



ANNUAL REPORT

2012 / 2013



sajc.com.au





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Cover Photo: The new Morphettville Winning Post;
Courtesy of Sharon Chapman, Whole Package Photographics;
Adelaide Casino Adelaide Cup Day, Morphettville, 11th March 2013

**All images featured in this Annual Report were taken at Morphettville during the 2012/13 racing season*



The South Australian Jockey Club acknowledges all of our sponsors and thanks them for their support throughout the last 12 months.

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CHAIRMAN'S REPORT



CHAIRMAN, Tony Newman

On behalf of your Board I present the South Australian Jockey Club Inc. (SAJC) Annual Report and Statement of Accounts for the financial year 2012/2013.

FINANCIAL MATTERS

The Club's audited financial statements (including Norwood Community Club Inc.) reflect a profit of \$1.1 million, prior to recognising the prizemoney contribution to TRSA of \$2.5 million. This contribution results in a deficit of \$1.39 million.

We are now in the last year of the arrangement with TRSA, established by your then board in 2008, and your current board has advised TRSA the SAJC can no longer continue to make such a payment.

The Board has endeavoured to be fair and reasonable and will have provided over \$11 million in funds to TRSA. We have honoured the 2008 commitment, even before we have had access to the full investment income from the funds realised from the sale of Cheltenham. These contributions have caused our Club to report a deficit for the past three years. It is worth noting that we are the only race club in Australia making a contribution to the principal racing authority.

It is important for the entire South Australian racing industry that Morphettville is one of the best thoroughbred racing venues in Australia. Post 2013/14 we must address this aggressively for our members and all racegoers. Additionally, the Club will continue to be committed to ensuring the best horses in the land race at Morphettville, and will allocate substantial monies to achieve this end.

The environment in which we operate has a number of challenges.

We are seeing a redistribution of income away from our Club and directly to TRSA, as off course turnover increases at the expense of on course. This is having a major impact on the Club's revenue streams. In response to reducing revenue, the Board has supported the CEO in the introduction of a stringent cost containment program.

We cannot compromise on Occupational Health and Safety. We can however be innovative and creative in finding the most economical solution. The new horse walkway is one such example and I congratulate our staff for the result they have achieved.

The Board has increased the focus on the optimum utilisation of our assets. On a day to day basis there is a renewed focus on the profitable utilisation of our facilities.

At a broader level, we have commenced the development of a Masterplan for Morphettville. Greg Stewart is leading this initiative and his report is included in this Annual Report.

Allan Burchard, Chair of our Finance and Investment Committees will present a detailed financial report.





LIFE MEMBERS

Our constitution provides for admission to Life Membership to those members who have been a member of the Club for more than fifty years.

This year your Board recommends four members, who meet the above criteria, for your consideration and approval as Life Members: Desmond McNamara, Gwen Marmion, Bill Cooper and Graham Fricker.

OUR PATRONS

Our Club is privileged to have the Governor of South Australia, His Excellency Rear Admiral Kevin Scarce, A.O., C.S.N., R.A.N., as a Patron. The Governor and his wife are valued supporters of our Club and we thank them for their involvement with the SAJC.

Thanks also to Robert Gerard A.O. Robert's strong and ongoing support and commitment to our Club is very much appreciated.

SOUTH AUSTRALIAN GOVERNMENT

It has been our pleasure to welcome Minister for Sport and Recreation, Leon Bignell to Morphettville on a number of occasions during the season. The Minister has also been generous in making time available to meet with us and we appreciate his genuine interest in the SAJC.

STATE OPPOSITION

Iain Evans, as the Shadow Minister for Racing has spent considerable time understanding the issues faced by our Club. His pro-active approach in support of the SAJC is very highly valued.

Thanks also to Terry Stephens, whose wise counsel is much appreciated.

SPONSORS

It was with great pleasure we recently announced TattsBet had agreed to expand their long standing relationship with our Club. TattsBet will become the naming rights sponsor of the Adelaide Cup and the Adelaide Autumn Racing Carnival.

The Club also thanks the Adelaide Casino which has, after nine years, relinquished the naming rights to the Adelaide Cup. The Adelaide Casino will continue their involvement with the SAJC and will have hospitality venues on course on our major race days.

On behalf of the Club I thank all of our sponsors which are acknowledged in this report.

ADELAIDE CUP DAY

Together with TRSA, the Board continues to take all possible steps to deliver a May Adelaide Cup as part of the Adelaide Autumn Racing Carnival in 2015. A Monday public holiday is the preferred timing.

Unfortunately this year's Cup attendance and financial result were adversely impacted by the extreme heat, not only on the day, but in the week preceding.





PENANG TRIP

After some years, we have reactivated our relationships with the Penang and Singapore Turf Clubs. Those who travelled to Penang this year have declared the trip, hosted by Steve and Liz Kelton, an outstanding success. We are working to offer more opportunities for members to enjoy each other's company at overseas racing events.

COMMERCIAL VENUES

The Board remains committed to relocating the Cheltenham Lucky Horseshoe, and building a sports and community club in the St Clair development on the site of the Cheltenham racecourse. In the meantime, the Lucky Horseshoe continues to operate and make a significant contribution to our Club.

Morphettville Junction is a very important contributor to the finances of our Club. After a period of negotiation, we were delighted to obtain a TattsBet agency in March. If you have not been to the Junction for some time, we encourage you to call in and enjoy the wonderful food and facilities.

BOARD MEMBERS

Our Board operates a number of Committees. This Annual Report includes a summary of the major activities of each of these.

On your behalf, I thank my fellow Board members who voluntarily give their expertise and time, and who work assiduously for the benefit of our Club and the racing industry.

A special thanks to Rob Rorrison who was only with us for a short time before relocation to Hong Kong.

THANKS

It is often said that an organisation's people, are its greatest assets. The SAJC is fortunate to have a team of excellent people.

In particular, thanks to Lyn Roberts, who in addition to her role as the Executive Assistant to our CEO, provides outstanding support to all members of the Board.

Our CEO, Brenton Wilkinson, continues to lead our Club with vision and passion. On behalf of the Board, I thank him for his commitment to the SAJC.

Finally my thanks to you, our members, for considering me worthy of being a member of the Board of our Club. Thanks also to my fellow directors for their support in the role of Chairman.

Racing and the South Australian Jockey Club are a big part of my life and it is an involvement I truly enjoy.

A handwritten signature in black ink, appearing to read 'A.P. Newman'.

A.P. (Tony) Newman
CHAIRMAN





CHIEF EXECUTIVE OFFICER'S REPORT



CHIEF EXECUTIVE OFFICER, Brenton Wilkinson

This year has been one of challenges and achievements which have been highlighted in the reports from the Chairs of the various Committees in this year's Annual Report.

The rebranding of Morphettville as a destination has been very positive with increased enquiries for non-raceday activity. This is a key focus of our Strategic Plan to grow the use of our assets on the 300 days that we do not host racing at Morphettville to financially boost the Club's income streams.

We were successful in having a TAB terminal installed at the Morphettville Junction on 7th March 2013, in time for the Adelaide Casino Adelaide Cup. Since then the turnover and popularity of our Sports Bar has seen us successful in having a second terminal installed. Our Members and patrons can now enjoy a meal at our venue and enjoy the convenience of betting facilities.

OUR BOARD

The role of the Board elected by you, our Members, has always been of great importance to our Club. I recognise the enormous amount of time contributed by everyone on the Board as they bring a very diverse skillset to the Club and give of their time unconditionally. Their guidance and support to me in my role and to the Executive Management team is greatly appreciated and holds us in good stead for the future. The commitment by our Board to raceday attendance is exemplary.

Tony Newman as Chairman, provides strong leadership and attends all committee meetings in an ex-officio capacity providing wise counsel on all matters facing the Club.

Chris Sargent's legal background has been invaluable at meetings. Chris chairs the Risk and Governance Committee which has the challenges of Workplace Health and Safety into the future. His knowledge and understanding in this area is of great support to me in my role as CEO and to the Board.

The countless hours contributed by Allan Burchard as Chairman of both the Finance and Investment Committees has contributed to improved financial transparency and greater understanding of the Club's financial position. Your efforts are greatly appreciated Allan, particularly by our Finance team.

Steve Kelton's intrinsic knowledge of all things racing has been a significant contributor to the Club, especially at Racing Committee and SABOIS meetings. Steve has willingly assisted with a number of other projects during the year and is always available at short notice.

Our Masterplan Committee is chaired by Greg Stewart, and his enthusiasm for this project is encouraging. This is a major project for the Club to undertake and it is important that we recognise ALL the opportunities that we have for better utilisation of our facilities whilst planning all future works for the long term utilisation of our asset.





Bodelle Francis-Lee and Olivia Nunn have engendered their passion for racing with their support of marketing the Club's facilities and endeavours to encourage more young people to become involved in racing at our Club. It is extremely important that we attract future generations to racing whether it is for the entertainment aspect or the traditional love of the equine athlete. The knowledge of these two ladies extends well past the marketing side of the business, and their involvement at Committee and Board Meetings always adds a different and valuable perspective.

With his vast knowledge of the racing industry, Bob Robertson has been able to provide much needed insight to the history of the Club, especially in the field of wagering.

Several of our Board Members have full time work commitments and it can be difficult to balance work and being a Board Member. Those of you in this position have done this extremely well.

OUR STAFF

Finally, I acknowledge the solid contribution of my Executive Management Team and all staff members, permanent and casual, for their efforts and dedication to the Club during the past year. We hold staff information sessions quarterly and I attend departmental meetings from time to time. The energy and feedback from our team is exciting. I am extremely fortunate to work with people who are actually very proud of the SAJC and want the Club to be prosperous and presented in the best possible way on a weekly basis to you, our Members and all racing enthusiasts. I thank you all.

I am very proud and privileged to be in the position of CEO of this prestigious Club and look forward to working with everyone in the ensuing years.

A handwritten signature in dark ink, appearing to read 'Brenton Wilkinson'.

Brenton Wilkinson
CHIEF EXECUTIVE OFFICER





STATISTICAL DATA

Year Ended	2013	2012	2011	2010	2009	2008
MEMBERSHIP						
Total Members	1,563	1,802	1,610	1,703	2,017	1,725
RACING						
Race Meetings	60	61	66	68	63	65
Races Run	479	492	526	549	508	520
Nominations	7,306	7,752	8,888	8,681	7,728	7,877
Starters	4,546	4,654	5,294	5,424	5,082	5,375
ON-COURSE TURNOVER (\$000)						
Totalisator	12,814	15,023	14,188	14,876	15,103	14,725
Bookmakers	16,896	21,771	30,445	35,809	35,703	46,435
Total Turnover	29,710	36,794	44,633	50,685	50,806	61,160





FEATURE RACE WINNERS 2012/13

STAKES	RACE NAME (Registered Name)	WINNER	TRAINER	JOCKEY
GROUP 1				
\$500,000	DISTINCTIVE HOMES GOODWOOD (Goodwood Handicap)	Platelet	Darren Weir	Ben Melham
\$500,000	CENTREBET SOUTH AUSTRALIAN DERBY	Escado	Matt Laurie	Ben Melham
\$400,000	SPORTINGBET CLASSIC (Robert Sangster Stakes)	Platelet	Darren Weir	Ben Melham
\$400,000	SCHWEPPES OAKS (Australasian Oaks)	Maybe Discreet	Phillip Stokes	Dom Tourneur
GROUP 2				
\$400,000	ADELAIDE CASINO ADELAIDE CUP	Norsqui	Walter McShane	Chris Symons
\$250,000	CENTREBET CLASSIC (Euclase Stakes)	Lonhspresso	Darren Weir	Ben Melham
\$175,000	TATSBET QUEEN OF THE SOUTH STAKES	Star of Giselle	Matthew Ellerton & Simon Zahra	Brad Rawiller
GROUP 3				
\$150,000	R A LEE STAKES	Linton	John Sadler	Jamie Mott
\$115,000	SPRING STAKES	Happy Trails	Paul Beshara	Jason Holder
\$115,000	BOAG'S LORD REIMS STAKES	My Ex Mate	Peter F Blanch	Dom Tourneur
\$115,000	BREEDERS STAKES	Big Chill	Mathew Ellerton & Simon Zahra	Adrian Patterson
\$115,000	SCHWEPPERESCENT STAKES (Auraria Stakes)	Global Balance	David Hayes	Matthew Neilson
\$115,000	R N IRWIN STAKES	Kulgrinda	Peter G Moody	Daniel Stackhouse
\$115,000	SPORTINGBET SOUTH AUSTRALIAN SIRES PRODUCE STAKES	The Voice	Tony McEvoy	Paul Gatt
\$115,000	D C MCKAY STAKES	General Truce	Ricky Maund	Nicholas Hall
\$115,000	CHAIRMAN'S VEOLIA STAKES	Hioctdane	Richard Jolly	Paul Gatt
\$115,000	SPORTINGBET SA FILLIES CLASSIC	Wowiee	John Sadler	Nicholas Hall
\$115,000	THE JANSZ (National Stakes)	Vivi Veloce	Lloyd Kennewell	Dwayne Dunn
\$100,000	QUEENS CUP (Port Adelaide Cup)	Motivado (GB)	David Hayes	Stephen Baster





FEATURE RACE WINNERS 2012/13

STAKES	RACE NAME (Registered Name)	WINNER	TRAINER	JOCKEY
LISTED				
\$100,000	EXPRESS COLOUR PRINTING DEQUETTEVILLE STAKES	Calcatta	Robert Smeardon	Nicholas Hall
\$100,000	CENTREBET PROUD MISS STAKES	Assertive Eagle	Tony McEvoy	Nicholas Hall
\$100,000	CENTAUREA STAKES	Lake Sententia	Darren Weir	Michelle Payne
\$100,000	DARLEY LAELIA STAKES	Keyarna Blue (NZ)	Pat Hyland	Michael Walker
\$80,000	SPORTINGBET PENNY EDITION STAKES	Southern Speed	Leon Macdonald & Andrew Gluyas	Clare Lindop
\$80,000	VEOLIA MORPHETTVILLE GUINEAS	Maybe Discreet	Phillip Stokes	Paul Gatt
\$80,000	CENTREBET W H WYLIE HANDICAP	Achenar	Annette Morrison	Daniel Moor
\$80,000	EXPRESS COLOUR PRINTING STAKES (Tokyo City Cup)	Bagman	Sam Kavanagh	Shayne Cahill
\$80,000	HILL SMITH STAKES	Hioctdane	Richard Jolly	Paul Gatt
\$80,000	DURBRIDGE STAKES	Classy Chloe	John Hickmott	Adrian Patterson
\$80,000	CITY OF MARION STAKES	Hidden Value	Trevor Dansie	Simon Price
\$80,000	ADELAIDE GALVANISING CHRISTMAS HANDICAP	Hidden Value	Trevor Dansie	Simon Price
\$80,000	QUEEN ADELAIDE STAKES	Za Moulin Rouge	Mark Kavanagh	Joe Bowditch
\$80,000	HOLDFAST INSURANCE BIRTHDAY CUP	Pelicano	Tony McEvoy	Matthew Neilson
\$80,000	PROJECTION GRAPHICS REDELVA STAKES	Agulhas	Peter Snowden	Jake Noonan
\$80,000	SCHWEPPES C S HAYES STAKES	Gold Sand	Lee & Shannon Hope	Craig Williams
\$80,000	SPORTINGBET STAKES (Cinderella Stakes)	Bring a Ring	Tony McEvoy	Matthew Neilson
\$80,000	SLOANS SANDS MATRICE STAKES	Just Discreet	Phillip Stokes	Adrian Patterson
\$80,000	MARSH PORT ADELAIDE GUINEAS	High Esteem	Peter G Moody	Daniel Stackhouse
\$80,000	HC NITSCHKE STAKES	General Peekay	Mick Price	Paul Gatt
\$80,000	HOLDFAST INSURANCE CITY OF ADELAIDE HANDICAP	Linton	John Sadler	Jamie Mott
\$80,000	ADELAIDE CASINO OAKLANDS PLATE	Eagle Island	David Hayes	Paul Gatt
\$80,000	ADELAIDE GALVANISING ADELAIDE GUINEAS	General Peekay	Mick Price	Paul Gatt
\$80,000	THE PAUL'S MANIHI CLASSIC	Planet Voyage	Peter G Moody	Dom Tourneur
\$80,000	LIGHTNING STAKES	Prettyhappyaboutit	Robbie Griffiths	Dom Tourneur





BOARD OF DIRECTORS




Back Row (Left to Right):
Olivia Nunn, Bob Robertson,
Greg Stewart, Steve Kelton,
Bodelle Francis-Lee

Front Row (L - R):
Chris Sargent, Tony Newman,
Allan Burchard

Photo: Courtesy Terry Hann,
Atkins Photography

ATTENDANCE AT MEETINGS 2012/13

	Board Meetings		Finance Committee		Investment Committee		Business Development Committee		Risk & Governance Committee		Racing Committee		Master Plan Committee	
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
Tony Newman	9	9	*	9	*	7	*	7	*	5	-	-	-	-
Chris Sargent	9	8	-	-	-	-	-	-	5	5	-	-	-	-
Allan Burchard	9	9	11	11	9	9	-	-	-	-	-	-	-	-
Bodelle Francis-Lee	9	9	-	-	-	1	9	9	-	-	5	3	-	-
Steve Kelton	9	9	7	6	7	6	-	-	-	-	5	5	2	2
Bob Robertson	9	9	-	-	9	8	9	8	-	-	5	3	-	-
Greg Stewart	9	9	-	1	-	1	-	1	-	-	5	3	2	2
Olivia Nunn	5	5	6	5	6	6	6	5	-	-	-	-	-	-
Rob Rorrison	3	3	4	3	3	3	-	-	-	-	-	-	1	1
David Peacock	4	4	3	3	3	3	-	-	-	-	-	-	-	-

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

(b) Number of meetings attended

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

In addition, the Performance Review and Remuneration Committee comprising of Messrs Kelton, Burchard and Newman met on 2 occasions during the 2012/13 year, and Steve Kelton was the Board representative on the EBMS Executive Committee which met 6 times during the year.





BOARD OF DIRECTORS



TONY NEWMAN, Chairman

Tony has been a member of the SAJC since 2003 and was elected to the Board in 2009. He has raced horses with friends since 2002. Prior to retiring from full time employment he worked for Mitsubishi Motors where he held senior executive positions in Finance, Purchasing, Sales and Marketing and Information Technology. He races a number of horses with family and friends. Away from racing Tony is Chairman of Alzheimer's Australia South Australia and a Director of Orana. Tony was elected as Chairman of the SAJC Board in 2012.

Committees – Ex-officio to all Board sub-committees



CHRIS SARGENT, Vice Chairman

Chris has been a member of the SAJC since 2003 and was elected to the Board in 2009. He is a lawyer with over 30 years' experience specialising in employment related issues. He has been a partner at Thomson Playford and Donaldson Walsh. He is currently a consultant for national law firm Sparke Helmore Lawyers. He has also had extensive management experiences and is a mediator with qualifications in training, management and occupational health and safety. He is also a passionate racehorse owner.

Committees – Chair of Risk & Governance



ALLAN BURCHARD, Deputy Vice Chairman

Allan has been an SAJC member since 1982. As a Chartered Accountant and partner in the accounting and advisory firm, KPMG, Allan was responsible for the audit of the SAJC for some 15 years until 1998 when he accepted a position with responsibility for the firm's operations in Central Asia. He retired from KPMG in 2001 on completion of that assignment. Allan's interest in racing dates back to his teenage years in the South-East, and he currently owns shares in a number of horses. Allan continues to provide advisory services to the private sector.

Committees – Chair of Finance, Chair of Investments, Member of Performance Review & Remuneration



BODELLE FRANCIS-LEE

A member of the SAJC since 2002, Bodelle has been involved in the racing industry from a young age and has had great success in racing syndicates. Bodelle is the Operations Manager for the Francis Group, with a portfolio currently consisting of four hotels, Finnis Lodge Thoroughbreds and the newly established Finnis General Store and Fodder Shop. She has a Bachelor Degree in International Hotel Management (Swiss Hotel Association) and in 2006 was awarded the Australian Hotels Association's National Young Hotel Manager of the Year award. Bodelle is also a Director of the ICHM College Council.

Committees – Chair of Business Development, Member of Racing





BOARD OF DIRECTORS



STEVE KELTON

Steve has had a long term interest in horse racing and rarely misses a Saturday meeting. Steve owns, breeds, races horses and has been an SAJC member for over 20 years. Steve has a strong corporate background in leadership and management; this has provided him with significant experience in corporate governance, marketing and budgeting. He has a proven track record working within large, complex organisations as a team player and a person with energy, capacity and common sense. Steve's philosophy is to work with people to achieve agreed outcomes. He is committed to change, growth and development, he values consultation and communication with members and all industry stakeholders

Committees – Chair of Racing, Chair of Performance Review & Remuneration, Chair of EBMS Executive, Member of Finance, Member of Investment



GREG STEWART

As an 18 year old in Darwin, Greg took part time employment as a bookmaker clerk, and so began his passion for, and love of horses and all things racing. Greg is a Director of a number of companies with interests in insurance, finance and car rentals (including Macquarie Premium Funding and Steadfast Conventions Pty Ltd). For over 21 years, Greg has been Managing Director of Holdfast Insurance Brokers Pty Ltd. Greg and his wife race horses throughout SA and the NT.

Committees – Chair of Master Planning and Member of Racing



BOB ROBERTSON

Bob first became a member of the SAJC in 1959 whilst completing his Bachelor of Economics Degree. He has been heavily involved in the racing industry since 1969 when he established a computerized thoroughbred form analysis business. In the 1970s and 1980s, he with some close friends and family raced many horses with great success including seven Group 1 victories. Bob's current term aside, he has been on the SAJC Board on two previous occasions, 1982 - 1986 and 1992 - 1996.

Committees – Member of Racing, Business Development and Investment



OLIVIA NUNN

A SAJC young member since 2003, Olivia's passion for horse racing began in far North South Australia, where she and her family were actively involved in the rural gymkhana and race meeting circuit. Olivia is a Project Manager and Business Consultant with Aurecon Australia, a global technical consulting organisation. She is a member of the Australian Institute of Project Management and has a Masters Degree in Project Management and a Bachelor Degree in Business (International) and Arts (International Studies). Olivia has represented South Australia in the National Melbourne Cup Myer Fashions On The Field Competition.

Committees – Member of Business Development, Investment and Finance





FINANCE AND INVESTMENT COMMITTEE REPORT



CHAIRMAN OF FINANCE AND INVESTMENT COMMITTEE, Allan Burchard

The 2012/13 financial results for SAJC reflect the changing make-up of the Club's operations now that the financial impacts of the consolidation from three racecourses in 2009/10 to one, at Morphettville, have been finalised. The results for the 2012/13 year discloses profit for the SAJC of \$1.11 million (2012: \$0.1 million), prior to recognising the prizemoney contribution to Thoroughbred Racing South Australia ("TRSA"), of \$2.5 million (2012: \$2.4 million).

The financial results from each of our business activities continue to challenge your Board and management team. However, the benefit of the Club's decision to actively manage the investment funds arising from the sale of Cheltenham is now readily apparent with investment earnings of \$5.7 million substantially exceeding previous years, and our budget for the 2012/13 year. The following three year summary, and commentary, highlight the changes in our financial performance over that time, and the challenges we face.

FINANCIAL SUMMARY	NOTE	2013	2012	2011
		\$000	\$000	\$000
BUSINESS ACTIVITIES				
Racing	1.1	(1,663)	(831)	66
Hospitality	1.2	567	997	669
Licensed Venues	1.3	1,845	1,964	2,269
CONTRIBUTION FROM RECURRING BUSINESS ACTIVITIES	1	749	2,130	3,004
Overhead Costs	2	(2,298)	(2,745)	(2,425)
Interest / Investment Earnings	3	5,731	3,374	1,665
SURPLUS FROM BUSINESS AND INVESTMENT ACTIVITY, BEFORE NON-CASH ITEMS		4,182	2,759	2,244
NON-CASH ITEMS				
Investment Amortisation		-	778	778
Depreciation	4	(3,070)	(2,794)	(2,628)
SURPLUS BEFORE NON-RECURRING ITEMS		1,112	743	394
Additional Investment Amortisation		-	340	-
Additional Depreciation (asset write-off)		-	(772)	-
Employee Severance Payments		-	(200)	-
SURPLUS BEFORE PRIZEMONEY CONTRIBUTION		1,112	111	394
Prizemoney Contribution	5	(2,500)	(2,400)	(1,800)
(DEFICIT) FOR THE YEAR		(1,388)	(2,289)	(1,406)





COMMENTS / NOTES

1. CONTRIBUTION FROM RECURRING BUSINESS ACTIVITIES

1.1 RACING

Racing continues to be challenged by the combined pressures of declining income streams, primarily from on-course gaming, and increasing costs. The costs of maintaining the racing and training tracks and facilities at Morphettville have in recent years been substantially funded by a combination of on-course totalisator commissions, bookmakers' commissions and TRSA training and track usage subsidies. As costs have increased, on-course betting turnover has declined, and TRSA contributions have remained relatively consistent, it has become clear that racing activities are no longer a source of profit for the Club, but have become a significant cost centre.

SAJC recognises the fundamental importance of maintaining first class racing and training facilities and will not compromise on this basic objective. During 2012/13, SAJC has incurred costs of \$407,000, to reconstruct the base to the sand track and to re-align portions of it. In conjunction with that process, your club also incurred an unbudgeted cost of \$230,000 on repairs to the Pro-ride training track. These costs were met from the earnings of the Investment Fund.

On course tote turnover declined by over 28% to just under \$1.6 million, and after costs, the tote profit reduced by over \$500,000 to \$743,000. The decline in on-course tote and bookmaker turnover is a significant concern and can be attributed to a combination of factors, including:

- The diversion of traditional on-course tote betting to off-course wagering operators,
- The move away from traditional pari-mutual betting to fixed odds betting, which provides a significantly lower margin to SAJC,
- Continuing low attendances, a problem being experienced Australia wide, and world-wide, especially outside of the major carnivals,
- The economic climate impacting on punters' available funds

The SAJC remains convinced that a significant part of the wagering income which has traditionally been earned directly by the Club is now being redirected to the off-course wagering operators.

The costs of funding our racing and training facilities will continue as a major challenge for SAJC in future years.

Similarly, the need to strike a balance between prizemoney allocations and the costs of infrastructure development and maintenance will continue as a challenge for racing administrators in South Australia in years to come.

1.2 HOSPITALITY

The "Hospitality" section of our business is that part which manages race day catering as well as non-race day utilisation of Club facilities. Results were below budget for this year, and also below the 2011/12 result primarily because of a significant short fall in profits (approximately \$300,000) on Adelaide Cup Day, when attendances were significantly reduced due to extreme heat in the days leading up to, and including, Cup day.





1.3 LICENSED VENUES

The profits at Morphettsville Junction were marginally lower than the previous year. We are encouraged by recent initiatives introduced by management which have resulted in significant improvements. The turnover and profits from the Lucky Horseshoe facility at Cheltenham held up very consistently, an admirable performance given the construction which was going on all around the facility throughout year.

2. OVERHEAD COSTS

Significant savings were achieved in 2012/13 in the areas of administration salaries and wages, and legal and professional costs, combined with a more targeted approach to marketing costs.

3. INVESTMENT EARNINGS

Investment Earnings came from the following sources:

	2013	2012	2011
	\$000	\$000	\$000
Investment Manager Earnings	4,110	861	-
Interest on Developer Loans	1,581	2,003	621
Interest on Club Funds	40	312	959
TRSA Loan Interest	-	198	85
TOTAL INTEREST INCOME	5,731	3,374	1,665

The change in the nature of investment earnings reflects the collection of funds from the Cheltenham Developers, and the redirection of those funds to the appointed investment managers. Further details are included in the Investment Fund report below.

Investment Manager earnings represent the returns from investments with the three Investment Managers (RBS Morgans, Perpetual and Blackrock). Returns for the year averaged 15.8% (2011/12: 5.56%).

4. DEPRECIATION

Accounting Standards will always require depreciation charges to be incurred over the estimated useful lives of the many assets we have, virtually all of which are at or adjacent to the Morphettsville Racecourse.

Because of the nature of the Club assets, we will continue to incur depreciation charges of similar magnitude to the 2012/13 charge of \$3.1 million per annum.

5. PRIZEMONEY CONTRIBUTION

In 2008, the then SAJC Board committed to assist TRSA with a special "Prizemoney Contribution", totalling \$10.25M over a period of, initially 5 years to 31 July 2013, to be funded from earnings from the proceeds of the Cheltenham Land Facilitation Agreement ("LFA"). This commitment was increased to \$11.35M over a six year period ending on 31 July 2014 as approved by members at the 2011 Annual General Meeting.





In addition to the cost of \$2.5 million accrued in the 2012/13 financial statements, your Club will incur additional costs of \$2.75 million in 2013/14. No commitment has been entered into beyond 31 July 2014. As at 31 July 2013, \$1.875 million being 75% of the contribution of \$2.5 million remained unpaid in accordance with the payment arrangements agreed with TRSA. During the year, a total of \$3.025 million was paid to TRSA.

It is noted that without this Prizemoney Contribution, the SAJC would have returned a profit in each of 2011, 2012 and 2013.

CAPITAL PROJECTS

A number of Capital Projects have been undertaken during the year. Total capital expenditure (including GST) on those projects for 2012/13 was \$1.767M (2011/12: \$5.543M) detailed as follows:

CAPITAL PROJECTS	
ITEM	SPEND \$000
Sand Track Renovation	407
Event Management IT System (EBMS)	286
Morphettville Signage	219
Training Stalls Rubber	150
Cheltenham Legal Costs	105
Other Projects (individually less than \$100K)	600
TOTAL CAPITAL EXPENDITURE	1,767





SAJC INVESTMENT FUND

- During the year:
 - o Term deposits held at 31 July 2012 have been re-invested with the appointed Investment Managers
 - o In July 2013, the Joint Venture repaid \$7.5M in accordance with the LFA which was renegotiated in 2012
 - o The Prizemoney Contribution of \$2.4M due to TRSA as at 31 July 2012 has been paid, along with the first quarter (\$625,000) of the contribution due for the 2012/13 year
 - o The Club, and the Fund, has recognised a liability of \$2.5M to TRSA for the Prizemoney Contribution for the 2012/13 year of which \$625,000 was paid during the year.
- Impressive gains have been reported by each of the Investment Managers
- The net assets of the Fund as at 31 July 2013 slipped from \$49.479M, to \$49.406M, below the threshold of \$50.0M which we have set out to maintain. The contributing factors to this:
 - o The need to subsidise racing costs, including track maintenance costs, as outlined in the Finance Report
 - o Ongoing capital expenditure (as outlined on page 18 of this Annual Report)
 - o The allocation of \$2.5M of 2012/13 investment earnings as a Prizemoney Contribution to TRSA in accordance with previously agreed commitments.

As disclosed in our audited balance sheets as at 31 July, our investment funds consist of:

	2013	2012	2011
	\$000	\$000	\$000
Total amount due from Developer	15,000	22,500	28,882
Perpetual	12,747	7,424	-
RBS Morgans	10,540	9,699	-
Blackrock	8,740	5,084	-
Investment Cash Account	4,254	1,172	-
Term Deposits	-	6,000	20,000
Amount Loaned to TRSA	-	-	4,000
TOTAL ASSETS	51,281	51,879	52,882
LESS: AMOUNT DUE TO TRSA	(1,875)	(2,400)	(1,350)
NET ASSETS	49,406	49,479	51,532

As at 30 September 2013, the unaudited net assets of the SAJC Investment Fund have increased to \$49.813M (from \$49.406M as at 31 July 2013).





INVESTMENT OF FUND ASSETS

Funds are invested in accordance with a Board approved Investment Strategy. The overall management of the SAJC Investment Fund is the responsibility of the Investment Committee, a Board sub-committee, which is accountable for the monitoring and review of the performance of the investments and the fund managers, and ensuring that investments are conducted in accordance with the Investment Strategy.

Returns received from investments during the 2013 financial year have generally been excellent. The overall weighted average return on investments for the year was 11.83% consisting of 7.15% on the Joint Venture funds of \$22.5 million and 15.8% on the funds held by our investment managers. The overall allocation of funds is still heavily weighted to defensive assets (63.0%; 2012: 82.4%) compared to growth assets (37.0%; 2012: 17.6%), reflecting the significant funds to be repaid by the Joint Venture in July 2014.

When the Joint Venture funds are received, the investment holdings will move closer to the Investment Strategy target allocation of 40% defensive assets and 60% growth assets. It is this target allocation of funds that the Board believes the SAJC will require to be able to generate sufficient funds to maintain the Club's activities and infrastructure.





BUSINESS DEVELOPMENT COMMITTEE REPORT



CHAIRMAN OF THE BUSINESS DEVELOPMENT COMMITTEE, Bodelle Francis-Lee

The **Business Development Committee** was established to determine, discuss and review strategies relating to the marketing and sales of SAJC products. This includes the review of marketing strategies, membership initiatives, sponsorship pipelines and major events.

The primary objectives are to increase patronage on course through innovative feature race days and membership, increase revenue through non race day markets and provide exemplary Hospitality services. It has been a successful year with many long term projects coming to fruition. The new Morphettville branding is the most visible and has given the Club the opportunity to update our image and broaden the scope of our product to potential new markets. Increased focus and attention has been given to growing our non race day revenue and better utilise the diverse facilities we have for events such as weddings, conferences and expos. The Club is also successfully utilising less conventional, yet proven marketing channels via Social Media.

There have also been some integral changes made to membership this financial year. The membership packs have a new look and feel, reflecting our updated branding and also contain more information in relation to the Club and the course. New initiatives to stimulate growth in membership include the introduction of the Winning Owner membership and a Season Pass. This year we have held two new members events; the Ladies on Track Luncheon and the Young Members Forum – both were a proven success and further events have been planned.

Sponsorship continues to be a key focus and with the recent recruitment of a Sales and Sponsorship Manager, we expect to see growth in this area of the business. We are also very proud to announce TattsBet joining as our major sponsor for the Adelaide Cup. Our Commercial Operations are performing well, with the Morphettville Junction in particular going from strength to strength since the recent addition of our TAB agency.

RISK AND GOVERNANCE COMMITTEE REPORT



CHAIRMAN OF THE RISK AND GOVERNANCE COMMITTEE, Chris Sargent

The purpose of the **Risk and Governance Committee** (previously referred to as the Administration and Governance Committee) is to overview those issues and matters that may give rise to potential legal risks within the governance of the Club. Such matters include:

- Ensuring compliance with Constitutional provisions
- Ensuring procedural compliance with Tenders
- Ensuring contractual compliance by external providers in the delivery of certain services e.g. computer upgrades
- Scrutinising and recommending new member applications
- Reviewing compliance with Occupational Health and Safety Laws including the approval of ancillary OHS policies





RISK AND GOVERNANCE COMMITTEE REPORT

- Reviewing leases and conducting negotiations.
- Analysis of Risk and Hazard.
- Overviewing any legal issues and instructing the Club solicitor.

The above matters arise through the course of business 24/7 and require constant attention and review.

Over the last four years, the Committee has spent considerable time reviewing all business processes and ensuring there are policies and planning criteria established to ensure that appropriate levels of advice are provided to the Board Directors and to ensure that there is a full commitment to the various strategies and targets set by the Board.

The Committee works on the premise that if there is one bad or weak link in our processes then there is a potential risk. However, merely having a good system is not enough. There must be rigour and consistency in the way the system is implemented and managed i.e. delivery is a very important part of the process along with monitoring and reviewing on a regular basis.

In the last twelve months, the Committee has focused on the following activities:

- Review and negotiations with parties on the EBMS contract,
- Review and negotiations with lessee on the Trainer's Café lease,
- Review of all OHS policies and presenting Board with paper on Board responsibilities for OHS under the new legislation.
- Discussions regarding the renewal of Club's Enterprise Bargaining agreement
- Drafting Board Member's Privacy and Protection Policy
- Drafting Policy on Archiving of Club documents
- Finalising legal disputes

Future activities include the preparation of a social media policy, a review of our confidentiality policy and our emergency procedures plans.

The one thing that Club members want from this Committee is "no dramas" and I am pleased to report at this time the Club is in a very healthy state in terms of any exposure to any legal actions. Members would have seen the new walk way for horses to be moved from the training facilities to the race day stalls. Certainly the Committee has been very strong on ensuring that all members, patrons and the public at large are protected from any risk of injury and I would like to thank Jason Paech for his efforts in getting the walkway up and running.

In closing, I would like to thank all the members of the Committee for their due diligence in ensuring that all the nuts and bolts of risk management within the Club are well oiled and are holding together.





MASTER PLAN COMMITTEE REPORT



CHAIRMAN OF THE MASTER PLAN COMMITTEE, Greg Stewart

The SAJC has formed a **Master Plan Committee** to deliver an assessment of surplus land around the Morphettville precinct and consider potential future uses for this land that will complement events at South Australia's premier racing centre.

The assessment process will identify possible development opportunities and establish a strategy that will improve the existing facilities at Morphettville. Importantly, it will ensure every asset under SAJC ownership is being utilised in the best interests of the Club and its members.

There is a broader context for the work to be conducted by the Master Plan committee. This includes the State Government's 30 Year Plan for Greater Adelaide, ongoing town planning requirements and the SAJC's continued compatibility with neighbouring precincts.

Preliminary investigations have commenced and an interim report will be presented to the SAJC Board later this year that addresses high level development opportunities, an urban economic analysis and a recommended strategy that achieves objectives in the best interests of members.





RACING COMMITTEE, EBMS EXECUTIVE COMMITTEE AND THE PERFORMANCE REVIEW AND REMUNERATION COMMITTEE REPORTS



CHAIRMAN OF THE RACING COMMITTEE, EBMS EXECUTIVE COMMITTEE AND THE PERFORMANCE REVIEW AND REMUNERATION COMMITTEES, Steve Kelton

The **Racing Committee** was established to oversee the principal racing activities and act as an intermediary between the key racing stakeholders (trainers, jockeys, etc) and the Board.

During the year, the Committee has developed a policy for the location and operation of on course Bookmakers, has analysed the effects of on course Tote fixed odds, planned the new horse access and egress and monitored a wide range of other issues. It has also prioritized work on the Pro-Ride track upgrade and the renovations to the sand track, addressed OH & S issues in the training facilities, the placement of rubber matting in the raceday and training stalls and met with Trainers and Riders as required.

The **EBMS Executive Committee** was established to oversee the implementation of an integrated business information system, the Ungerboeck Systems International EBMS IT system.

The EBMS system is a comprehensive integrated events management system. A significant factor in its selection is that it is already in use in a number of Australian Racing Clubs, as well as the major event management businesses throughout the country (including Adelaide Entertainment Centre and the Convention Centre). The system incorporates Events (bookings and coordination), Catering (menu control and margins, orders, stock as well as profit and loss), Facility Maintenance (logging of jobs, productivity and activity, preventative maintenance and resource utilization), Finance (data entry, invoicing, correct coding of events, online bookings, receipting and refunds) and all aspects of Membership.

The implementation of the system is well underway with most components, including Events, Membership and Finance already "live". The EBMS system will reduce duplication and double handling and increase business efficiencies. In addition it will enable the Club to provide better services to members and clients.

The **Performance Review and Remuneration Committee** was established to consider and assess the performance of executives and determination of the appropriate salary remuneration. Due consideration is given to cost of living changes, organisational requirements and other relevant external factors. It also acts as a sounding board to the CEO in respect of the SAJC management structure.

The Committee works from the belief that the performance and culture of the SAJC is closely related to the performance of the CEO. As such detailed performance and development reviews are conducted twice per annum.





UNAUDITED SEGMENTED OVERVIEW OF THE SAJC'S PERFORMANCE 2012/13

	RACING		HOSPITALITY		LICENSED VENUES		TOTAL	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
REVENUE								
Hospitality - Food & Beverage Sales	-	-	5,622	6,975	2,438	2,459	8,060	9,434
Net Gaming Revenue	-	-	-	-	5,738	5,939	5,738	5,939
Tote Revenue	1,592	2,225	-	-	-	-	1,592	2,225
Property Income	1,806	1,342	-	-	-	-	1,806	1,342
Hospitality - Facilities & Equipment Hire	-	-	1,493	1,645	75	84	1,568	1,729
Net Sponsorship	1,024	857	-	-	-	-	1,024	857
Nominations/Acceptances	990	955	-	-	-	-	990	955
Members Subscriptions	331	383	-	-	-	-	331	383
Bookmakers Commission	148	211	-	-	-	-	148	211
Admissions	269	591	-	-	-	-	269	591
Sundry	51	255	-	-	-	-	51	255
	6,211	6,819	7,115	8,620	8,251	8,482	21,577	23,921
EXPENSES								
Salaries & Wages	(2,851)	(2,850)	(3,091)	(3,152)	(2,030)	(1,988)	(7,972)	(7,990)
Catering/Gaming Costs	-	-	(3,457)	(4,471)	(2,241)	(2,288)	(5,698)	(6,759)
Gaming Tax	-	-	-	-	(2,135)	(2,242)	(2,135)	(2,242)
Property Costs	(2,993)	(2,616)	-	-	-	-	(2,993)	(2,616)
Tote Expenses	(849)	(967)	-	-	-	-	(849)	(967)
Raceday Other	(990)	(1,132)	-	-	-	-	(990)	(1,132)
Sponsorship Expenses	(191)	(85)	-	-	-	-	(191)	(85)
	(7,874)	(7,650)	(6,548)	(7,622)	(6,406)	(6,518)	(20,828)	(21,791)
CONTRIBUTION								
	(1,663)	(831)	567	998	1,845	1,964	749	2,130
Net Overheads - Admin & Marketing	(1,138)	(1,461)	(978)	(1,261)	(182)	(223)	(2,298)	(2,945)
OPERATING SURPLUS/(DEFICIT)								
	(2,801)	(2,292)	(411)	(264)	1,663	1,741	(1,549)	(815)
ADD/(SUBTRACT) OTHER ITEMS								
Net Investment Income							5,731	4,492
Depreciation							(3,070)	(3,566)
TRSA Prizemoney Contribution							(2,500)	(2,400)
TOTAL							(1,388)	(2,289)





AUDITED FINANCIAL REPORT SOUTH AUSTRALIAN JOCKEY CLUB & ITS CONTROLLED ENTITY 2012/13

BALANCE SHEETS AS AT 31 JULY 2013

	NOTE	SAJC		CONSOLIDATED	
		2013	2012	2013	2012
		\$000	\$000	\$000	\$000
CURRENT ASSETS					
Cash and Cash Equivalents	2	4,736	7,772	4,736	7,772
Trade and Other Receivables	3	15,870	8,439	15,855	8,426
Inventories		245	281	245	281
Investments	4	9,311	10,782	9,311	10,782
Prepayments		128	90	128	90
TOTAL CURRENT ASSETS		30,290	27,364	30,275	27,351
NON-CURRENT ASSETS					
Receivables	3	-	15,000	-	15,000
Investments	4	22,716	11,425	22,716	11,425
Property, Plant & Equipment	5	39,310	40,681	39,310	40,681
Intangible Assets	6	3,000	3,000	3,975	3,975
TOTAL NON-CURRENT ASSETS		65,026	70,106	66,001	71,081
TOTAL ASSETS					
		95,316	97,470	96,276	98,432
CURRENT LIABILITIES					
Trade and Other Payables	7	3,382	4,162	3,382	4,162
Employee Benefits	8	1,094	924	1,094	924
Other Liabilities	9	863	1,034	863	1,034
TOTAL CURRENT LIABILITIES		5,339	6,120	5,339	6,120
NON-CURRENT LIABILITIES					
Employee Benefits	8	96	90	96	90
TOTAL NON-CURRENT LIABILITIES		96	90	96	90
TOTAL LIABILITIES					
		5,435	6,210	5,435	6,210
NET ASSETS					
		89,881	91,260	90,841	92,222
EQUITY					
Reserves	10	8,251	8,589	9,226	9,564
Retained Earnings	10	81,630	82,671	81,615	82,658
TOTAL EQUITY		89,881	91,260	90,841	92,222

*The accompanying notes form part of these financial statements.





AUDITED FINANCIAL REPORT SOUTH AUSTRALIAN JOCKEY CLUB & ITS CONTROLLED ENTITY 2012/13

INCOME STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTE	SAJC		CONSOLIDATED	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
REVENUE FROM OPERATING ACTIVITIES				
Catering Turnover	9,649	11,214	9,649	11,214
Gaming Revenue	5,738	5,939	5,738	5,939
Totalisator Revenue	1,592	2,225	1,592	2,225
Net Sponsorship	1,024	857	1,024	857
Nominations & Acceptance Fees	990	955	990	955
Members Subscriptions & Admissions	600	975	600	975
Sundry Revenue	2,610	2,392	2,610	2,392
TOTAL REVENUE	22,203	24,557	22,203	24,557
EXPENDITURE FROM OPERATING ACTIVITIES				
Catering Expenditure	6,133	6,744	6,133	6,744
Gaming - General Expenditure	4,102	4,280	4,102	4,280
General Maintenance	4,979	4,468	4,979	4,468
Cost of Goods Sold	2,580	3,012	2,580	3,012
Depreciation - Property, Plant & Equipment	2,726	2,748	2,726	2,748
Raceday & Administration Payroll	3,200	3,595	3,200	3,595
Totalisator Operation & Maintenance	849	967	849	967
Promotion and Sponsorship	779	947	779	947
Insurance & Professional Fees	374	489	374	489
Sundry Expenses	728	838	730	838
TOTAL EXPENDITURE	26,450	28,088	26,452	28,088
(DEFICIT) FROM OPERATIONS	(4,247)	(3,531)	(4,249)	(3,531)
Investment Income	5,731	4,492	5,731	4,492
Finance Expenses	(29)	(25)	(29)	(25)
NET FINANCE INCOME	5,702	4,467	5,702	4,467
Depreciation of Funded Assets	10	(344)	(344)	(817)
Net Gain/(Loss) on Disposal of Non-Current Assets		1	1	(8)
SURPLUS FOR THE PERIOD	1,112	111	1,110	111
Prizemoney Contribution to TRSA		(2,500)	(2,500)	(2,400)
TOTAL COMPREHENSIVE INCOME/(LOSS)	(1,388)	(2,289)	(1,390)	(2,289)

*The accompanying notes form part of these financial statements.





AUDITED FINANCIAL REPORT SOUTH AUSTRALIAN JOCKEY CLUB & ITS CONTROLLED ENTITY 2012/13

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2013

	NOTE	SAJC		CONSOLIDATED	
		2013	2012	2013	2012
		\$000	\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from operating activities		24,312	27,386	24,312	27,386
Payments to suppliers and employees		(28,846)	(28,534)	(28,846)	(28,534)
Interest paid		(29)	(25)	(29)	(25)
NET CASH USED IN OPERATING ACTIVITIES					
	13(ii)	(4,563)	(1,173)	(4,563)	(1,173)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds under Land Facilitation Agreement		7,500	7,500	7,500	7,500
Interest received on investments		1,911	2,667	1,911	2,667
Proceeds from sale of property, plant & equipment		1	27	1	27
Loan to Thoroughbred Racing SA		-	4,000	-	4,000
Payments for property, plant & equipment		(1,767)	(5,543)	(1,767)	(5,543)
Acquisition of investments		(6,218)	(21,500)	(6,218)	(21,500)
NET CASH FROM/(USED IN) INVESTING ACTIVITIES					
		1,427	(12,849)	1,427	(12,849)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from capital grants		100	100	100	100
NET CASH GENERATED FROM FINANCING ACTIVITIES					
		100	100	100	100
NET DECREASE IN CASH HELD					
		(3,036)	(13,922)	(3,036)	(13,922)
CASH AT THE BEGINNING OF THE FINANCIAL YEAR					
		7,772	21,694	7,772	21,694
CASH AT THE END OF THE FINANCIAL YEAR					
	13(i)	4,736	7,772	4,736	7,772

*The accompanying notes form part of these financial statements.





AUDITED FINANCIAL REPORT SOUTH AUSTRALIAN JOCKEY CLUB & ITS CONTROLLED ENTITY 2012/13

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2013

	SAJC			CONSOLIDATED		
	RETAINED EARNINGS	RESERVES	TOTAL	RETAINED EARNINGS	RESERVES	TOTAL
	\$000	\$000	\$000	\$000	\$000	\$000
BALANCE AT 1 AUG 2011	84,143	9,406	93,549	84,130	10,381	94,511
(Deficit) for the year	(2,289)	-	(2,289)	(2,289)	-	(2,289)
Depreciation of industry funded assets	-	(817)	(817)	-	(817)	(817)
Transfers to and (from) reserves	817	-	817	817	-	817
BALANCE AT 31 JUL 2012	82,671	8,589	91,260	82,658	9,564	92,222
BALANCE AT 1 AUG 2012	82,671	8,589	91,260	82,658	9,564	92,222
(Deficit) for the year	(1,388)	-	(1,388)	(1,390)	-	(1,390)
Depreciation of industry funded assets	-	(344)	(344)	-	(344)	(344)
Transfers to and (from) reserves	347	6	353	347	6	353
BALANCE AT 31 JUL 2013	81,630	8,251	89,881	81,615	9,226	90,841

*The accompanying notes form part of these financial statements.





NOTES TO THE FINANCIAL STATEMENTS

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 2013 comprises the Club and its controlled entity, the Norwood Community Club Incorporated (together referred to as the 'Group').

The financial report was authorised for issue by a resolution of the Board on the 5th day of November 2013.

STATEMENT OF COMPLIANCE

The Club has previously adopted AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-02 Amendments to Australian Standards arising from Reduced Disclosure Requirements in the prior financial year beginning 1 August 2011 to prepare Tier 2 general purpose financial statements.

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.

BASIS OF PREPARATION

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

- intangible assets are measured at fair value
- derivative financial instruments are measured at fair value
- 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.





NOTES TO THE FINANCIAL STATEMENTS

1.2 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

DEPRECIATION

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

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

	2013	2012
Buildings and Improvements	2.5% - 10%	2.5% - 10%
Plant & Equipment	5% - 25%	5% - 25%

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

1.3 REVENUE AND OTHER INCOME

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

INDUSTRY GRANTS

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

DEFERRED INCOME

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





NOTES TO THE FINANCIAL STATEMENTS

1.3 REVENUE AND OTHER INCOME

SALE OF NON-CURRENT ASSETS

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

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

FINANCE INCOME AND FINANCE COSTS

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of investments, changes in the fair value of financial assets at fair value through profit or loss and gains on hedging instruments that are recognised in the income statement. Interest income is recognised as it accrues in the income statement, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Club's right to receive payment is established.

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

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

GOVERNMENT GRANTS

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

GRANTS

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

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

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

DONATIONS

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

RENTAL INCOME

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

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

1.4 EMPLOYEE BENEFITS

DEFINED CONTRIBUTION SUPERANNUATION FUND

A defined contribution superannuation fund is a post-employment benefit plan under which a 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.





NOTES TO THE FINANCIAL STATEMENTS

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. The discount rate used is the Commonwealth Government 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. Any actuarial gains or losses are recognised in the income statement in the period in which they arise.

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, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

1.5 INVENTORIES

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

1.6 INCOME TAX

The Group is exempt from Income Tax.

1.7 GOODS AND SERVICES TAX

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

1.8 LEASED ASSETS

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

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

1.9 INTANGIBLE ASSETS

The Group's gaming machine entitlements are recorded at their fair value. This class of non-current assets, measured at fair value, is assessed annually to ensure the carrying amount does not materially differ from its fair value. Revaluation increments, on a class of assets basis, are recognised in the Asset Revaluation Reserve except that, amounts reversing a decrement previously recognised as an expense are recognised as revenues. These intangible assets have not been internally generated and have indefinite useful lives.

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





NOTES TO THE FINANCIAL STATEMENTS

1.10 FINANCIAL INSTRUMENTS

NON-DERIVATIVE FINANCIAL ASSETS

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

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

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

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

Financial assets at fair value through profit or loss

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

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

Loans and receivables

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

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

Cash and cash equivalents

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

NON-DERIVATIVE FINANCIAL LIABILITIES

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

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

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





NOTES TO THE FINANCIAL STATEMENTS

NON-DERIVATIVE FINANCIAL LIABILITIES

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.

DERIVATIVE FINANCIAL INSTRUMENTS

The Club holds derivative financial instruments to hedge its liquidity exposures and as a part of the management of its overall investment portfolio.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the income statement as incurred. Subsequent to initial recognition, derivatives are measured at fair value and all changes in its fair value are recognised immediately in the income statement.

1.11 IMPAIRMENT

NON-DERIVATIVE FINANCIAL ASSETS

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

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

Financial assets measured at amortised cost

The Club considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

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

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

NON-FINANCIAL ASSETS

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

The recoverable amount of property, plant and equipment is the greater of its fair value less costs to sell, 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.





NOTES TO THE FINANCIAL STATEMENTS

NON-FINANCIAL ASSETS

Depreciated 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.

2. CASH AND CASH EQUIVALENTS

	SAJC		CONSOLIDATED	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Cash at Bank	4,736	1,772	4,736	1,772
Interest Bearing Deposits	-	6,000	-	6,000
	4,736	7,772	4,736	7,772

At reporting date a secured overdraft facility with Commonwealth Bank of Australia of \$1M remained unused and is subject to annual review.

3. TRADE AND OTHER RECEIVABLES

	SAJC		CONSOLIDATED	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
CURRENT				
Trade Receivables	874	949	859	936
Provision for Doubtful Debts	(4)	(10)	(4)	(10)
Other Receivables	15,000	7,500	15,000	7,500
	15,870	8,439	15,855	8,426
NON CURRENT				
Other Receivables	-	15,000	-	15,000

Impairment losses to the value of \$6K were written off against the doubtful debts provision during the year (2012: \$10K).

OTHER RECEIVABLES

In accordance with the renegotiated Land Facilitation Agreement with AV Jennings – Urban Pacific ("Joint Venture"), the SAJC received payments of \$15M on 11 March 2011, \$7.5M on 11 July 2012 and \$7.5M on 11 July 2013. The SAJC will receive a final payment of \$15M on 11 July 2014. The SAJC earned interest income at BBSY + 2.5% up to 11 July 2012, with subsequent interest earned at BBSY + 4.0% until final settlement. The outstanding amounts due reflect their net present value.





NOTES TO THE FINANCIAL STATEMENTS

4. INVESTMENTS

	SAJC		CONSOLIDATED	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
CURRENT				
Financial assets held for trading	3,881	4,074	3,881	4,074
Fixed interest securities	5,430	6,708	5,430	6,708
	9,311	10,782	9,311	10,782
NON CURRENT				
Fixed interest securities	3,709	2,271	3,709	2,271
Financial assets designated at fair value	19,255	9,981	19,255	9,981
Derivative liabilities	(248)	(827)	(248)	(827)
	22,716	11,425	22,716	11,425
TOTAL INVESTMENTS	32,027	22,207	32,027	22,207





	SAJC		CONSOLIDATED	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
RECONCILIATIONS OF THE CARRYING AMOUNTS OF EACH CLASS OF INVESTMENTS				
FINANCIAL ASSETS HELD FOR TRADING				
Carrying Amount at the beginning of year	4,074	-	4,074	-
Additions	1,692	4,069	1,692	4,069
Disposals	(1,992)	-	(1,992)	-
Fair Value Revaluations	107	5	107	5
CARRYING AMOUNT AT THE END OF THE YEAR	3,881	4,074	3,881	4,074
FIXED INTEREST SECURITIES (CURRENT)				
Carrying Amount at the beginning of year	6,708	-	6,708	-
Additions	5,600	6,708	5,600	6,708
Disposals	(6,878)	-	(6,878)	-
Fair Value Revaluations	-	-	-	-
CARRYING AMOUNT AT THE END OF THE YEAR	5,430	6,708	5,430	6,708
FIXED INTEREST SECURITIES (NON-CURRENT)				
Carrying Amount at the beginning of year	2,271	-	2,271	-
Additions	1,798	1,888	1,798	1,888
Disposals	(858)	(100)	(858)	(100)
Fair Value Revaluations	498	483	498	483
CARRYING AMOUNT AT THE END OF THE YEAR	3,709	2,271	3,709	2,271
FINANCIAL ASSETS DESIGNATED AT FAIR VALUE				
Carrying Amount at the beginning of year	9,154	-	9,154	-
Additions	14,624	9,771	14,624	9,771
Disposals	(7,987)	(836)	(7,987)	(836)
Fair Value Revaluations	3,464	1,046	3,464	1,046
Derivative Liabilities	(248)	(827)	(248)	(827)
Carrying Amount at the end of the year	19,007	9,154	19,007	9,154
TOTAL INVESTMENTS	32,027	22,207	32,027	22,207
The above Investments represent funds managed by Investment Managers:	HOLDING AT 31 JULY 13	AVERAGE RETURN 2013	HOLDING AT 31 JULY 12	AVERAGE RETURN 2012
Perpetual	12,747,424	16.86%	7,424,809	8.20%
RBS Morgans	10,539,717	10.26%	9,698,654	2.74%
Blackrock	8,740,158	21.82%	5,083,706	7.81%
TOTAL INVESTMENTS	32,027,299	15.79%	22,207,169	5.56%





NOTES TO THE FINANCIAL STATEMENTS

5. PROPERTY PLANT AND EQUIPMENT

	NOTE	SAJC		CONSOLIDATED	
		2013	2012	2013	2012
		\$000	\$000	\$000	\$000
FREEHOLD LAND AT COST					
Morphettville		357	357	357	357
Cheltenham		321	321	321	321
		678	678	678	678
BUILDINGS & IMPROVEMENTS AT COST					
Morphettville		58,127	57,138	58,127	57,138
Lucky Horse Shoe		1,762	1,742	1,762	1,742
LESS: ACCUMULATED DEPRECIATION		(27,823)	(25,612)	(27,823)	(25,612)
		32,066	33,268	32,066	33,268
PLANT & EQUIPMENT AT COST					
Morphettville		13,217	12,538	13,217	12,538
LESS: ACCUMULATED DEPRECIATION		(7,095)	(6,266)	(7,095)	(6,266)
		6,122	6,272	6,122	6,272
CAPITAL WORKS IN PROGRESS		444	463	444	463
TOTAL PROPERTY PLANT & EQUIPMENT		39,310	40,681	39,310	40,681
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	5,484	5,589	5,484	5,589

RECONCILIATIONS OF THE CARRYING AMOUNTS OF EACH CLASS OF PROPERTY, PLANT & EQUIPMENT

FREEHOLD LAND AT COST					
Carrying Amount at the beginning of year		678	678	678	678
Additions		-	-	-	-
CARRYING AMOUNT AT THE END OF YEAR		678	678	678	678
BUILDINGS & IMPROVEMENTS					
Carrying Amount at the beginning of year		33,268	31,609	33,268	31,609
Transfers from Capital Works in Progress		1,039	4,402	1,039	4,402
Depreciation		(2,241)	(2,743)	(2,216)	(2,743)
CARRYING AMOUNT AT THE END OF YEAR		32,066	33,268	32,066	33,268





	SAJC		CONSOLIDATED	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
PLANT & EQUIPMENT				
Carrying Amount at the beginning of year	6,272	6,341	6,272	6,341
Opening Balance Adjustment	-	(154)	-	(154)
Transfers from Capital Works in Progress	679	944	679	944
Disposals	-	(37)	-	(37)
Depreciation	(829)	(822)	(829)	(822)
CARRYING AMOUNT AT THE END OF YEAR	6,122	6,272	6,122	6,272
CAPITAL WORKS IN PROGRESS				
Carrying Amount at the beginning of year	463	1,457	463	1,457
Additions	1,699	4,352	1,699	4,352
Transfer to Buildings & Improvements	(1,039)	(4,402)	(1,039)	(4,402)
Transfer to Property, Plant & Equipment	(679)	(944)	(679)	(944)
CARRYING AMOUNT AT THE END OF YEAR	444	463	444	463
TOTAL PROPERTY PLANT & EQUIPMENT	39,310	40,681	39,310	40,681

CHELTHENHAM DISPOSAL

The agreement reached with the Joint Venture is a Land Facilitation Agreement ('LFA') and not a Land Sale Contract. The SAJC will continue to hold title to the land during the term of the development, and will ultimately be the vendor, as title holder, under contracts negotiated by the developers for the sale of subdivided Allotments within the development. Under completion of conditions precedent in the LFA, the SAJC has previously transferred the ultimate risks and rewards associated with the land to the Joint Venture.

6. INTANGIBLE ASSETS

	SAJC		CONSOLIDATED	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
GAMING MACHINE ENTITLEMENTS				
Morphettville	1,500	1,500	1,500	1,500
Cheltenham	1,500	1,500	1,500	1,500
Norwood Community Club	-	-	975	975
TOTAL LICENCES & ENTITLEMENTS	3,000	3,000	3,975	3,975

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 2013, and resulted in a sell price of \$38,937.50. The SAJC has valued its entitlements at \$37,500 per entitlement until such time as the recently introduced trading scheme has proven to be an active market on which to determine an alternative fair value.





NOTES TO THE FINANCIAL STATEMENTS

	SAJC		CONSOLIDATED	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
7. TRADE AND OTHER PAYABLES				
Trade and Other Payables	1,507	1,762	1,507	1,762
TRSA Prizemoney Payable	1,875	2,400	1,875	2,400
	3,382	4,162	3,382	4,162
8. EMPLOYEE BENEFITS				
CURRENT				
Employee Provisions	1,094	924	1,094	924
NON-CURRENT				
Employee Provisions	96	90	96	90
9. OTHER LIABILITIES				
Deferred Income	863	1,034	863	1,034
10. RESERVES & RETAINED EARNINGS				
RETAINED EARNINGS				
Balance Brought Forward	82,671	84,143	82,658	84,130
Add: Operating Surplus/(Deficit)	(1,388)	(2,289)	(1,390)	(2,289)
Adjustments	3	-	3	-
Less: Transfers to Reserves (net)	344	817	344	817
Balance at Year End	81,630	82,671	81,615	82,658
INDUSTRY CAPITAL GRANTS RESERVE				
Balance Brought Forward	5,589	6,406	5,589	6,406
Less: Depreciation of Industry Funded Assets	(344)	(817)	(344)	(817)
Adjustments	6	-	6	-
Balance at Year End	5,251	5,589	5,251	5,589
ASSET REVALUATION RESERVE				
Balance Brought Forward	3,000	3,000	3,975	3,975
Add: Revaluation Increments	-	-	-	-
Less: Revaluation Decrements	-	-	-	-
Balance at Year End	3,000	3,000	3,975	3,975
TOTAL RESERVES	8,251	8,589	9,226	9,564

The Asset Revaluation reserve includes the net revaluation increments and decrements arising from the revaluation of intangible assets measured as fair value, in accordance with Note 1.9





NOTES TO THE FINANCIAL STATEMENTS

11. SUPERANNUATION FUND

All employees may nominate their preferred fund for employer contributions.

The Club and Group contributed \$637K of employer contributions in the year ended 31/7/13 (2012: \$605K)

As at year end, the number of full-time employees working for the Club was 58 (2012: 57).

12. RELATED PARTY TRANSACTIONS

NORWOOD COMMUNITY CLUB INC.

On 1 December 2004 the Norwood Community Club ("NCC") adopted the constitution of the SAJC, giving the SAJC effective control over NCC, with trading from this date consolidated into the results of the SAJC. Effective 28 February 2006, the Norwood Community Club ceased operations and while Gaming Machine Entitlements are not in use, these remain the property of the Group. There were no transactions with the Norwood Community Club Inc. during 2012/13.

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 following transactions occurred between the SAJC and TRSA during the year:

- The Club incurred a liability of \$2.5M (2012: \$2.4M) to TRSA as a contribution to prizemoney, pursuant to an undertaking by the Club to contribute a portion of the income derived by the Club from proceeds of the Cheltenham racecourse Land Facilitation Agreement. The amount has been included as a Prizemoney Contribution to TRSA in the income statements. The Prizemoney Contribution outstanding as at balance date was \$1.875M (2012: \$2.4M) and is included in Trade and Other Payables in the Balance Sheet. The amount is non-interest bearing.
- The Club received \$1.326M in industry payments from TRSA during the year being for marketing/promotion, training subsidies and capital grants (2012: \$1.160M), plus \$0.23M in respect of capital assets (plastic running rail).
- In 2010/11, the Club entered into a loan agreement with, and advanced \$4 million to TRSA to provide working capital. This loan was repaid by TRSA on 28 March 2012.

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The Board Members receive no remuneration for their services.

Other transactions of the Board:

- All Board Members are entitled to an allowance to assist with costs incurred in representing the Club during the year. Maximum allowances are \$18,000 for the Chairman, and \$2,500 for each other Board Member.





NOTES TO THE FINANCIAL STATEMENTS

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Other transactions of the Board:

- Some members of the Board, either directly or through corporates in which they have a substantial financial interest, may provide certain goods or services in the normal course of the Club's activities.
- The terms and conditions of those transactions with Members of the Board were no more favourable than those available to other entities on an arm's length basis.
- There was no amounts receivable from or payable to members of the Board at reporting date arising from any such transactions.
- Members of the Board, or their relatives, may from time to time receive prizemoney from TRSA following the success of horses owned or trained by them. This prizemoney is paid by TRSA on the same terms and conditions as apply to any other owner or trainer.

	SAJC		CONSOLIDATED	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Short-term employee benefits	897	943	897	943

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.





	SAJC		CONSOLIDATED	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
13. CASH FLOW INFORMATION				
(i) RECONCILIATION OF CASH				
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:-				
Cash and Cash Equivalents	4,736	7,772	4,736	7,772
(ii) RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT FROM ORDINARY ACTIVITIES				
Surplus/(Deficit) from ordinary activities	(1,388)	(2,289)	(1,390)	(2,289)
Investment Income	(5,731)	(4,492)	(5,731)	(4,492)
Finance Expense	29	25	29	25
Less Capital Grants	(333)	(100)	(333)	(100)
Depreciation	2,726	2,748	2,726	2,748
Depreciation of Funded Assets	344	817	344	817
Investment Amortisation	-	1,118	-	1,118
Fair value gain on Investments	3,820	707	3,820	707
(Profit)/Loss on sale of property, plant and equipment	(1)	8	(1)	8
CHANGE IN ASSETS AND LIABILITIES				
(Increase) in receivables	(3,250)	(452)	(3,248)	(452)
Decrease / (Increase) in inventory	36	(44)	36	(44)
(Increase) / Decrease in prepayments	(39)	177	(39)	177
(Decrease) / Increase in payables	(781)	212	(781)	212
Increase in employee benefits	176	94	176	94
(Decrease) / Increase in other liabilities	(171)	298	(171)	298
NET CASH PROVIDED (UTILISED) BY OPERATIONS	(4,563)	(1,173)	(4,563)	(1,173)

14. COMMITMENTS AND CONTINGENCIES

CONTINGENT REVENUE

Under the terms of the LFA, (refer note 3) the SAJC can earn additional revenue pending the success of the development, whereby, if total allotment sales exceed an agreed threshold, the SAJC will earn 21.5% of the excess of the defined sales price over that threshold, up to a maximum of \$10M. Any additional revenue is to be recognised only when it is probable that the revenue will be earned under the contract. As at reporting date, management has not recognised any of the additional revenue on the basis that it is too early to assess whether any such revenue will be earned.

PRIZEMONEY COMMITMENT

The prizemoney the SAJC has committed to TRSA totals \$2.75M for the year ending 31 July 2014.

The payment of this prizemoney is based on the satisfaction of conditions by both the SAJC and TRSA and will be expensed when the liability is incurred. There is no commitment to TRSA beyond 2013/14.





NOTES TO THE FINANCIAL STATEMENTS

15. AUDITOR'S REMUNERATION

KPMG earned the following remuneration from the Club and Group during the year, with audit fees for the Group being paid by SAJC:

	SAJC		CONSOLIDATED	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
AUDIT SERVICES				
Audit or review of financial reports	50	50	50	50
Non-audit services	-	6	-	6
	50	56	50	56





SOUTH AUSTRALIAN JOCKEY CLUB INC AND ITS CONTROLLED ENTITY REPORT AND STATEMENT BY THE BOARD FOR THE YEAR ENDED 31 JULY 2013

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) allowances of \$18,000 payable to the Chairman, and \$2,500 to each other Board Member to assist with costs incurred in representing the Club during the year;
- (b) benefits arising from the provision of certain minor goods or services in the normal course of the Club's activities; and

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 5th day of November, 2013.

Signed in accordance with a resolution of the Board.

A handwritten signature in black ink, appearing to read 'A.P. Newman'.

A.P. (Tony) Newman
Chairman

A handwritten signature in black ink, appearing to read 'Allan C Burchard'.

Allan C Burchard
Chairman of Finance Committee

STATEMENT BY BOARD

The attached financial statements and notes of the South Australian Jockey Club Inc. and its controlled entity as set out on pages 26 - 45 for the year ended 31 July 2013, are in our opinion properly drawn up:

- (a) so as to present fairly the financial position of the Club and Group as at 31 July 2013 and their 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 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 5th day of November, 2013.

Signed in accordance with a resolution of the Board.

A handwritten signature in black ink, appearing to read 'A.P. Newman'.

A.P. (Tony) Newman
Chairman

A handwritten signature in black ink, appearing to read 'Allan C Burchard'.

Allan C Burchard
Chairman of Finance Committee





Independent auditor's report to the members of the South Australian Jockey Club Inc.

Report on the financial report

We have audited the accompanying financial report of the South Australian Jockey Club Inc. (the Club), which comprises the balance sheets as at 31 July 2013, income statements, statements of changes in equity and statements of cash flows for the year ended on that date, notes 1 to 15 comprising a summary of significant accounting policies and other explanatory information and the statement by the Board of the Club and the Group comprising the Club and the entity it controlled at the year's end or from time to time during the financial year.

Board's responsibility for the financial report

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

Auditor's responsibility

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

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

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

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

Independence

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

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

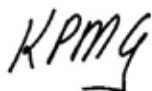
Liability limited by a scheme approved under Professional Standards Legislation.



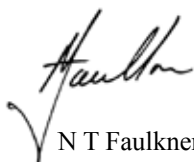


Auditor's opinion

In our opinion the financial report of the South Australian Jockey Club Inc. is properly drawn up so as to present fairly, in all material respects, the financial positions of the Club and the Group as at 31 July 2013, and of their financial performance for the year then ended in accordance with the *Associations Incorporation Act 1985* and Australian Accounting Standards – Reduced Disclosure Requirements.



KPMG



N T Faulkner
Partner
Adelaide
5 November 2013





SOUTH AUSTRALIAN JOCKEY CLUB GROUP AND LISTED RACES 2013/2014 SEASON

(Subject to Amendment)

DATE	COURSE	STAKES	RACE (AND REGISTERED RACE NAME)	LISTING	DISTANCE
2013 AUGUST					
Saturday 10	Morphettville	\$115,000	ADELAIDE GALVANISING SPRING STAKES (WFA)	Group 3	1200m
Saturday 24	Morphettville Parks	\$80,000	SPORTINGBET PENNY EDITION STAKES (WFA)	Listed	1400m
SEPTEMBER					
Saturday 14	Morphettville	\$80,000	EXPRESS COLOUR PRINTING MORPHETTVILLE GUINEAS (3YO Fillies –SW)	Listed	1600m
Saturday 21	Morphettville	\$80,000	SPORTINGBET W H WYLIE HANDICAP (Quality Handicap)	Listed	1100m
Saturday 21	Morphettville	\$80,000	PENANG TROPHY (SW + P) (Tokyo City Cup)	Listed	1800m
OCTOBER					
Saturday 12	Morphettville	\$80,000	HILL SMITH STAKES (3YO – SW)	Listed	1800m
Saturday 19	Morphettville	\$80,000	DOMINANT DURBRIDGE STAKES (WFA)	Listed	1200m
DECEMBER					
Saturday 7	Morphettville	\$80,000	CITY OF MARION STAKES (Quality Handicap)	Listed	1200m
Thurs 26	Morphettville Parks	\$80,000	ADELAIDE GALVANISING CHRISTMAS HANDICAP (Quality Handicap)	Listed	1400m
2014 FEBRUARY					
Saturday 15	Morphettville	\$80,000	HOLDFAST INSURANCE BIRTHDAY CUP (Quality Handicap)	Listed	2000m
MARCH					
Saturday 1	Morphettville	\$115,000	BOAG'S LORD REIMS STAKES (SW + Penalties)	Group 3	2600m
Monday 10	Morphettville	\$400,000	TATSBET ADELAIDE CUP	Group 2	3200m
Monday 10	Morphettville	\$80,000	SCHWEPPE'S C S HAYES MEMORIAL CUP (Quality Handicap)	Listed	1600m
Monday 10	Morphettville	\$80,000	MATRICE STAKES (SW + Penalties)	Listed	1200m
Monday 10	Morphettville	\$80,000	SPORTINGBET CINDERELLA STAKES (2YO Fillies – Set Weights)	Listed	1050m
Saturday 29	Morphettville	\$115,000	BREEDERS' STAKES (2YO – SW)	Group 3	1200m
Saturday 29	Morphettville	\$80,000	MANIHI CLASSIC (Quality Handicap)	Listed	1050m
Saturday 29	Morphettville	\$80,000	LAELIA STAKES (3YO Fillies – SW + Penalties)	Listed	1600m





SOUTH AUSTRALIAN JOCKEY CLUB GROUP AND LISTED RACES 2013/2014 SEASON

(Subject to Amendment)

DATE	COURSE	STAKES	RACE (AND REGISTERED RACE NAME)	LISTING	DISTANCE
2014 APRIL					
Saturday 12	Morphettville	\$115,000	R N IRWIN STAKES (WFA)	Group 3	1100m
Saturday 12	Morphettville	\$115,000	SCHWEPPERESCENT STAKES (3YO Fillies – SW + Penalties) (Auraria Stakes)	Group 3	1800m
Saturday 12	Morphettville Parks	\$115,000	SPORTINGBET SOUTH AUSTRALIAN SIRES PRODUCE STAKES (2YO – SW)	Group 3	1400m
Saturday 12	Morphettville	\$80,000	MARSH PORT ADELAIDE GUINEAS (3YO – Set Weights)	Listed	1800m
Saturday 12	Morphettville Parks	\$80,000	H C NITSCHKE STAKES (3YO - SW + Penalties)	Listed	1400m
Saturday 12	Morphettville	\$80,000	REDELVA STAKES (3YO – SW + Penalties)	Listed	1050m
Saturday 12	Morphettville Parks	\$80,000	HOLDFAST INSURANCE CITY OF ADELAIDE HANDICAP (Quality Handicap)	Listed	1400m
Saturday 12	Morphettville Parks	\$80,000	EXPRESS COLOUR PRINTING DEQUETTEVILLE STAKES (2YO Fillies – SW)	Listed	1000m
Saturday 26	Morphettville	\$400,000	SPORTINGBET CLASSIC (Fillies & Mares – WFA) (Robert Sangster Stakes)	Group 1	1200m
Saturday 26	Morphettville	\$400,000	SCHWEPPE OAKS (3YO Fillies - SW) (Australasian Oaks)	Group 1	2000m
Saturday 26	Morphettville	\$175,000	QUEEN OF THE SOUTH STAKES (Fillies & Mares – SW + Penalties)	Group 2	1600m
Saturday 26	Morphettville	\$115,000	D C MCKAY STAKES (Quality Handicap)	Group 3	1100m
Saturday 26	Morphettville	\$115,000	CHAIRMAN'S STAKES (3YO-SW)	Group 3	2000m
Saturday 26	Morphettville	\$80,000	QUEEN ADELAIDE STAKES (2YO – SW)	Listed	1050m
MAY					
Saturday 3	Morphettville	\$500,000	SPORTINGBET SOUTH AUSTRALIAN DERBY (3YO - SW)	Group 1	2500m
Saturday 3	Morphettville	\$250,000	SPORTINGBET STAKES (3YO – SW) (Euclase Stakes)	Group 2	1200m
Saturday 3	Morphettville	\$80,000	ADELAIDE GALVANISING ADELAIDE GUINEAS (3YO – SW)	Listed	1600m
Saturday 3	Morphettville	\$80,000	OAKLANDS PLATE (2YO– SW + Penalties)	Listed	1600m
Saturday 10	Morphettville	\$500,000	THE GOODWOOD (SW + Penalties)	Group 1	1200m
Saturday 10	Morphettville	\$150,000	R A LEE STAKES (SW + Penalties)	Group 3	1600m
Saturday 10	Morphettville	\$115,000	SPORTINGBET SA FILLIES CLASSIC (3YO Fillies – SW)	Group 3	2500m
Saturday 10	Morphettville	\$115,000	SPORTINGBET PROUD MISS STAKES (Fillies & Mares – SW + Penalties)	Group 3	1200m
Saturday 10	Morphettville	\$115,000	DARLEY NATIONAL STAKES (2YO –SW)	Group 3	1200m
Saturday 10	Morphettville	\$100,000	PORT ADELAIDE CUP (Quality Handicap)	Listed	2500m
Saturday 10	Morphettville	\$100,000	CENTAUREA STAKES (Fillies & Mares – SW + Penalties)	Listed	2000m
JULY					
Saturday 26	Morphettville	\$80,000	LIGHTNING STAKES (2 & 3YO - SW)	Listed	1050m



Morphettville



MISCHIEF



It's your party!

Birthdays. Engagements. Cocktail Parties.
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whatever you're celebrating!



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