



SOUTH AUSTRALIAN JOCKEY CLUB  
**ANNUAL REPORT**  
2022 / 2023







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# CHAIRMAN REPORT



**BOB  
HOLTON**

*Chairman  
South Australian Jockey Club*

The 2022/23 season saw the welcomed return to normality post COVID restrictions.

The support of our Members, who had accepted the necessary restrictions in a cooperative and understanding way, played a major part in our success in those testing COVID times.

The 2022 Spring Carnival and Adelaide Cup were again a resounding success. The extended 4-day 2023 Goodwood Carnival produced excellent racing and we thank Channel 7 and Racing.Com for showcasing our venue and racing to such a large audience.

The SAJC announced Kennett as the builder of our State of the Art, Wolf Blass "The Man" Event Centre in October 2022, and Villawood as our Redevelopment Partner for our Masterplan in February 2023. Villawood Properties and Hostplus will partner with the SAJC in transforming our Masterplan into an exciting precinct. Sales will commence in March next year with the first houses expected to be completed in the first half of 2025. Kennett Builders are well advanced in the construction of our Events Centre with a November opening date expected. The future proofing of the financial stability and capacity of our Club will be assured.

**GOVERNMENT FUNDING**

Racing SA (RSA) successfully lobbied the State Government for an increase to 20% in Racing's share of the revenue generated by the Point Of Consumption Tax.

This has allowed RSA to announce significant much needed prize money increases. Whilst 30% was being pursued, this result is welcomed in the context of major Government fiscal pressures. State Government Treasurer, the Honourable Stephen Mulligan MP, has repeatedly extolled the value to the State of the housing stock resulting from our development partnership with Villawood and Hostplus. Importantly, we have not asked for, nor received, any State Government funding for this, or any other project we are undertaking. The considerable State Government and RSA funding and loans to the Murray Bridge Racing Club have been rewarded with the recent completion of 164 on course stables and a first class uphill training track. A second grass track was also installed. These outstanding training and stabling facilities are vital assets to South Australian racing and something that we should all be proud of.

**FINANCIAL PERFORMANCE**

This year the SAJC has built on the last 2 years of recording operating profits by posting another Operating profit of \$270K. Innovative use of our restricted hospitality space, without compromising quality, was instrumental to our success. I acknowledge the fantastic \$1M donation made by Mr Wolf Blass, AM BVK, towards the construction of the Wolf Blass "The Man" Events Centre. A 15-year \$400K naming rights agreement was also negotiated. On behalf of us all, I thank Wolf for his incredible generosity and confidence in the management and future of our Club.

I would like to thank and congratulate our CEO, CFO and everyone involved with the operation of our Club for their outstanding commitment.

The Junction again made a substantial contribution, and the management and staff are thanked for their dedication and commitment.



*L-R FRONT ROW: Mr Bob Holton, SAJC Chairman, Mr Wolf Blass AM BVK, Ms Judith Jones, SAJC Vice-Chairman.*

*L-R BACK ROW: Mr Grant Mayer, SAJC CEO, Mr John J Givan, SAJC Board Member, Ms Christine Simpson, SAJC Board Member, Ms Peta Southern-Ninnis, SAJC Board Member, Mr Michael Cox, SAJC CEO, Mr Ronald Pratt, SAJC Board Member and Ms Elise Mueller, SAJC Executive Assistant.*

## CHAIRMAN REPORT

### MORPHETTVILLE

The SAJC Board is committed to a major infrastructure programme.

Our 40-year-old Escalators and Lifts were replaced in September 2022. They are far more energy efficient, particularly helpful with the current escalating energy costs.

Our tired 40-year-old Grandstand is undergoing a major refurbishment. Bathrooms on all levels have been impressively upgraded. The Members space will be improved with an upgraded roof along with raised ceilings, kitchen areas, air conditioning and lighting components, amongst additional enhancements planned. Sprinklers will be installed as part of our Fire & Safety obligations. We also intend to improve and develop general admission areas to make Morphettville an attractive and enjoyable venue of choice, particularly for our younger demographic. The impressive Flourish facility was built trackside adding to our hospitality options.

Phase 1 of a major \$3.1M irrigation system upgrade, incorporating the latest technology and design, is complete. Phase 2 will be undertaken in the new year.

This will allow our Racing Operations Manager, Justin Groves and his excellent team to present our tracks in pristine condition so that we can continue our obligation to our horses, riders and stakeholders to provide the safest and fairest conditions possible for racing and training. The presentation of the entire property receives frequent favourable comment which is a deserved compliment to all of Justin's team.

### CHELTENHAM

The site at Cheltenham retained by the SAJC was sold for \$4.5M earlier this year. The associated Gaming Licences were also sold for \$1.2M. These funds are being utilised in the major infrastructure program currently underway at the Morphettville Racecourse.

### RACING

Several of our high-class SA trained horses have retired this year. Dalasan, Behemoth and Kemalpaşa all ran their last races. Behemoth is enjoying his new life at Living Legends, Dalasan will go to stud at Riverbank Farm and Kemalpaşa is enjoying the spacious paddocks at Mount Compass. Travis Doudle trained Not Usual Glorious, who was crowned the 2022/23 Country Racing Victoria Horse of the Year after winning three country Cups. Four year old mare See you In Heaven has shown enormous promise and trainers Richard and Chantelle Jolly are aiming her at major races in the VRC Spring Carnival.

The 2023 TAB Industry Awards were held on September 9 and I would like to congratulate all award recipients on their outstanding achievements.

We congratulate Jake Toeroek and Richard and Chantelle Jolly for their well earned Metropolitan Jockey and Trainer premierships and Lachlan Neindorf who won the Metropolitan Apprentice Jockey premiership for the 2022/23 season.

### LIFE MEMBERS

The Club's recently adopted Constitution provides for admission to life membership for those members that have rendered valuable service to the Club.

At the 2022 Annual General Meeting Life Members were recommended under the previous Constitution conditions. Those recommendations of Chris Waterman and Edward Schoff were unanimously adopted by members present.

### VALE

On a sad note, the Club acknowledges the passing during the 2022/2023 year of Members, Ken Smith, Trevor 'Bushy' Trenowden, John Mittiga, Annie Anderson, Pamela Satchell, Ann Cooper, Angus Kennedy, Chris Kay, Alan Cormack; and Life Members, Arthur Wrigley and John Douglas Haigh.

### SUMMARY

We have every reason again this year to feel confident in the future of the SAJC.

The satisfying 2022/23 financial results, together with the highly efficient management of all aspects of the SAJC operations, is testament to the professionalism and dedication of our team.

A new improved and updated SAJC Constitution was overwhelmingly approved by members at a SGM held on 22 October 2022. By-Laws were also implemented for the first time.

I thank all of my fellow Board directors for their commitment and fierce desire to progress our Club. A highlight has again been the strong and productive working relationship between the Board and our CEO and his team.

The heavy workload challenge was accepted by all with outstanding results. Together we have commenced vitally important infrastructure projects with others being progressed. We are updating our Strategic Plan to continue the development of Morphettville to the highest standard for the benefit of Members and our stakeholders.

The relationship between RSA and the SAJC is strong, cooperative, and robust. I thank Rob Rorrison for his outstanding leadership as the Chair of RSA. I also thank the RSA Board and Executives headed by recently appointed CEO Vaughan Lynch. The Chairman of Country RSA, Jeff Tansell, has been a valuable contributor and partner and I thank him, his Board, and CEO, Chris Biggs. The SAJC and CRSA are committed to the wellbeing of racing throughout the State.

I also acknowledge and thank the Premier of South Australia, The Honourable Peter Malinauskas MP, Treasurer, The Honourable Stephen Mullighan MP and our Racing Minister The Honourable Katrine Hildyard MP.

We will continue to engage with the Government to ensure a fruitful relationship into the future.

We were fully supportive of RSA in their efforts to gain a significant increase in Racing's share of the revenue created by the POC Tax. We will continue to support the effort to achieve the National minimum of 30%.

I particularly want to thank our Governor, Her Excellency, The Honourable Frances Adamson AC and Mr Rod Bunten for their interest and support of the SAJC by continuing the Vice Regal tradition as our Club Patron. I also extend our sincere thanks to Club patron and Life Member, Mr Robert Gerard AO and Mrs Fay Gerard OAM.

Along with the SAJC Board, I am looking forward to a busy and vitally important year. In the coming 12 months you will see varying infrastructure projects completed whilst others will commence.

We are all eagerly anticipating the completion of our exciting Wolf Blass "The Man" Morphettville Events Centre. Significant interest has been shown with bookings already in place.

To our Members, you have been fantastic in the way you have cooperated and supported your Club through the pandemic and beyond. Your resilience and understanding of the inconveniences created by various important projects is greatly appreciated. Thank you.

Everything we are doing at the Club is centred on providing the best member experiences possible whilst ensuring all attendees' needs are met. We are also committed to providing our beloved horses, jockeys, trainers, stablehands and all other associated Stakeholders with the very best racing and training facilities. We will ensure that you are kept up to date with all the exciting projects in play, and look forward to welcoming you to a new era at Morphettville. Ensuring a strong, financially secure future for your Club is our driving force.



**Bob Holton**  
**Chairman**





# CEO REPORT





## GRANT MAYER

*Chief Executive Officer  
South Australian Jockey Club*

***“Even if you are on the right track,  
you’ll get run over if you just sit there.”***  
– Will Rodgers.

We stand on the cusp of a tremendously exciting future for our Club, with our \$21M Wolf Blass “The Man” Event Centre rapidly nearing completion, our \$350M racecourse redevelopment officially underway along with a myriad other important projects that build on the momentum of the past few years.

Against the backdrop of increasing pressure on discretionary spending and the concerning decline in wagering income, the Club is reporting our third successive operating profit.

This result reflects the commitment of our team and corporate partners to generate new commercial opportunities and build on Morphettville’s position as Adelaide’s premier racing destination.

Together with the support of our members, the Board and Club administration we can be confident about the future.

I would also like to personally acknowledge our Chairman, Bob Holton, Vice-Chairman, Judith Jones and the entire Board for their work in the 2022/23 year. Their unwavering commitment have been instrumental in our ability to achieve our financial goals and deliver a strong performance.

The collective effort of this Board has been a driving force behind our success and together, we have demonstrated what can be achieved through collaboration and a shared commitment to our bold vision for Morphettville.

### **FINANCIAL PERFORMANCE**

The Club is reporting an operating profit of \$270K for the 2022/23 Financial Year against a budgeted loss of \$760K.

This follows the previous year where the Club recorded an operating profit of \$529K.

The operating profit is exclusive of our investment fund returns, which benefited from the cyclical nature of the share market to generate a very healthy \$2.6M for the Club.

Pleasingly, revenues for the year were up almost \$1.3M against budget off the back of increased hospitality throughput. There was a corresponding increase in wages as a result, as we resourced up to cater for the growth in our business.

The Junction continued to be an important financial contributor to the racecourse and our ongoing racing responsibilities, with gaming revenues slightly down on budget but still up on last year’s result.

The Club’s financial performance benefitted very significantly from the personal investment made in the SAJC by Life Member, Mr Wolf Blass AM BVK. I know I speak for every member when I say how grateful we are for Wolf’s donation of \$1M toward construction of the Wolf Blass “The Man” Event Centre and a further \$400K for naming rights sponsorship.

Nonetheless, when the donated amounts for 2022/23 are removed, the Club’s operating result was still ahead of budget, once again underlining the sound financial management and strategies we have put in place.

### **INFRASTRUCTURE**

It has been a watershed year in the Club’s history from an infrastructure perspective, with the commencement of a number of generational projects.

In October, the Club selected local company Kennett as the builder for the \$21M event centre, and work has progressed rapidly since the commencement of construction.

Despite a wet winter, the build has come together on schedule and we look forward to officially opening towards the end of 2023.

It has also been a delight to work with Wolf Blass, whose name will proudly adorn the centre, and the Club owes a debt of gratitude to Vice-Chairman, Judith Jones for her role in bringing Wolf back to his rightful place at the heart of our Club.

This facility will be a game-changer, not only for our Club but for the major event market in Adelaide. It will provide a first-class function space in the western suburbs for up to 1,150 guests and a peerless experience on race days.

In February, we finalised all agreements and announced national developer Villawood Properties and Australian superannuation giant Hostplus as the successful proponents to deliver our \$350M Morphettville Racecourse redevelopment.

The Club conducted an unapologetically lengthy and detailed due diligence process to arrive at this decision, and we are delighted with the outcome. This partnership, and the funds generated through the redevelopment, will help us build on a proud legacy and will provide the foundations for a thriving Club for our current and future members.

Villawood and Hostplus are leaders in their fields, and I would like to thank Villawood CEO Alan Miller and Hostplus CEO David Elia who not only share our vision but also our goal for a modern, sustainable and dynamic Morphettville.

Planning documentation is being submitted to enable works to start on the first stage of the development, and we were pleased to see the Australian and South Australian Governments commit funding towards a planning study to investigate the removal of the level crossing where the Glenelg tram line crosses Morphett Road.

We have been working closely with the State Government for the past 12 months to ensure that the whole area is looked at holistically and shares in the benefits. We are fully supportive of a tram grade separation going ahead; however, we are also determined that if and when it happens, that we do any development on our site only once.

It is worth noting that the Club's relationship with the State Government is on a very healthy and mutually respectful footing. They understand and appreciate that the redevelopment of our racecourse will create employment and homes for our city.

The Club is continuing to invest in critical infrastructure including a new race track irrigation system and a new maintenance facility for our track team and assets – both imperative projects for our Club.

These investments are on top of our regular maintenance budget and demonstrate the Club's commitment to invest on behalf of our members and the racing industry.

### RACING SA

Our relationship with RSA continues to strengthen and will be of critical importance as we grapple with a range of issues and opportunities together. While we don't always agree, we are unanimous that racing needs to be the benefactor of all decisions.

The decision in June by the State Government to increase the return of betting operations tax revenue from 10 to 20 per cent from 1 July 2023 was a significant outcome for the racing industry in South Australia.

It marked the result of a great deal of hard work by all three racing codes, and I echo the Chairman's comments in commending the efforts of RSA to lobby on behalf of the thoroughbred industry.

We remain concerned by the dramatic drop in on-course turnover, which has diminished by more than 60% over the past 6 years as consumers shift to online platforms. The returns from the corporate bookmakers through RSA have not increased at the same level, leaving the Club with lower wagering income.

We are also continuing to discuss overall racing infrastructure with RSA. We applaud and acknowledge the investments made in important tracks such as Murrumbidgee, Penola and Mount Gambier and appreciate the opportunity to have an open discourse around potential RSA collaboration and support of projects at Morphettville.

Total RSA contributions were in line with budget for the 22/23 Financial Year at \$3.3M.

### ON THE TRACK

The 2022 Spring Carnival was a success, with good crowds and very strong take up of our hospitality packages.

This is particularly pleasing given that we were still operating with significantly reduced event capacity – something that will start to right-size with the imminent opening of our new function spaces.

The Goodwood Carnival, however, was something of a disappointment. While the decision to schedule the carnival over four weeks benefitted the broader industry in its first year from a turnover perspective, it has not necessarily been the right decision for the SAJC.

Again, due to our strong working relationship, we have already had discussions with RSA about how the carnival will look moving forward and we share some common views that I believe will result in a more balanced outcome.

Metropolitan field sizes continued to grow to an average of 10.2 starters per race. That compares with 9.9 in the previous financial year. However, we did start to see some softening in these numbers toward the end of the season. RSA's focus on increasing ownership levels has been important to growing field sizes, and we will continue to work together on this.

Wagering remains a topic of concern across the industry. People now have incredible choice in both how and on which sport they choose to wager, and this is impacting the thoroughbred industry nationally.

However, we have met with the major corporate bookmakers and they absolutely understand the critical importance of racing to their product offering. Racing is the cornerstone of their offering, and we are confident they will continue to promote it accordingly.

### TRAINING

Our monthly trackwork numbers remained strong with an average of 6,260 horses being trained per month, further underlining Morphettville's status as the State's premier training venue.

There is no doubt that prizemoney increases are a significant contributor to horse population and ownership growth and, by extension, training numbers. While we cannot hope to compete on equal terms with the eastern states, the recent prize money increases announced by RSA are a signal to trainers and owners that we're on the right track.

Over recent years, the SAJC has made a concerted effort to improve the servicing of owners on race days. Clubs across the state recognise the importance of appropriately hosting owners; the question remains as to how this is resourced from a financial perspective.

We remain in a holding pattern on the question of new on-course stabling at Morphettville. Ultimately, any growth in infrastructure will be driven by demand, and the potential rezoning of Bray Street may prove an influencing factor. We will continue to work with RSA around long-term solutions for training in South Australia, recognising that Morphettville is a solution – but that it is not the only one.

#### **STAFF**

The focus that our hospitality team have placed on employing the best – and most consistent - casual workforce has been rewarded with a noticeable uplift in positive feedback from patrons. The team is thriving in their environment, and it's taking our already high standards to another level.

The same is true of our Executive Chef, Steve Clark and his team of exceptionally talented chefs. I don't think anyone can argue the fact that our food offering has never been better – and I believe it is absolutely competitive if not superior to the biggest venues in the State.

Over the past three years, we have maintained a strong focus on wages and running as lean as practicable from a staffing perspective. Our wages bill has increased this financial year in line with growth in events, and we are forecasting further increases once the Wolf Blass "The Man" Event Centre opens.

We have already held a number of tours with major event organisers during the build process and we have received extremely positive feedback.

Indications are there is demand for a new facility competing with Adelaide Oval and the Convention Centre. We are being conservative in our projections for this important part of our business but we are very confident that the venue will generate higher net return than our old pavilions.

However, finding the right talent to resource this growth will not be easy. It is an increasingly competitive marketplace, not just in hospitality, and inflation has hit every industry across the country. ABS statistics show the wages price index at 3.7% in March 2023, up from 1.4% in December 2020, so it is no surprise that we are now paying more for staff than at any time in the Club's history.

That is why it is critical that we continue to be an employer of choice, and I would like to acknowledge and commend our SAJC executive and leadership team for their continued hard work in driving the evolution of our culture.

#### **MEMBERSHIP**

Membership numbers continued to be strong, ending the reporting period at 1,736. Again, we have had to rely on the patience and understanding of our members through construction works, but the results will be well worth waiting for.

I would also like to thank our members for their overwhelming support of the Board's drive to modernise our constitution.

The logistics of organising a Special General Meeting are not insignificant. However, this was handled extremely professionally by the team and to receive in excess of 85% support is a very strong statement about our Club's future.

The revised constitution will enable us to continue to develop our Club as a strong membership-based organisation with the ability to seek appropriately skilled Board members if and when we have a gap on our Board. This will bring us in line with majority of member-based organisations around the country.

#### **COMMERCIAL PARTNERS**

We further strengthened our commercial partnerships with our suppliers, and the 2022/23 period was one in which the Club secured a number of new sponsorships, many of which are aligned to our supply rights.

As more events continue to be hosted at Morphettville, our opportunity to grow sponsorship is certainly increasing.

We are extremely grateful to our sponsors and commercial partners for their continuing support of Morphettville and look forward to continuing to foster these very important relationships.

#### **THE WAY FORWARD**

In conversations with other major venues, there is consensus that the money invested in our State during COVID certainly had a benefit for event tourism, with the SA dollar staying in SA.

But there is also agreement that discretionary spending is being squeezed by cost of living pressures. In addition, a large portion of that discretionary spending is now heading interstate or overseas.

That's the new reality facing all event tourism businesses.

In response, we must continue to invest in our people and our infrastructure to give us the best possible opportunity to attract and retain business for the Club.

Our focus for next year will be on capturing the event goers, compelling them to choose Morphettville.

We are forecasting a break-even result for 2023/2024 but, as always, we will aim to shoot the lights out – and the Wolf Blass "The Man" Event Centre will play a crucial role in our ability to beat our own expectations.

It's going to be another busy and exciting year ahead.



**Grant Mayer**  
CEO



# 2022/23 YEAR IN REVIEW

## RACING



**4,842**

Race starters  
at Morphettville



**393**

Races run  
at Morphettville



**\$23,906,380**

Prize money won  
at Morphettville

## RACE DAYS



**44**

Race meetings  
held at Morphettville



**69,838**

Race day  
attendance



**\$4,267,537**

Total on-course  
betting turnover

## ENGAGEMENT



**2,007,716**

Social media  
impressions



**26,984**

Sales marketing  
email opens



**1,736**

SAJC Members  
in 2022/23

## CONFERENCE & EVENTS



**83**

Conference & events  
held at Morphettville



**16,988**

Estimated conference  
& events attendees



**\$1,448,000**

Conference & events  
revenue

## HOSPITALITY



**111,393**

Litres of beer sold  
at Morphettville



**24,221**

Bottles of wine sold  
at Morphettville



**14,694**

Meals served in  
Winning Post Restaurant

## THE JUNCTION



**29,425**

Bistro meals  
served at The Junction



**121**

Events held at  
The Junction



**7,413**

Estimated event  
attendees at The Junction



# CFO REPORT



**MICHAEL  
COX**

*Chief Financial Officer  
South Australian Jockey Club*

**FINANCIAL PERFORMANCE**

For 2022/23, the Club is pleased to present its third consecutive Net Operations profit.

The audited financial statements report an EBITDA (earnings before interest, taxes, depreciation and amortization) profit of \$270K (2021/22: \$529K).

	<b>2022/23</b> \$000	<b>2021/22</b> \$000
<b>NET OPERATIONS PROFIT (EBITDA)</b>	<b>270</b>	<b>529</b>
Investment Return	2,644	(1,684)
<b>CONTRIBUTION FROM RECURRING BUSINESS ACTIVITIES</b>	<b>2,914</b>	<b>(1,155)</b>
Depreciation	(5,364)	(4,593)
Gain on Disposal Non-Current Asset	4,569	264
<b>PROFIT / (DEFICIT) FOR THE YEAR</b>	<b>2,119</b>	<b>(5,484)</b>

A positive EBITDA result, a turnaround in the fortunes of the investment markets and considering depreciation and asset disposals, the Club reports a Net Profit of \$2,119K for the 2022/23 financial year (2021/22: Net Loss \$5,484K).

Following a couple of years that were impacted by COVID, the Club conservatively budgeted a loss in 2022/23. This budget loss position was based on an assessment of National and State economic uncertainty with predicted continuing rising inflation, interest and wage rates exacerbated by the limitations caused by our own venue construction impacts.

Despite this, the Club achieved a \$2.8M (17%) increase in revenues compared to 2021/22. Hospitality revenues increased \$1.7M whilst other revenue lines were generally held steady, with the notable exception of the major donation from Life Member Wolf Blass. We can't understate the impact of this donation on the Club's result for the year, but most importantly for the recognition by Wolf Blass of the role the Club has played in his life as well as his faith in the ongoing direction of the Club.

Expenses increased by \$3.1M (19.2%) with much focus on achieving a staffing mix to meet the Club's current and future needs, as well as to service the hospitality activity increase. Management continues to identify opportunities for improvements in cost management even in the prevailing high inflation economic conditions.

Total Revenues of \$19.3M are still 11% lower than 2018/19, however with the Wolf Blass Event Centre to come online in December 2023, the Club is cautious but optimistic about its financial future.

## CFO REPORT

The 2023/24 year will represent a major milestone in the Club's history with the opening of the Wolf Blass Event Centre, the first major permanent building construction since 1980. The challenge for the Club is to ensure this venue and the existing venue facilities are optimised against a backdrop of increasing competition for the consumer dollar.

	2022/23 \$000	2021/22 \$000	Change
Revenue	19,264	16,459	+17.0%
Expenses	18,994	15,930	+19.2%
EBITDA	270	529	

### INVESTMENT RETURNS

The 2022/23 year saw a continued shift in the investment markets from years of low inflation and low interest rates. With financial conditions and credit markets across the world tightening, equity markets to some degree have bucked the trend and proved somewhat resilient. For the SAJC, this has resulted in a return on investment funds of \$2,644K (5.99%) after a negative return in 2021/22 of \$1,684K (-3.2%).

Returns from the Club's investment managers, FMD and Bentleys Wealth Partners were in line with the relevant market benchmarks, whilst GM Hotels completed its divestment of its assets during the year.

As detailed below, the Investment Fund assets finished the year at \$64.7M (2021/22: \$62.2M).

	2022/23 \$000	2021/22 \$000
FMD	20,514	20,472
BWP	20,489	23,236
GM Hotels	-	2,000
Investment Cash Account	3,059	1,736
<b>TOTAL FUNDS ON INVESTMENT</b>	<b>44,062</b>	<b>47,444</b>
<b>WEIGHTED AVERAGE RETURNS</b>	<b>5.99%</b>	<b>-3.17%</b>
Other Investment Assets	31,928	15,659
Non-Investment Fund Assets	(11,277)	(901)
<b>TOTAL INVESTMENT ASSETS</b>	<b>64,713</b>	<b>62,202</b>

### DEPRECIATION

The total depreciation expense for the year was \$5,364K (2021/22 \$4,593K). This increase in depreciation has resulted from:

- Write-off of low dollar value assets and assets no longer in use
- Depreciation on the buildings that were revalued last year by \$21M
- Accelerated depreciation related to the Junction building
- With upcoming major construction expected, assessments were made to the ongoing carrying value of all assets, with resultant write-down due to impairment of the Administration building, TAFE buildings and Ground staff sheds

### DISPOSAL OF NON-CURRENT ASSETS

As previously advised to Members, the Club disposed of the final piece of land at Cheltenham. This was originally earmarked for establishment of a licensed venue but was unfortunately unable to achieve the necessary Government approvals. Over the years a number of other options have also been considered, however with an eye to the significant capital program required to refresh and reinvigorate the Morphettsville facilities, the Board made the decision to sell the land and the associated gaming entitlements.



## ASSET VALUATION

In accordance with its accounting policies, the Board revalued Club Buildings. The Board's revaluation was based on market input provided by external independent valuer Wayne Smith B.AppSc (PRM) AAPI Certified Practising Valuer of Wayne Smith Property Valuers Pty Ltd. The ongoing impacts of commercial and private property value increases along with shortages of materials and labour continue to influence the carrying value of building assets. This resulted in a revaluation gain of \$2,965K following the revaluation last year of \$21,001K.

The Club's Gaming Entitlements are also revalued annually. The most recent Gaming Trading Round was conducted on 16 November 2022 realising a vendor price of \$30,000 per entitlement. The Club took this Trading Round as an opportunity to sell the 40 Cheltenham gaming entitlements, at a profit of \$350K. The Club is now left with just the 40 Junction gaming entitlements after selling the Norwood Community Club entitlements in the previous financial year.

## CAPITAL PROJECTS

During 2022/23 the Club incurred \$19,947K on capital projects (2021/22: \$4,302K). The major spends are listed in the table below. The capital spend in 2022/23 was significant with the amount spent nearly equivalent to the total capital incurred over the last 10 years!

PROJECT	\$000	COMMENTS
Wolf Blass Event Centre	13,511	Major project to build an events centre
Track Irrigation	1,431	Major upgrade of over 20 year old irrigation system
Lift & Escalator Upgrade	1,081	Replacement of 40 year old facility lifts and escalators
Grandstand Bathrooms	1,058	Upgrade of 40 year old bathrooms
Master Plan	646	There was major progression on feasibility works (total spend-to-date \$2,603K)
Building Fire Safety	139	Continuation of major compliance project
<b>PROJECTS &lt; \$100K</b>		
Hospitality / kitchen assets	710	Upgrades for WHS, furniture, equipment replacement
Junction assets	430	Upgrades and improvements to the Junction, including gaming machines
Building related improvements	428	Numerous facility improvements, including HQ, maintenance facility, link stand, power upgrade, grandstand roof
Racing Assets	237	Upgrade track equipment, mounting yard fence
IT, Website, Wi-fi, AV assets	172	IT & AV upgrades, IP Telephony, Server room relocation
Other assets	105	Miscellaneous
<b>CAPITAL EXPENDITURE TOTAL</b>	<b>19,947</b>	

Capital projects to be undertaken in 2023/24 include the completion of the Wolf Blass Event Centre, Irrigation Upgrade, Maintenance Facility and Link Stand Upgrade. All capital projects are approved in accordance with Club policies prior to project commencement.

## CFO REPORT

### FINANCIAL STATEMENT ANALYSIS

To assist Members to understand and analyse the financial information, please find detailed below the major variances in both Balance Sheet and Profit & Loss Statement as compared to 2021/22.

	2022/23 \$000	2021/22 \$000	DIFFERENCE \$000	COMMENTS
Hospitality Revenue	9,357	7,688	1,669	Revenue increase in all categories, with an overall 22% increase on the prior year (PY) following a 20% increase last year. Still room to improve, noting Hospitality Revenues were \$11,281K in 18/19
Venue Gaming Revenue	2,883	2,897	(14)	Upgrade of gaming machines during the year has yet to result in incremental revenues
Tote Revenue	428	464	(36)	This represents commissions from oncourse TAB turnover. Decrease by 7.8% on PY. Net tote return after costs of \$163K
Sponsorship	1,138	1,077	61	Increased focus with positive results.
Industry Contributions	3,251	3,071	180	Full breakdown is found on page 44.
Sundry Revenue	2,207	1,262	945	Includes product rebates, rent, track fees, membership income Includes donation from Wolf Blass
Hospitality Expenditure	4,081	3,172	909	Represents costs to earn revenue. Includes cost of goods, equipment hires, share of utility and facility costs
Venue Gaming Expenditure	1,580	1,559	21	Tax applied to Venue Gaming Revenue
Raceday & Facility Expenditure	2,913	2,671	242	Increase in service costs such as cleaning and security, offset by continued business efficiencies, and close attention to non-essential costs
Salaries & Wages	8,064	6,417	1,647	Labour is the Club's most significant expense. The increase on prior year reflects activity and specific staffing requirements. Focus continues on staffing efficiencies and closer management attention
Totalisator Operations	265	268	(3)	Reflects decrease in tote commissions earned
Sundry Expenses	2,091	1,843	248	Includes membership costs, insurance, sponsorship expenses, advertising and marketing costs, IT and telecoms, legal fees, consultancies and doubtful debt provision

	<b>2022/23</b> \$000	<b>2021/22</b> \$000	<b>DIFFERENCE</b> \$000	<b>COMMENTS</b>
Cash and Cash Equivalents	(378)	367	(714)	Cash is managed very tightly, with the Club operating in an overdraft situation. Any drawdowns from Investment Funds must be Board approved and ensure that it meets the Constitutional requirements
Inventories	395	222	173	Represent stocks of food and beverages on hand. Balance on hand reflects current business activity requirements
Trade & Other Receivables	600	266	410	Amounts due to the Club at balance date. Increase due to GST receivable (major capital expenditure impact)
Investments	41,003	45,709	(4,927)	Represents funds under management with FMD, Bentley Wealth Partners and GM Hotels. Decrease reflects investment fund withdrawals during the year to fund capital expenditures offset by investment gains
Prepayments	361	302	59	Payments made in advance (i.e. insurance & annual costs related to a future year) where expense is deferred to appropriate period.
Property, Plant & Equipment	65,727	48,450	17,277	Physical assets of the Club including land and buildings are subject to annual revaluations. Assets are depreciated in accordance with Accounting Standards. Additions based on capital spend and disposals also impact this balance, noting significant capital spend this year
Right of Use of Assets	45	93	(48)	Accounting standard classification of Operating Leases reflected on Balance Sheet
Intangible Assets	1,200	2,050	(850)	Represents the Club's Gaming entitlements. 40 Junction entitlements are valued in use at \$30,000 each. 40 Cheltenham entitlements were sold during the year
Trade & Other Payables	3,903	1,677	2,226	Amounts payable by the Club at balance date, reflects both activity level and timing of capital projects
Employee Benefits	714	648	66	Legislative provisions for employee annual and long service leave
Other Liabilities	4,817	650	4,167	Funds received in advance for sponsorship, membership and future events. Includes initial Master Plan contribution
Lease Liabilities	46	96	(50)	Accounting standard classification of Operating Leases reflected on Balance Sheet



# OUR PEOPLE

## PEOPLE & CULTURE

Over the past year, our focus has been on strengthening our Club's capabilities, nurturing talent, and cultivating a positive culture to support our strategic goals.

We continue to ensure that we recruit the right people with the necessary skills at the right times. We continue to invest time into creating a learning-friendly environment and providing our people training and development across various areas, including compliance, core skills, and leadership development throughout the Club.

We are continually reviewing our employee's experience journey to optimise various touchpoints, from the initial recruitment process to ongoing career development and support. Through the implementation of on-line onboarding processes, comprehensive on-site induction programs as well as enhancements to our Employee Value Proposition including paid maternity leave and increased unique benefits such as discounts on our products and services, and on-line shopping opportunities, we are committed to fostering an environment where staff are valued.

## WORKFORCE AT A GLANCE

At 31 July 2023, the SAJC employed 49 full-time equivalent staff including 7 part-time staff across Morphettsville Racecourse and The Junction. Our casual workforce continues to be fluid with 40 casuals regularly engaged across both venues and up to 100 casuals engaged for major carnivals and events.

Initiating strides toward our Diversity, Equity, and Inclusion (DEI) agenda has been both gratifying and impactful. We are pleased to report that women now occupy a significant 45% of senior leadership and higher roles within our organisation, a testament to our commitment to fostering inclusivity.

In comparison to last financial year, we have increased our casual pool for feature race-days by 15%, lowering costs spent on agency staff and ensuring greater consistency in service. Building and developing our casual food and beverage workforce has gained good momentum and continues to be a strong focus for the upcoming year.

## RECOGNISING OUR PEOPLE

The Club extends its appreciation to every member of our team for their dedication and contributions over the past 12 months. As we continue to progress significant facility developments and upgrades, we value the commitment and engagement of our people to continue to support change and provide an exceptional experience to our valued members, customers and industry partners.

We would like to recognise and thank the following loyal and long-term employees who have reached key anniversary milestones during the past year, casual staff members Barateras (Madhuri) Krishnan - Chef, and Jayden Kerr - Groundsperson both reaching 5 year milestones. Our CEO Grant Mayer reaching 5 years of service, Ian Widdowson - Tracks Team Leader reaching 10 years, Nicole Conley - Business Development Manager hitting her 20 year milestone, and Paul Green from our Grounds team reaching 35 years.



Image: Executive Chef, Steven Clark, and staff member preparing food



Image: Track staff repairing divots after track trials



Image: Bar staff serving in the CC Giddy Up Club



# DEVELOPMENT UPDATE

## VILLAWOOD REDEVELOPMENT

In December 2022 the Club signed a Land Facilitation Agreement with Villawood Properties and Hostplus. This is truly a major milestone for the Club after years of consideration, preparation, consultation and negotiation.

The Agreement provides the governance for the development of 7.1 hectares of land comprising a residential precinct of 5.25 hectares, and a mixed-use commercial and residential precinct of 1.85 hectares. The residential precinct includes 183 terrace homes and 30 apartments, and the mixed-use precinct comprises 250 apartments, a supermarket, speciality stores and a new tavern.



Image: Overview of Villawood development area

The residential precinct will be developed in 4 stages and will deliver annual payments to the Club comprising \$4M up-front plus a further \$16M over the next five years. The project is due for sales launch in March 2024. Civil works are expected to commence in mid-2024 with the first land settlements in early 2025. Villawood will work with a selection of quality builder partners to construct the housing to a consistently high standard of design and finishes.

The mixed-use precinct on Anzac Highway has three stages. Stage 2a includes the new tavern for the Club to replace The Junction. It will provide dining, alfresco and café areas as well as gaming, bars and a beer garden area for our patrons. The new tavern will be integrated into the plaza space which links the Anzac Highway entry right through to a proposed new tram stop.

The floors above the tavern will comprise of car parking and 60 apartments. The timing for Stage 2a is for commencement within three years.

We are working with Villawood on the design of the Stage 2b tower including a supermarket, speciality stores, car park and apartments. There is interest from supermarket operators for a full line supermarket with several specialty stores. Carparking and the apartments will be constructed above the retail floor.

Stage 2c is the final stage of the mixed-use precinct and could be apartments, a hotel or an aged care residential facility. The final design and timing will depend on demand and feasibility.



Image: Villawood's staging plan

The mixed-use precinct delivers another \$20 million to the Club over the next 8-10 years as each Stage is delivered.

The economic benefits for the Club go well beyond the development term with the Club looking to retain the Junction Tavern and having first option over the supermarket and retail spaces as a long-term landlord with a strong annual cash flow returns. These returns will be directed to continue to improve the Clubs facilities in order to promote thoroughbred racing.

The State Government has been working with the Club on the planning and design for the proposed Tram Grade Separation Project for the Morphett Road Tram Crossing. This project has the potential to vastly improve traffic flow on Anzac Highway and Morphett Road and provide improved access for tram commuters to the Racecourse and new mixed-use precinct. Whilst the South Road, Marion Road and Cross Road Grade Separations are fully funded and will be constructed in 2024/25, the Morphett Road project is only at the planning and design stage.

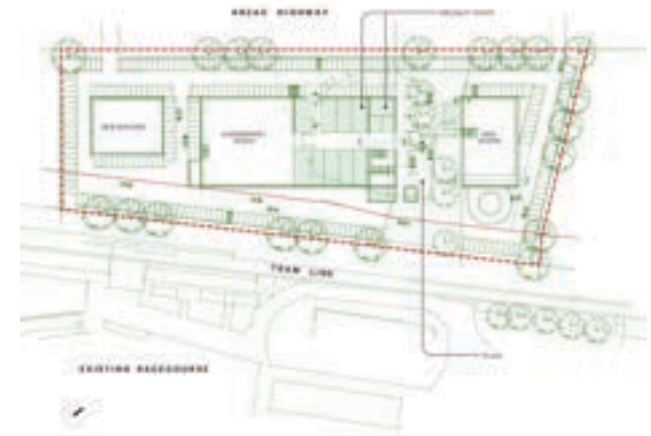


Image: Villawood plans for ground floor of Stage 3

## WOLF BLASS “THE MAN” EVENT CENTRE

Scheduled to open on 1st December 2023, the Wolf Blass “The Man” Event Centre, is now a reality. The building has been meticulously crafted to celebrate the rich history of racing in South Australia and will be the newest top-tier asset in attracting events and conferencing revenue to the State. The contemporary interior is impactfully housed over two levels, uniquely complemented by stellar views of the Racecourse and the picturesque Adelaide Hills. Our guests will delight in experiencing the incomparable fusion of iconic South Australian produce, landscapes and best-in-class hospitality.

Whilst the focus is now on making it a successful revenue stream for the Club, in the course of the construction of the event centre and the renovation of the car park, we have unearthed a myriad of historic maintenance issues, more than one would expect to come across, which was less than ideal.

The following will provide insight into the challenges faced by our Club during this process to highlight the need to fix the mistakes of the past for the venue to be compliant and in accordance with regulations. There has been monetary expenditure associated with this.

The following is a list of latent conditions identified during the construction of the Wolf Blass “The Man” Project. This list is not exhaustive, but includes issues such as:

ITEM	ISSUE	IMPACT
Lack of documentation of services	Inability to locate likely service paths (electrical, water main, sewerage, fire, communications, concrete footings)	Costs to rectify, relocate, identify with surface markers, or remove, backfill
Asbestos	Asbestos eaves / pipes not removed at time when previous works were undertaken	Asbestos removal required at cost
Administration Building structure	Significant cracking in walls, floors not level, damaged concrete beams without structural engineering rectification, stress fractures of ceiling rafters impacting structural integrity	Engineering works to remedy structure; additional filling to level floors; structural engineering and re-brick; rafter replacement
Administration roof	Pigeon excrement not managed, leading to costs to clean under bio-hazard conditions as well as significant rusting and damage to roof sheets	Costs to remove then clean and replace roof sheets as required
Stormwater	Existing infrastructure at south-western end of Grandstand / Diva Bar could not cope with stormwater	Engineered solution implemented
	Repairs required to stormwater pipes and pits in carparks	Carpark stormwater issues rectified
Electrical Infrastructure	Non-compliant electrical infrastructure	Costs to rectify and make safe
Fire Compartment	Fire wall previously removed allowing passage of fire between buildings	Life safety issue, with costs to install new fire wall

## OTHER DEVELOPMENTS

Members and staff are in for an exciting period as the Villawood Redevelopment heralds the emergence of a new community on our doorstep. To ensure the Club remains relevant, the quality of our facilities and experiences at Morphettville require ongoing enhancement. In the coming months and years, the Club will invest in projects such as:

- Acquisition of the Morphettville Water Walker;
- Significant Grandstand upgrades and improvements;
- Construction of a new Maintenance Facility;
- Complete restoration of the Link Stand as an administrative hub;
- Creation of a new tramway entrance to align with the proposed new tram stop and the construction of the plaza and community space;
- Investigation of opportunities to invest in the unused land on the western side of Morphett Road; and
- Major irrigation upgrade of both racing tracks.

By design, these project works are inherently based on creating a better future for Greater Adelaide; facilitating unique opportunities to attract people locally, from interstate, and overseas resulting in increased economic growth and prosperity for the State. In turn, these project works have also become vital to ensuring the longevity and relevance of the SAJC, directly aligning with achievement of the vision to be South Australia’s premier destination for racing, events and entertainment 365 days a year.

**Contributions from  
Grant Mayer, Michael Cox & Neil Anderson**







# OUR PARTNERS

## PRINCIPAL PARTNERS



### TAB BETTING FACILITIES

TAB is a proud partner of Morphettville and with Australia's largest wagering retail footprint, the TAB retail network consists of over 1,400 standalone, Pub, Club and on-course TAB outlets. This year we welcomed TAB as the naming rights partner of the 2023 Goodwood Carnival and they will continue as naming rights partner to the TAB Adelaide Cup in 2024, supporting with functions and activations held on this day. Morphettville would like to thank TAB for their continued partnership.



### LION SA BEER & CIDER

Lion is one of Australasia's largest food and beverage companies. With a proud history extending back to 1840, they market premium brands in the dairy, juice, soy, beer, cider, fine wine, spirits, alcoholic ready-to-drinks and non-alcohol beverages categories. Lion have activated several different brands such as Guinness, White Claw, and Byron Bay at Morphettville's feature race days over the past 12 months. We look forward to working with Lion on new product activation opportunities.

## MAJOR PARTNERS



### ADELAIDE GALVANISING HOT DIP GALVANISING

Adelaide Galvanising Industries is a wholly South Australian family-owned company and has been operating from their current site since 1996. They continue to be our naming rights partner to the Adelaide Galvanising Boxing Day race meet, along with the naming rights to the Christmas Handicap and the Adelaide Guineas on South Australian Derby Day. Morphettville would like to thank Adelaide Galvanising for their continued sponsorship and support to the Club since 2010.



### THOMAS FARMS PREMIUM QUALITY PRODUCE

Established in 2008, Thomas Farms is committed to delivering premium, retail-ready goods directly to consumers. They offer sustainable, ethical and focused on meeting consumer preferences. Morphettville are thrilled to partner with Thomas Farms as preferred supplier of quality protein, which is fundamental to elevating dining experiences to our guests. Thomas Farms are naming rights partner to South Australian Derby Day and hold major brand presence at Morphettville with on-course signage.



### GRAND SYNDICATES LEADER IN AFFORDABLE RACECOURSE SYNDICATION

Grand Syndicates is a horse racing syndication business catering specifically for people who want to own a share in a racehorse at an affordable price. As a major partner, Morphettville will work with Grand Syndicates to highlight their business to potential new owners. Grand Syndicates work with a trusted group of trainers and bloodstock agents to get the very best for their clients with trainer David Jolly heading up the South Australian component.

## MAJOR PARTNERS



### SKYCITY MEMBER OF SKYCITY ENTERTAINMENT GROUP

We welcomed SkyCity as a major partner of Morphettville in January 2023. The SkyCity Entertainment Group is based in Auckland and is one of Australasia's leading gaming and entertainment companies, employing over 3,400 people in New Zealand and Australia. It is publicly listed on both the New Zealand and Australian stock exchanges. Besides SkyCity Adelaide, the SkyCity group owns and operates casinos in Auckland, Queenstown and Hamilton. We have hosted many of SkyCity's international business and gaming customers and we look forward to continuing to do so into the future. SkyCity are the naming rights sponsor of the SkyCity Matrice Stakes on Adelaide Cup Day.



### THE FOTOBASE GROUP SIGNAGE & PRINTING

The Fotobase Group was engaged as Morphettville's new signage and printing partner in August 2022. Offering excellent quality in printing, photography, drone footage and medium and large scale signage development and implementation, they have played a huge role in bringing activation spaces to life. The Fotobase Group are naming rights sponsors of the Morphettville Guineas on Adelaide Cup Day and host a company function at Morphettville each year. We look forward to continuing our partnership with them.

## KEY PARTNERS



### WESLO STAFF SECURITY SERVICES

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



### OPTIONS WINES BEVERAGE SUPPLIER

Options Wine Merchants Pty Ltd is responsible for distributing some of the world's most respected and sought-after wines to the trade. A new agreement in 2020 sees Options providing beverages to 50% of Morphettville's event and conference beverage lists.



### ACCOLADE WINES BEVERAGE SUPPLIER

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



### FLEURIEU MILK COMPANY DAIRY PRODUCTS

Fleurieu Milk Company produces premium fresh milk to Morphettville, delivering excellent customer service and great tasting products including their range of Farm Fresh, Jersey Premium milk and flavoured milk. Fleurieu Milk continues to be a passionate partner and we look forward to working with them over the coming years.



### COCA-COLA EUROPACIFIC PARTNERS (CANADIAN CLUB) RTD BEVERAGE SUPPLIER & NARTD SUPPLIER

Under the Coca Cola Europacific Partners company, Canadian Club continues to be the choice of savvy drinkers who are looking for a refreshing alternative to beer, a classic cocktail or simply a great tasting whiskey served neat. Canadian Club have had a big brand presence at the track over the last 12 months, the CC branded bar asset continues to be activated across our feature days including Melbourne Cup Day. CCEP is also Morphettville's preferred soft drink partner, supplying products including Coke, Fanta, Sprite, Monster and quality juices.



### PFD FOOD SERVICES PRODUCE SUPPLIER

PFD Food Services began in 1943 amid the noise and chaos of the Melbourne Fish Markets. Expanding rapidly to meet the demand of an ever-growing customer base, PFD is now Australia's largest family-operated foodservice network. PFD Food Services provide Morphettville with a range of dry goods, frozen and chilled products.



# SEASON REVIEW

The 2022-23 Racing season again proved a wonderful 12 months for the father daughter training combination of Richard and Chantelle Jolly who banked back to back Training Premierships.

Overall they prepared 70 winners across the State, one more than their 21-22 number, whilst at metropolitan level they matched their prior year tally of 48.

In the jockey ranks Kayla Crowther yet again booted home more winners than any of her peers, tasting success on 87 occasions.

However honors in the metropolitan ranks for the first time went to Jake Toeroek who with 48 winners was 13 clear of his nearest rival Lachlan Neindorf.

Jason Holder was runner up in the SA title to Kayla however at the Racing SA Awards night would claim the coveted John Letts Medal as voted upon by the Steward's Panel at every single race meeting across the season. For Jason it was a third win in the prestigious count.

Apprentice riders Alana Livesey and Ben Price should also be acknowledged for outstanding seasons with 65 and 63 winners respectively.

That night would also see the bonny mare Another Award from the Leon Macdonald and Andrew Gluyas yard claim the SA Racehorse of The Year gong from fellow finalists See You In Heaven and Diamonds.

On Leon the end of the season would also see the Australian Racing Hall of Famer elect to bow out from the training ranks and pass the baton solely to his son in law Andrew who he had trained in partnership with for the latter part of his distinguished career.

One of the better gallopers trained by Macdonald was the dual Derby winner Rebel Raider and he would sire the Adelaide Cup winner of 2023 in Rebel Racer.

Purchased as a jumping prospect by Amy and Ash Yargi, the gelding put that career on hold when he led throughout to win the TAB Adelaide Cup for Craig Newitt in front of a marvelous crowd of nearly 7,000.

The Group 1 Carnival in April-May would see the Ciaran Maher – David Eustace juggernaut nearly sweep our 4 majors.

First they would take the Australasian Oaks with Affaire A Suivre who was guided to success by Irishman John Allen who boasts an incredible Group 1 record in Adelaide.

It was the same trainer jockey combination the following week who took the Furphy Robert Sangster Stakes with Ruthless Dame.

In the Thomas Farms South Australian Derby Dunkel would provide trainer Patrick Payne and jockey Billy Egan with a maiden Group 1 success and in doing so relegate the Maher – Eustace galloper Promises Kept into second spot.

The final major The TAB Goodwood would see the filly Royal Merchant with Micky Dee in the saddle chalk up another Group 1 for the powerful Maher – Eustace barn.

The early stages of the new racing season have seen lightning starts by the Richard and Chantelle Jolly stable and also the team of talented Murray Bridge based horseman Michael Hickmott.

Jake Toeroek has also had a brilliant start as the talented young hoop continues to take his career to a new level.

When we reflect in 12 months time once this new season has been put to bed it seems difficult to think with normal circumstances we won't be reflecting on their continued fine performances.

In the jockey ranks watch for the emergence of Rochelle Milnes, who is apprenticed to John Dunn and Krystal Bishop.

Let's hope we may also be celebrating a South Australian win or two in our feature races.

**Terry McAuliffe**  
**Racing.com**

# GROUP 1 WINNERS



## GRAND SYNDICATES AUSTRALASIAN OAKS

Affaire A Suivre (NZ)

J: John Allen T: Ciaron Maher & David Eustace



## FURPHY ROBERT SANGSTER STAKES

Ruthless Dame (NZ)

J: John Allen T: Ciaron Maher & David Eustace



## THOMAS FARMS SOUTH AUSTRALIAN DERBY

Dunkel

J: Billy Egan T: Patrick Payne



## TAB GOODWOOD

Royal Merchant

J: Michael Dee T: Ciaron Maher & David Eustace



## BOARD MEMBER ATTENDANCE AT MEETINGS

The attendance by individual directors at meetings of the Board and its committees in 2022-23 was as follows, noting the total number of meetings is included in the brackets:

Director	Board (15)	Finance, Investment & Audit Committee (5)	Risk & Compliance Committee (1)	Membership Committee (4)
Bob Holton	15	5	0	3
Steve Kelton <sup>3</sup>	8	3	0	0
John Keen <sup>2</sup>	5	0	1	0
John Girvan	15	4	0	4
Judith Jones	15	5	0	1
Ron Pratt	15	0	1	3
Christine Simpson	14	0	0	4
Peta Southern-Ninnis <sup>1</sup>	8	0	0	2

<sup>1</sup> elected to the Board in November 2022  
<sup>2</sup> retired from the Board in November 2022  
<sup>3</sup> retired from the Board in February 2023

A Racing Working Party was formed in January 2023 and meets as required to address critical racing issues delegated by the Board. The Racing Working party met once during 2022-23.

A Performance and Review Committee met once during 2022-23.

- The independent members appointed to Board committees in 2022-23 were:
- Kym Hume – Risk & Compliance Committee
  - Allie Umoff – Risk & Compliance Committee
  - Wayne Henson – Finance, Investment & Audit Committee (Resigned April 2023)

# OUR BOARD

## SAJC BOARD MEMBERS



**BOB HOLTON** CHAIRMAN

SAJC Board Member since 2015

SAJC Committees:

- Performance & Review (Chair)
- Ex-Officio on all Board Committees



**JUDITH JONES** VICE-CHAIRMAN

SAJC Board Member since 2020

SAJC Committees:

- Finance, Investment & Audit (Chair)
- Performance & Review
- Racing Working Party



**CHRISTINE SIMPSON** BOARD MEMBER

SAJC Board Member since 2020

SAJC Committees

- Membership (Chair)



**JOHN GIRVAN** BOARD MEMBER

SAJC Board Member since 2020

SAJC Committees:

- Finance, Investment & Audit
- Membership



**RON PRATT** BOARD MEMBER

SAJC Board Member since 2020

SAJC Committees:

- Racing Working Party (Chair)
- Performance & Review
- Membership
- Risk & Compliance



**PETA SOUTHERN-NINNIS** BOARD MEMBER

SAJC Board Member since 2022

SAJC Committees:

- Racing Working Party
- Membership



# FINANCIAL REPORT



## SOUTH AUSTRALIAN JOCKEY CLUB AND ITS CONTROLLED ENTITY

### BALANCE SHEET AS AT 31 JULY 2023

	NOTE	2023 \$000	2022 \$000
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	2	-	367
Inventories		395	222
Trade and Other Receivables	3	600	266
Investments	4	908	1,706
Prepayments		361	302
<b>TOTAL CURRENT ASSETS</b>		<b>2,264</b>	<b>2,863</b>
<b>NON-CURRENT ASSETS</b>			
Investments	4	40,095	44,003
Property, Plant & Equipment	5	65,727	48,450
Right of Use Assets		45	93
Intangible Assets	6	1,200	2,050
<b>TOTAL NON-CURRENT ASSETS</b>		<b>107,067</b>	<b>94,596</b>
<b>TOTAL ASSETS</b>		<b>109,331</b>	<b>97,459</b>
<b>CURRENT LIABILITIES</b>			
Bank Overdraft	2	378	-
Trade and Other Payables	7	3,903	1,677
Employee Benefits	8	664	615
Lease Liabilities		0	60
Other Liabilities	9	4,817	650
<b>TOTAL CURRENT LIABILITIES</b>		<b>9,762</b>	<b>3,002</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee Benefits	8	50	33
Lease Liabilities		46	36
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>96</b>	<b>69</b>
<b>TOTAL LIABILITIES</b>		<b>9,958</b>	<b>3,071</b>
<b>NET ASSETS</b>		<b>99,473</b>	<b>94,388</b>
<b>EQUITY</b>			
Reserves		28,208	25,801
Retained Earnings		71,265	68,587
<b>TOTAL EQUITY</b>		<b>99,473</b>	<b>94,388</b>

The accompanying notes form part of these financial statements.

**SOUTH AUSTRALIAN JOCKEY CLUB AND ITS CONTROLLED ENTITY**  
**STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2023**

	NOTE	2023 \$000	2022 \$000
<b>REVENUE FROM OPERATING ACTIVITIES</b>			
Hospitality Revenue		9,357	7,688
Venue Gaming Revenue		2,883	2,897
Tote Revenue		428	464
Sponsorship		1,138	1,077
Industry Contributions	12	3,251	3,071
Sundry Revenue		2,207	1,262
<b>TOTAL REVENUE</b>		<b>19,264</b>	<b>16,459</b>
<b>EXPENDITURE FROM OPERATING ACTIVITIES</b>			
Hospitality Expenditure		4,081	3,172
Venue Gaming Expenditure		1,580	1,559
Racing & Facility Expenditure		2,913	2,671
Salaries & Wages		8,064	6,417
Tote Operations		265	268
Sundry Expenses		2,091	1,843
<b>TOTAL EXPENDITURE</b>		<b>18,994</b>	<b>15,930</b>
<b>SURPLUS FROM OPERATIONS BEFORE FINANCE INCOME, DEPRECIATION AND CAPITAL DISPOSALS (EBITDA)</b>		<b>270</b>	<b>529</b>
<b>Net Finance Income</b>	<b>4</b>	<b>2,644</b>	<b>(1,684)</b>
<b>Surplus Before Depreciation</b>		<b>2,914</b>	<b>(1,155)</b>
Depreciation - Property, Plant & Equipment	5	(4,994)	(3,249)
Depreciation – Right of Use Assets		(49)	(60)
Accelerated Depreciation of Property, Plant & Equipment	5	(321)	(1,284)
Net Gain on Disposal of Non-Current Assets		4,569	264
<b>SURPLUS FOR THE PERIOD</b>		<b>2,119</b>	<b>(5,484)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of Gaming Entitlements to Fair Value	6	-	250
Revaluation of Buildings to Fair Value	10	2,965	21,001
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>2,965</b>	<b>21,251</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>5,084</b>	<b>15,767</b>

**SOUTH AUSTRALIAN JOCKEY CLUB AND ITS CONTROLLED ENTITY**  
**STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2023**

	RETAINED EARNINGS \$000	RESERVES \$000	TOTAL \$000
<b>BALANCE AT 1 AUG 2021</b>	<b>73,086</b>	<b>5,670</b>	<b>78,756</b>
Surplus for the year	(5,484)	-	(5,484)
Revaluation Increments / (Decrements)	250	21,001	21,251
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>(5,234)</b>	<b>21,001</b>	<b>15,767</b>
Depreciation of industry funded assets	-	(241)	(241)
Transfers to and (from) reserves	735	(629)	106
<b>BALANCE AT 31 JUL 2022</b>	<b>68,587</b>	<b>25,801</b>	<b>94,388</b>
<b>BALANCE AT 1 AUG 2022</b>	<b>68,587</b>	<b>25,801</b>	<b>94,388</b>
Surplus for the year	2,119	-	2,119
Revaluation Increments / (Decrements)	-	2,965	2,965
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>2,119</b>	<b>2,965</b>	<b>5,084</b>
Depreciation of industry funded assets	-	(453)	(453)
Transfers to and (from) reserves	559	(105)	454
<b>BALANCE AT 31 JUL 2023</b>	<b>71,265</b>	<b>28,208</b>	<b>99,473</b>

**SOUTH AUSTRALIAN JOCKEY CLUB AND ITS CONTROLLED ENTITY**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2023**

	NOTE	2023 \$000	2022 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from operating activities		25,023	17,952
Payments to suppliers and employees		(18,860)	(17,167)
Interest paid		(24)	(29)
<b>NET CASH FROM / (UTILISED IN) OPERATING ACTIVITIES</b>	15	<b>6,139</b>	<b>756</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received on Investments		60	(201)
Proceeds from sale of intangible assets		1,200	-
Proceeds from sale of property, plant & equipment		4,569	264
Payments for property, plant & equipment		(19,976)	(4,302)
Proceeds from disposal of Investments		7,313	3,739
<b>NET CASH GENERATED FROM / (UTILISED IN) INVESTING ACTIVITIES</b>		<b>(6,834)</b>	<b>(500)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Reduction in Lease Liabilities		(50)	(60)
<b>NET CASH GENERATED FROM / (UTILISED IN) FINANCING ACTIVITIES</b>		<b>(50)</b>	<b>(60)</b>
<b>NET INCREASE / (DECREASE) IN CASH HELD</b>		<b>(745)</b>	<b>196</b>
<b>CASH AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<b>367</b>	<b>171</b>
<b>CASH AT THE END OF THE FINANCIAL YEAR</b>	2	<b>(378)</b>	<b>367</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

## 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 2023 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 26th October 2023.

### *Statement of Compliance*

The consolidated financial report of the Group and the financial report of the Club are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Simplified Disclosure Requirements (AASB 1060) adopted by the Australian Accounting Standards Board (AASB) and the Associations Incorporation Act 1985, as amended.

### *Basis of Preparation*

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

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

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

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

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

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

### **1.1 BASIS OF CONSOLIDATION**

#### *(i) Subsidiaries*

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

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

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### **1.2 PROPERTY, PLANT AND EQUIPMENT**

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

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

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

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

## 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### Depreciation

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

	2023	2022
Buildings & Improvements	2.5% - 20%	2.5% - 20%
Plant & Equipment	2.5% - 33%	2.5% - 20%

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

### 1.3 REVENUE AND OTHER INCOME

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

### Industry Grants

The SAJC received distributions from Racing South Australia ('RSA') to fund operations. These amounts are reported on an accrual basis. Grants received from RSA for capital purposes are treated as operating income insofar as the fair value of the amount received does not exceed any related amounts already recognised by the Club, in which case the Club will recognise a liability until such time that the Club satisfies its Performance Obligations. The depreciation component of such items is recognised as a deficit.

### Deferred Income

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

### Sale of Non-current Assets

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

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

### Finance Income / Finance Costs

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

Finance costs comprise interest expense on borrowings and impairment losses recognised on financial assets.

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

### Grants

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

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

### Donations

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

### Rental Income

Rental income is recognised in the profit or loss on a straight-line basis over the term of the lease.

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

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

## 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### 1.4 EMPLOYEE BENEFITS

#### *Defined Contribution Superannuation Fund*

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

#### *Long-term Service Benefits*

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

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

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

### 1.5 INVENTORIES

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

### 1.6 INCOME TAX

The Group is exempt from income tax under section 50-45 item 9.1(a) of the Income Tax Assessment Act 1997.

### 1.7 GOODS AND SERVICES TAX

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

Receivables and payables are stated with the amount of GST included.

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

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

### 1.8 LEASED ASSETS

#### *Right-of-use assets*

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

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Club expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Club has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

#### *Lease liabilities*

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

### 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in the rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset.

#### 1.9 INTANGIBLE ASSETS

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

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

#### 1.10 FINANCIAL INSTRUMENTS

##### *Financial assets*

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

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

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

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

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

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

##### *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 are comprised of trade and other receivables.

##### *Cash and cash equivalents*

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

##### *Investments and other financial assets*

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

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

##### *Financial liabilities*

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

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

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

## 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### 1.11 IMPAIRMENT

#### *Financial assets*

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

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

#### *Impairment of financial assets*

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

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

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

#### *Non-financial assets*

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

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

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

### 1.12 PROVISIONS

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

### 1.13 USE OF JUDGEMENTS AND ESTIMATES

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Information about estimates and judgements that have the most significant effect on the amounts recognised in the financial statements, are described in Note 4 – Investments, Note 5 – Property, Plant & Equipment and Note 6 – Intangible Assets.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

### 2 CASH & CASH EQUIVALENTS

	<b>2023</b> \$000	<b>2022</b> \$000
Cash and Cash Equivalents on Hand	316	234
Cash at Bank – Investment Account	85	1,091
Bank Overdraft	(779)	(958)
	<b>(378)</b>	<b>367</b>

The SAJC maintains a secured overdraft facility with ANZ of \$2M which is subject to annual review. At reporting date, \$779K (2022: \$958K) of this overdraft had been drawn down.

### 3 TRADE & OTHER RECEIVABLES

	<b>2023</b> \$000	<b>2022</b> \$000
<b>Current</b>		
Trade and Other Receivables	680	269
Allowance for Expected Credit Loss	(80)	(3)
	<b>600</b>	<b>266</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

### 4 INVESTMENTS

	2023 \$000	2022 \$000
<b>Current</b>		
Financial assets at fair value through profit or loss	908	1,706
<b>TOTAL</b>	<b>908</b>	<b>1,706</b>
<b>Non-Current</b>		
Financial assets at fair value through profit or loss	40,095	44,003
<b>TOTAL</b>	<b>40,095</b>	<b>44,003</b>
<b>TOTAL INVESTMENTS</b>	<b>41,003</b>	<b>45,709</b>
Reconciliations of the carrying amounts of each class of Investments		
<i>Financial assets at fair value through profit or loss (current)</i>		
Carrying Amount at the beginning of year	1,706	2,047
Additions	-	-
Disposals	(798)	(341)
<b>Carrying Amount at the end of year</b>	<b>908</b>	<b>1,706</b>
<i>Financial assets at fair value through profit or loss (non-current)</i>		
Carrying Amount at the beginning of year	44,003	48,855
Additions	4,408	5,887
Disposals	(10,610)	(8,546)
Unrealised Gain/(Loss) on Fair Value	2,294	(2,193)
<b>Carrying Amount at the end of year</b>	<b>40,095</b>	<b>44,003</b>
<b>TOTAL INVESTMENTS</b>	<b>41,003</b>	<b>45,709</b>
<b>Net Finance Income</b>		
Net Interest (Expense) / Income	85	4
Finance & Investment Fund Manager Fees Expense	(223)	(234)
Net Gain/(Loss) on Investments	2,782	(1,454)
<b>Net Finance Income</b>	<b>2,644</b>	<b>(1,684)</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

### 4 INVESTMENTS

<i>Investments represent funds managed by Investment Managers</i>	<b>Fair Value Level 1</b> \$000	<b>Fair Value Level 2</b> \$000	<b>Holding at 31 July 2023</b> \$000	<b>Weighted Average Return 31 July 2023</b> \$000	<b>Holding at 31 July 2022</b> \$000	<b>Weighted Average Return 31 July 2022</b> \$000
FMD	1,850	18,664	20,514	5.22%	20,473	-5.48%
Bentleys Wealth Partners	1,417	19,072	20,489	5.58%	23,236	-4.12%
GM Hotels	-	-	-	15.64%	2,000	34.05%
	<b>3,267</b>	<b>37,736</b>	<b>41,003</b>	<b>5.99%</b>	<b>45,709</b>	<b>-3.17%</b>

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

### 5 PROPERTY PLANT & EQUIPMENT

	<b>NOTE</b>	<b>2023</b> \$000	<b>2022</b> \$000
<b>Freehold Land at cost</b>			
Morphettville		357	357
Cheltenham		-	321
		<b>357</b>	<b>678</b>
<b>Buildings &amp; Improvements at fair value</b>			
Morphettville		36,359	32,761
		<b>36,359</b>	<b>32,761</b>
<b>Plant &amp; Equipment at cost</b>			
Morphettville		42,307	40,811
Less: Accumulated Depreciation		(32,157)	(30,272)
		<b>10,150</b>	<b>10,539</b>
<b>Capital Works in Progress</b>		<b>18,861</b>	<b>4,472</b>
<b>TOTAL PROPERTY PLANT &amp; EQUIPMENT</b>		<b>65,727</b>	<b>48,450</b>
Included in the above total of Property, Plant & Equipment are the written down values of assets funded by industry grants to the extent of:	10		2,911
<i>Reconciliations of the carrying amounts of each class of Property, Plant &amp; Equipment</i>			
<b>Freehold Land at cost</b>			
Carrying Amount at the beginning of year		678	678
Disposals		(321)	-
<b>CARRYING AMOUNT AT THE END OF YEAR</b>		<b>357</b>	<b>678</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

### 5 PROPERTY PLANT & EQUIPMENT

	NOTE	2023 \$000	2022 \$000
<b>Buildings &amp; Improvements</b>			
Carrying Amount at the beginning of year		32,761	13,150
Transfers from Capital Works in Progress		4,062	1,595
Depreciation		(3,429)	(2,985)
Revaluation		2,965	21,001
<b>CARRYING AMOUNT AT THE END OF YEAR</b>		<b>36,359</b>	<b>32,761</b>
<b>Plant &amp; Equipment</b>			
Carrying Amount at the beginning of year		10,539	11,267
Transfers from Capital Works in Progress		1,496	820
Disposals		-	-
Depreciation		(1,886)	(1,548)
<b>CARRYING AMOUNT AT THE END OF YEAR</b>		<b>10,150</b>	<b>10,539</b>
<b>Capital works in progress</b>			
Carrying Amount at the beginning of year		4,472	2,585
Additions		19,947	4,302
Transfer to Buildings & Improvements		(4,062)	(1,595)
Transfer to Property, Plant & Equipment		(1,496)	(820)
<b>CARRYING AMOUNT AT THE END OF YEAR</b>		<b>18,861</b>	<b>4,472</b>
<b>TOTAL PROPERTY PLANT &amp; EQUIPMENT</b>		<b>65,727</b>	<b>48,450</b>

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

For the year ended 31 July 2023, the SAJC Board undertook a Directors Valuation of Buildings, based on the valuation principles as updated by the external, independent valuer, Wayne Smith B. AppSc (PRM) AAPI Certified Practising Valuer of Wayne Smith Property Valuers Pty Ltd, along with an assessment of the expected PV of cashflows of the Gaming Venue.

Every year, the Club conducts a review of its assets which may result in changes in the expected usage of certain plant & equipment. This refers to assets which are determined to have reached the end of their useful life or, include assets with limited or no use to the Club, such as aged assets and assets being replaced. These assets are subject to accelerated depreciation, with the effect of this review being an increase of depreciation expense of \$321K in 2023 (\$206K in 2022).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

### 6 INTANGIBLE ASSETS

	2023 \$000	2022 \$000
<i>Gaming Machine Entitlements</i>		
Morphettville	1,200	1,200
Cheltenham	-	850
Norwood Community Club	-	-
<b>TOTAL LICENCES &amp; ENTITLEMENTS</b>	<b>1,200</b>	<b>2,050</b>

On 14 July 2011, the South Australian Government introduced a trading system for gaming entitlements. The most recent trading round was held on 16 November 2022 and resulted in a sell price of \$30,000. The Club sold the 40 Cheltenham entitlements in November 2022 for \$30,000 each. The gain on the sale of these entitlements is included in the Net Gain on Disposal of Non-Current Assets in the P&L. The Club has undertaken a net present value calculation to determine the Morphettville Junction entitlements as entitlements in use and maintained their fair value at \$30,000 per entitlement.

Intangible Asset Reconciliation	Morphettville \$000	Cheltenham \$000	Norwood Community Club \$000	Total \$000
<i>Gaming Machine Entitlements Consolidated</i>				
Balance at 1 August 2021	1,200	600	135	1,935
Revaluation	-	250	-	250
Disposals	-	-	(135)	(135)
<b>BALANCE AT 31 JULY 2022</b>	<b>1,200</b>	<b>850</b>	<b>-</b>	<b>2,050</b>
Balance at 1 August 2022	1,200	850	-	2,050
Revaluation	-	-	-	-
Disposals	-	(850)	-	(850)
<b>BALANCE AT 31 JULY 2023</b>	<b>1,200</b>	<b>-</b>	<b>-</b>	<b>1,200</b>

### 7 TRADE & OTHER PAYABLES

	2023 \$000	2022 \$000
Trade and Other Payables	3,903	1,677

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

### 8 EMPLOYEE BENEFITS

	2023 \$000	2022 \$000
<b>Current</b>		
Employee Provisions	664	615
<b>Non-Current</b>		
Employee Provisions	50	33

### 9 OTHER LIABILITIES

	2023 \$000	2022 \$000
Deferred Income	4,817	650

### 10 RESERVES & RETAINED EARNINGS

	2023 \$000	2022 \$000
<b>Retained Earnings</b>		
Balance Brought Forward	68,587	73,086
Add: Surplus/(Deficit)	2,119	(5,484)
Transfers from Reserves (net)	559	985
<b>TOTAL RETAINED EARNINGS</b>	<b>71,265</b>	<b>68,587</b>
<b>Reserves</b>		
<i>Industry Capital Grants Reserve</i>		
Balance Brought Forward	2,911	3,152
Less: Depreciation of Industry Funded Assets	(453)	(241)
<b>BALANCE AT YEAR END</b>	<b>2,458</b>	<b>2,911</b>
<i>Asset Revaluation Reserve</i>		
Balance Brought Forward	22,890	2,518
Plus: Buildings Revaluation Increments	2,965	21,001
Add: Intangibles Revaluation Decrements	-	(629)
Less: Transfers from Reserves	(105)	-
<b>BALANCE AT YEAR END</b>	<b>25,750</b>	<b>22,890</b>
<b>TOTAL RESERVES</b>	<b>28,208</b>	<b>25,801</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

### 10 RESERVES & RETAINED EARNINGS (CONT.)

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

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

### 11 SUPERANNUATION FUND

All employees may nominate their preferred fund for employer contributions.

The Club and Group contributed \$732K of employer contributions in the year ended 31 July 2023 (2022: \$540K)

As at year end, the number of full-time equivalent employees working for the Club was 54.4 (2022: 44.61).

### 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. On 20 May 2022, the remaining Gaming Machine Entitlements were sold. There were no transactions with the Norwood Community Club Inc. during 2022/23.

#### *Racing SA*

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

<b>RSA Contribution</b>	<b>2023</b> \$000	<b>2022</b> \$000
Raceday	1,225	1,183
Training	519	478
Trainers Starter Fees	225	225
Marketing	270	207
<b>TOTAL</b>	<b>2,239</b>	<b>2,093</b>
Nominations, Acceptances & Scratchings	1,012	978
<b>TOTAL RSA CONTRIBUTIONS</b>	<b>3,251</b>	<b>3,071</b>

#### *Transactions with Key Management Personnel*

The Board Members receive no remuneration for their services.

#### Other transactions of the Board:

- The Chairman is entitled to an allowance of up to \$18,000 to assist with costs incurred in representing the Club during the year. The remaining Board Members are entitled to a reimbursement of their expenses not exceeding \$2,500 per annum for costs incurred in representing the Club. Reimbursement is only provided where the Board Members have incurred expenses that are directly related to furthering the Club.
- Some Board Members, either directly or through corporates in which they have a substantial financial interest, may provide certain goods or services in the normal course of the Club's activities.
- The terms and conditions of transactions with Members of the Board are no more favourable than those available to other entities on an arm's length basis.
- Members of the Board, or their relatives, may from time to time receive prizemoney from RSA following the success of horses owned or trained by them. This prizemoney is paid by RSA on the same terms and conditions as apply to any other owner or trainer.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

### 12 RELATED PARTY TRANSACTIONS

#### Key Management Personnel Compensation

	2023 \$000	2022 \$000
Short-term employee benefits	1,268	1,027

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

### 13 ADDITIONAL PROFIT OR LOSS STATEMENT INFORMATION

	2023 \$000	2022 \$000
<b>Sundry Revenue</b>		
<i>The total Sundry Revenue amount in the Profit or Loss Statement includes:</i>		
Wolf Blass Donation	1,000	-
<b>Hospitality Expenditure</b>		
<i>The total Hospitality Expenditure amount in the Profit or Loss Statement includes:</i>		
Cost of Goods Sold	4,081	3,172

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

### 14 REVENUE FROM CONTRACTS WITH CUSTOMERS & OTHER REVENUE

	2023 \$000	2022 \$000
<i>Revenue from Contracts with Customers</i>		
Hospitality Revenue	9,357	7,688
Venue Gaming Revenue	2,883	2,897
Totalisator Revenue	428	464
Sponsorship	1,138	1,077
Sundry Revenue	2,207	1,262
<b>TOTAL REVENUE FROM CONTRACTS WITH CUSTOMERS</b>	<b>16,013</b>	<b>13,388</b>
<i>Other Revenue</i>		
Industry Contributions	3,251	3,071
<b>TOTAL OTHER REVENUE</b>	<b>3,251</b>	<b>3,071</b>
<b>TOTAL REVENUE</b>	<b>19,264</b>	<b>16,459</b>

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

### 15 CASH FLOW INFORMATION

	2023 \$000	2022 \$000
<b>(i) RECONCILIATION OF CASH</b>		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows: -		
Cash and Cash Equivalents	(378)	367
<b>(ii) RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT FROM ORDINARY ACTIVITIES</b>		
Surplus / (Deficit) from ordinary activities	2,119	(5,484)
Net Investment Income	(2,668)	1,655
Depreciation	4,911	4,352
Depreciation of Funded Assets	453	241
(Profit) on sale of property, plant, and equipment	(4,569)	(264)
<b>CHANGE IN ASSETS AND LIABILITIES</b>		
(Increase) / Decrease in receivables	(334)	77
(Increase) / Decrease in inventory	(173)	1
(Increase) / Decrease in prepayments	(59)	102
Increase in payables	2,226	350
Increase / (Decrease) in employee benefits	66	(44)
Increase / (Decrease) in other liabilities	4,167	(230)
<b>NET CASH PROVIDED (UTILISED) BY OPERATIONS</b>	<b>6,139</b>	<b>756</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

### 16 OPERATING LEASES

In accordance with Note 1.8, leasing arrangements are only to be recognised as operating leases insofar as they relate to non-recognised 'short term' leases (less than a year) or, 'low value' leases (less than \$10K). As such, the operating lease commitments that have not been recognised in the Balance Sheet for the Club as at 31 July 2023 are: \$0K (as at 31 July 2022: \$0K).

### 17 AUDITOR'S REMUNERATION

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

	<b>2023</b> \$000	<b>2022</b> \$000
<b>Audit Services</b>		
Audit or review of financial reports	35	33
Non-audit services	-	-
	<b>35</b>	<b>33</b>

### 18 CAPITAL COMMITMENTS

	<b>2023</b> \$000	<b>2022</b> \$000
Kennett Builders - Morphetville Event Centre	10,837	19,145

## REPORT & STATEMENT BY THE BOARD FOR THE YEAR ENDED 31 JULY 2023

### REPORT BY BOARD

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

- a. an allowance of \$18,000 payable to the Chair, and \$2,500 to each other Board member, to assist with costs incurred in representing the Club during the year.
- b. benefits arising from the provision of certain minor goods or services in the normal course of the Club's activities.

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

*Dated at Adelaide this 26th day of October 2023*

*Signed in accordance with a resolution of the Board*



**Bob Holton**  
Chairman



**Judith Jones**  
Vice-Chairman

## REPORT & STATEMENT BY THE BOARD FOR THE YEAR ENDED 31 JULY 2023

### 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 33 to 52 for the year ended 31 July 2023, are in our opinion properly drawn up:

- a. so as to present fairly the financial position of the Group as at 31 July 2023 and the results and cash flows for the year then ended.
- b. in accordance with the provisions of the Club Rules; and
- c. in accordance with Australian Accounting Standards – Simplified Disclosure Requirements and the Associations Incorporation Act 1985, as amended.

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

*Dated at Adelaide this 26th day of October 2023*

*Signed in accordance with a resolution of the Board*



**Bob Holton**  
Chairman



**Judith Jones**  
Vice-Chairman

# AUDITOR'S REPORT FOR THE YEAR ENDED 31 JULY 2023



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

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of the South Australian Jockey Club Incorporated (the Entity) and its controlled entity (the Group), which comprises the SAJC and controlled entity balance sheet as at 31 July 2023, the SAJC and controlled entity statement of profit or loss and other comprehensive income, the SAJC and controlled entity statement of changes in equity and the SAJC and controlled entity statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the declaration by the board.

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of the Group as at 31 July 2023, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards - Simplified Disclosures and the *South Australia Associations Incorporations Act 1985*.

#### Basis for opinion

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

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

#### Other information

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

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

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

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

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

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

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

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

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

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

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

This description forms part of our auditor's report.

### Report on other legal and regulatory requirements

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

BDO Audit Pty Ltd

Andrew Tickle  
Director

Adelaide, 27 October 2023

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