUSINESS	NATURE	2020 \$000	2019 \$000
P Kristoris	Leader Computers	IT Equipment	4	-

OTHER TRANSACTIONS OF THE BOARD

- The Chairman is entitled to an allowance of up to \$18,000 to assist with costs incurred in representing the Club during the year. The remaining Board Members are entitled to a reimbursement of their expenses not exceeding \$2,500 per annum for costs incurred in representing the Club. Reimbursement is only provided where the Board Members have incurred expenses that are directly related to furthering the 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.
- 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.
- During the year, goods were provided by the following Board Member's related entity:

Notes to the Financial Statements

KEY MANAGEMENT PERSONNEL COMPENSATION

	2020 \$000	2019 \$000
Short-term employee benefits	1,000	1,183

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.

13. Additional Profit or Loss Statement Information

	2020 \$000	2019 \$000
SUNDRY REVENUE		
The total Sundry Revenue amount in the Profit or Loss Statement includes:		
Government Grants Income – Jobkeeper Subsidy	1,392	-
The Salaries & Wages Expenditure in the Profit or Loss Statement has been grossed up by the total Jobkeeper Subsidy.		
HOSPITALITY EXPENDITURE:		
The total Hospitality Expenditure amount in the Profit or Loss Statement includes:		
Cost of Goods Sold	2,385	3,255

14. Revenue from Contracts with Customers & Other Revenue

	2020 \$000	2019 \$000
REVENUE FROM CONTRACTS WITH CUSTOMERS		
Hospitality Revenue	8,467	11,281
Venue Gaming Revenue	2,472	3,102
Totalisator Revenue	540	893
Sponsorship	1,433	1,431
Sundry Revenue	1,145	1,497
TOTAL REVENUE FROM CONTRACTS WITH CUSTOMERS	14,057	18,204
OTHER REVENUE		
Industry Contributions	3,321	3,504
Government Grants – Jobkeeper Subsidy & Cash Flow Boost	1,467	-
TOTAL OTHER REVENUE	4,788	3,504
TOTAL REVENUE	18,845	21,708

A breakdown of the split between Revenue from Contracts with Customers & Other Revenue is shown in order to provide more detail into the nature of the individual revenue streams of the Club.

Notes to the Financial Statements

15. Cash Flow Information

	2020 \$000	2019 \$000
(I) RECONCILIATION OF CASH		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:-		
Cash and Cash Equivalents	(900)	252
(II) RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT FROM ORDINARY ACTIVITIES		
(Deficit) from ordinary activities	(3,845)	(1,589)
Net Investment Income	230	(1,842)
Depreciation	2,670	2,432
Depreciation of Funded Assets	315	278
(Profit) on sale of property, plant and equipment	(14)	(15)
CHANGE IN ASSETS AND LIABILITIES		
(Increase) in receivables	(256)	(237)
(Increase) in inventory	(35)	(13)
(Increase) / Decrease in prepayments	92	(194)
Increase / (Decrease) in payables	(56)	203
Increase / (Decrease) in employee benefits	(122)	30
(Decrease) in other liabilities	(301)	(105)
NET CASH PROVIDED (UTILISED) BY OPERATIONS	(1,322)	(1,052)

16. Operating Leases

Due to the adoption of AASB 16 (See Note 1.8 and 1.14), leasing arrangements are only to be recognised as operating leases insofar as they relate to non-recognised 'short term' leases (Less than a year) or 'low value' leases (Less than \$10K).

As such, the operating lease commitments that have not been recognised in the Balance Sheet for the Club as at 31 July 2020 are: \$0K (as at 31 July 2019: \$151K).

17. Auditor's Remuneration

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

	2020 \$000	2019 \$000
AUDIT SERVICES		
Audit or review of financial reports	30	29
Non-audit services	-	-
TOTAL	30	29

Report & Statement by the Board

FOR THE YEAR ENDED 31 JULY 2020

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 29th day of October 2020

Signed in accordance with a resolution of the Board



Bob Holton
Chairman



Steve Kelton
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 36 - 55 for the year ended 31 July 2020, are in our opinion properly drawn up:

- (a) so as to present fairly the financial position of the Group as at 31 July 2020 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 29th day of October 2020

Signed in accordance with a resolution of the Board



Bob Holton
Chairman



Steve Kelton
Board Member

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

FOR THE YEAR ENDED 31 JULY 2020



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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of the South Australian Jockey Club Incorporated (the Entity) and its controlled entity (the Group), which comprises the SAJC and controlled entity balance sheet as at 31 July 2020, the SAJC and controlled entity statement of profit or loss and other comprehensive income, the SAJC and controlled entity statement of changes in equity and the SAJC and 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 2020, 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 the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have 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.

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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 *Associations Incorporation Act (SA) 1985* and for such internal control as the directors determine 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 ability of the group 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 intend 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 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

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, 30 October 2020







The reporting period timeframe is 1 August
2019 to 31 July 2020.

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