

THOROUGHBRED RACING SA LIMITED

ANNUAL REPORT

2015



THOROUGHBRED RACING SOUTH AUSTRALIA



THOROUGHBRED RACING SA LIMITED

ANNUAL REPORT 2015

Contents

Chairman's Report	4
Chief Executive Officer's Report	6
Chairman of Stewards' Report	16
Financial Report	22

** All racing photos courtesy of Atkins Photography, Fuller Images, Greg Irvine, Sharon Chapman and Todd's Photographics*



Flamberge | 2015 Darley Goodwood
Trainer: Peter G Moody | Jockey: Vlad Duric
Photo courtesy of Atkins Photography

Chairman's Report



Frances Nelson QC Chairman

This year has seen significant changes within the thoroughbred racing industry at a national level. I am pleased to say that Thoroughbred Racing SA (TRSA) has been very much at the forefront in terms of national events. TRSA aims to position racing to meet the technological and other challenges of the 21st century, in order to secure its long-term future. To that end, the Board of TRSA has worked with the broad range of stakeholder groups throughout the years in a constructive manner, in order to further its vision of a relevant, accountable, transparent and prosperous racing industry.

Racing Australia

Early in 2015 the formal merger of the Australian Racing Board (ARB), Racing Information Services Australia (RISA), and the Australian Stud Book (ASB) took place. After consultation the new entity was branded as Racing Australia. I was pleased to serve on the ARB's working party which managed the merger of these three important entities over some fifteen months. The outcome demonstrates a

genuine view on the part of all jurisdictions, that we should work co-operatively towards a national vision for racing.

The ASB has been acquired as a national asset of the Australian thoroughbred racing industry. It is now owned by Racing Australia of which TRSA is a shareholder, which means that South Australia can look forward to the benefits of the additional revenue stream in the future. There are certain commercial advantages and efficiencies to be gained from the acquisition of the ASB and the merger of these racing bodies generally. Those matters are currently being analysed and evaluated.

In June 2015, I was elected Deputy Chair of the new Racing Australia. Recently TRSA's Deputy Chairman, Simon Ward, was appointed to the Integrity & Welfare Executive Committee of Racing Australia, which deals with integrity, welfare and rule-making matters. Jim Watters, our CEO remains Chairman of the National Race Planning Dates Committee.

It is pleasing to see that South Australia is occupying a position on the national stage, and its importance to the racing industry generally is therefore being acknowledged at that level.

Increased Assistance to Clubs

The Board of TRSA is acutely conscious of the importance of volunteers who assist to run racing clubs in the State. Without that voluntary effort, it would be very difficult to run racing in the same way, and at the same level as at present. We are mindful that clubs are to some extent dealing with aging infrastructure, additional regulatory requirements, and increased costs generally.

TRSA has limited revenue resources, but we have, through careful programming, been able in the last year to achieve once again an increase in revenue. We were therefore able to allocate much needed resources by way of Work, Health and Safety funding of \$200,000 to address all outstanding high priority issues identified in an industry hazard register. Solar panels have been installed at provincial clubs providing considerable efficiencies and savings to clubs, and it is proposed that solar installation take place in Financial Year 2016 at the Oakbank Racing Club.

While introduced in Financial Year 2016, in part funded by the surplus generated in Financial Year 2015, Capital and Work, Health and Safety Grant funding to clubs, has been increased by a total of \$2,050,934 across the next three years.

Prize Money

We were pleased to announce another increase in prize money in February 2015 by an additional \$2.2M for Financial Year 2014/15 with a full year impact of \$3.84M.

Benefits to Jockeys

I chaired a committee established in early 2015 by Racing Australia, which was appointed to secure ongoing insurance benefits for jockeys, by way of permanent disability payments and weekly benefits. I am pleased to report that the committee was able to negotiate, through the assistance of Gow Gates Insurance Brokers, significant additional capital and weekly benefits for our riders in the event of them being injured.



Tanby | 2015 Tattsbet Adelaide Cup
Trainer: Mick Cerchi | Jockey: Dean Holland
Photo courtesy of Atkins Photography

Vale Caitlin Forrest

The racing community was devastated by the loss of Caitlin Forrest following a fall on Murray Bridge Cup day on 15 October 2014. The local racing industry came together at this tragic time, assisting each other as we moved on from an accident which affected so many. Caitlin was one of our most promising and talented young riders, but was also a young woman with a lovely personality who was much loved by the racing family. Our thoughts go out to her parents, Yvonne and Darren, her partner Scott Westover, and all her friends.

Acknowledgements

The Board of TRSA takes this opportunity to acknowledge the singular efforts of our Chief Executive Officer Jim Watters, Chief Operating Officer Nick Redin, Chairman of Stewards

Johan Petzer, and our Marketing Manager Jane Wellington, and her successor Michelle Greene. They lead a most capable and dedicated small team, who have worked so effectively to achieve so much. In order to achieve our vision for the future, we rely heavily on staff to work with the broad range of stakeholder groups in order to achieve the results we seek. We are mindful that we are not merely a controlling body, but we are responsible for maintaining an industry that is a significant employer in South Australia, and a significant contributor to the State's economy.

Frances Nelson QC
Chairman

Chief Executive Officer's Report



Jim Watters Chief Executive Officer

While revenue from TAB wagering was static, substantial growth in interstate wagering on South Australia resulted in the 2015 Financial Year being a very positive one for thoroughbred racing in South Australia. Financial highlights in the year were:

- Growth in total Revenue for the fifth consecutive year
- 59.2% increase in Betting Operations Contribution (BOC) revenue from interstate wagering on South Australian thoroughbreds
- Prize Money, including SABOIS payments, increased by \$2.188M (6.62%)
- \$1.232M increase in industry payments, including \$528K increase in Capital Grants paid to Clubs (15.9%)

Key Financial Results

Thoroughbred Racing SA (TRSA) recorded a surplus of \$1.816M before Abnormal Items, for the 2015 financial year, up \$130K on the 2013/14 result. However with 2013/14 being the last year in which the SAJC were providing a contribution to Industry Prize Money (\$2.75M in 2013/14), TRSA had budgeted for a deficit of \$1.035M in the 2015 financial year, with the financial result

achieved therefore a very pleasing \$2.851M above the budgeted position.

The excellent net financial result was also after having increased distribution to the South Australian racing industry by \$3.42M by way of increased Prize Money of \$2.188M and increased payments to Clubs of \$1.232M (15.9%).

TRSA's total Revenue for 2014/15 was up \$3.88M on the prior year, with combined revenue from wagering up \$6.446M (14.80%).

TRSA has developed a BOC model, whereby interstate wagering operators are required to provide a predetermined contribution for wagering on South Australian racing, which the Board considers has clearly maximised the industry's returns from these operators. The vast majority of the increase in TRSA's Revenue in 2014/15 has come from an increase in BOC, which accounts for \$6.079M of the increase.

2014/15 Expenditure rose by \$3.753M (+8.0%) with increased prize money, accounting for \$2.188M. Industry Payments (to or on behalf of Clubs) were also up, by \$703K, while an additional \$528K was provided by way of Capital Grants to Clubs. TRSA retained the same Club Funding Model as previously, with increases to various components within the Model, which sees TRSA paying virtually all of the Club race day operational costs including; vision and ambulance, and a number of raceday staff etc, including veterinarians, farriers and barrier attendants.

While the Revenue obtained by way of TAB Product Fee from UBET has fallen by 8.3% as a percentage of TRSA's total Revenue, it continues to be our greatest source of revenue, at 63.8%. The Thoroughbred Code's Market Share for 2014/15 was 70.686%, down on the

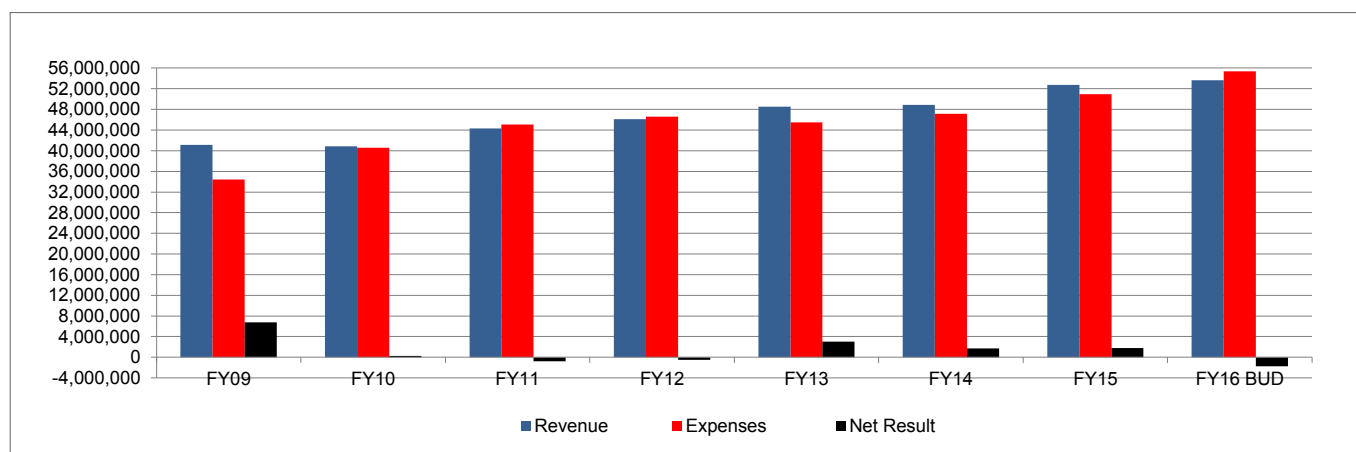
record Market Share achieved in the previous year, of 71.722%, but still a very healthy market share. This variance was anticipated as UBET introduced fixed odds betting on all greyhound and harness races which had not been in place previously, and had been introduced for thoroughbred several years ago.

One of the most encouraging aspects of TRSA's enhanced financial position is the major contribution to TRSA's Revenue, and continued substantial growth in the income received from interstate wagering operators by way of BOC (SA's equivalent to 'Racefields' in other States). For 2014/15 the net BOC Revenue was \$16.352M, an increase of \$6.079M (59.2%) on the prior year. The importance and significance of BOC revenue to the South Australian racing industry is highlighted by the fact that since its introduction only seven years ago in 2008, it has risen to become 31% of TRSA's Revenue. Even as late as 2011/12 it accounted for only 11.8% of our Revenue. Obviously the customers of the various interstate wagering operators find South Australian thoroughbred racing as an attractive proposition on which to operate.

The TRSA Board maintains a strong focus on maximising the returns available to the industry's participants. In recent seasons the majority of additional Revenue achieved by TRSA has been channelled into prize money, with the latest increases noted below. However the Board is also mindful of the challenges facing racing Clubs in South Australia, who provide the stages on which the industry races, and the facilities used by participants in training their horses. When announcing the prize money increases in 2014/15, TRSA noted that as further funds became available, a greater emphasis would be placed on Club funding, in particular with infrastructure and facilities.

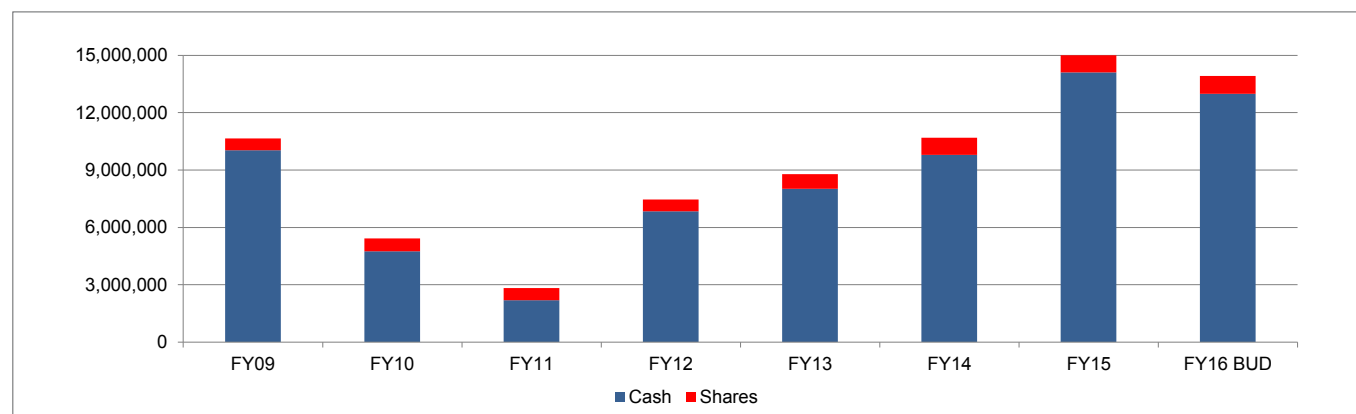
Overall Company Profitability and Reserves

The chart below shows the Company's operating results for FY09 through to FY15 and the FY16 Budget.



	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16 BUD
Revenue	41,163,197	40,833,921	44,335,300	46,118,543	48,540,042	48,860,553	52,744,253	53,660,419
Expenses	34,399,079	40,554,945	45,102,006	46,592,755	45,505,745	47,175,018	50,928,575	55,402,112
Net Result	6,764,118	278,976	(766,706)	(474,212)	3,034,297	1,685,535	1,815,678	(1,741,693)

The chart below shows the Company's cash reserves and value of share holdings for FY09 through FY15 and the FY16 Budget.



	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16 BUD
Cash	10,039,823	4,745,639	2,182,115	6,851,737	8,017,101	9,795,055	14,110,466	12,997,410
Shares	622,130	669,922	648,970	608,184	762,228	900,428	903,572	927,000
Total	10,661,953	5,415,561	2,831,085	7,459,921	8,779,329	10,695,483	15,014,038	13,924,410

The data for FY09 does not include State Government Grant Funds received for the Gawler redevelopment, the balance of which at reporting date was \$6M and \$5.25M for the two years respectively, this amount was nil at 30 June 2010 and for subsequent years.

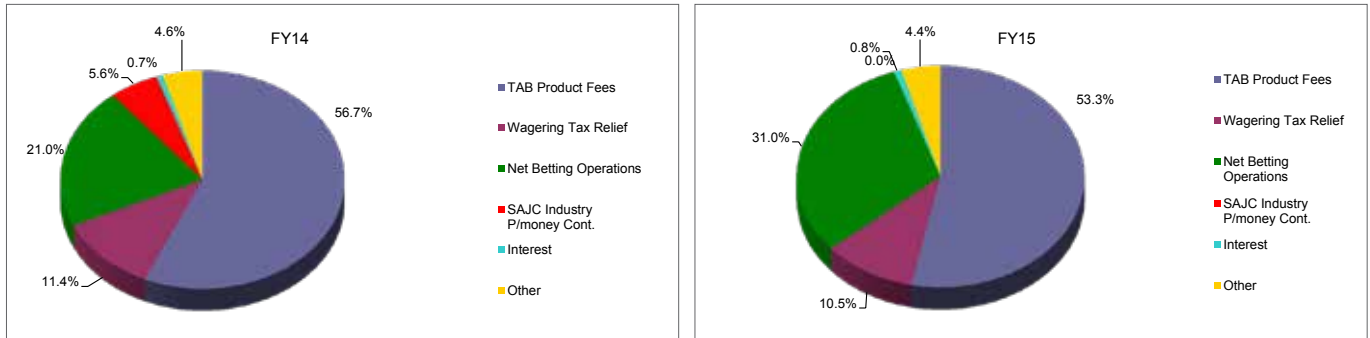
The change in cash in FY10 and FY11 was due to the increase in monies loaned to Clubs that are not treated as 'cash' for the above purposes.

The improvement in the position in FY12 was due to the vast majority of the loans to Clubs being repaid in full during the FY12 financial year.

THOROUGHBRED RACING SA LIMITED: **Chief Executive Officer's Report**

Revenue

The Charts below show the proportion of revenue for each class of revenue for the last two financial years.



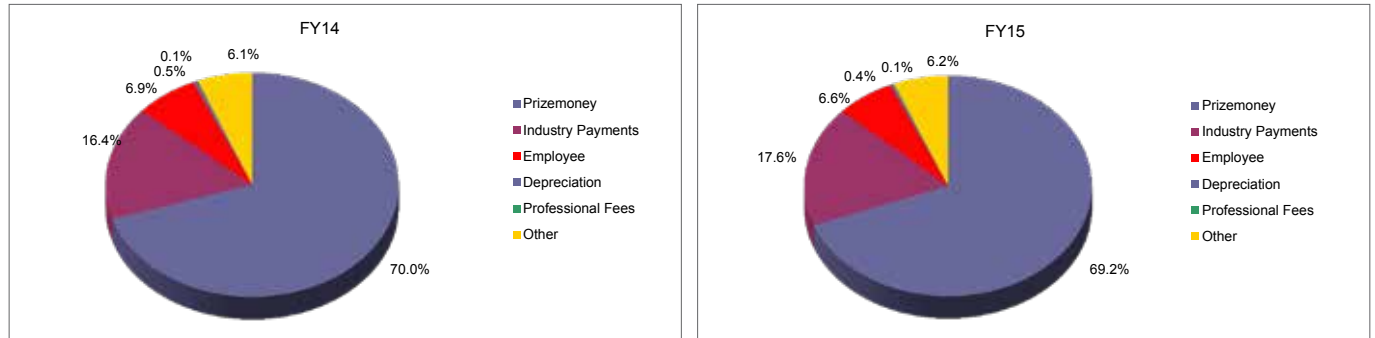
	FY14		FY15		CHANGE	
TAB Product Fees	27,697,491	56.7%	28,089,605	53.3%	392,114	1.4%
Wagering Tax Relief	5,559,222	11.4%	5,534,112	10.5%	(25,110)	-0.5%
Net Betting Operations	10,273,412	21.0%	16,352,710	31.0%	6,079,298	59.2%
SAJC Industry P/money Cont.	2,750,000	5.6%	-	0.0%	(2,750,000)	-100.0%
Interest	357,236	0.7%	434,631	0.8%	77,395	21.7%
Other	2,223,192	4.6%	2,333,195	4.4%	110,003	4.9%
TOTAL	48,860,553	100.0%	52,744,253		3,883,700	7.9%

FY15 Net Betting Operation Contributions (BOC) is after deductions of \$7.38M (FY14 \$6.05M) relating to charges incurred by the SA TAB (UBET) from other States' racefields legislation (which is the equivalent of South Australia's BOC). Under the South Australian Racing Distribution Agreement, which is the Agreement between the SA TAB (UBET) and the three Codes following the sale of the SA TAB, the SA TAB (UBET) is entitled to recover from the Codes the cost to obtain interstate racing product.

Other revenue includes; Screening and International Rights, SABOIS registration fees, industry participants registration fees, calendar advertising and subscriptions (The Races) together with other sundry revenue items.

Expenses

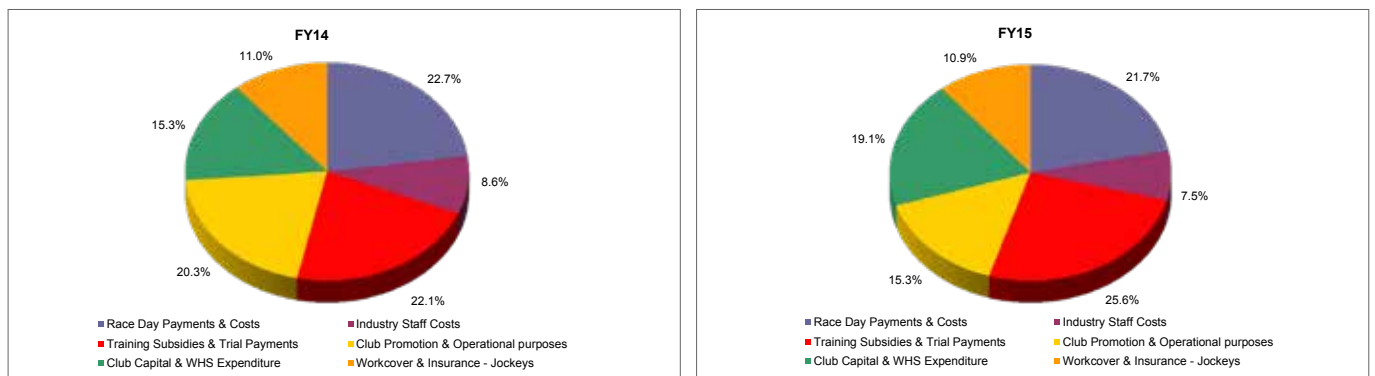
The Charts below show the proportion of expenses for each department for the last two financial years



	FY14		FY15		CHANGE	
Prizemoney	33,044,966	70.0%	35,233,053	69.3%	2,188,087	6.6%
Industry Payments	7,745,010	16.4%	8,977,086	17.7%	1,232,076	15.9%
Employee	3,271,209	6.9%	3,248,013	6.4%	(23,196)	-0.7%
Depreciation	217,054	0.5%	195,373	0.4%	(21,681)	-10.0%
Professional Fees	30,832	0.1%	37,649	0.1%	6,817	22.1%
Other	2,865,947	6.1%	3,134,857	6.2%	268,910	9.4%
TOTAL	47,175,018	100.0%	50,826,031		3,651,013	7.7%

Industry Payments Breakdown

The Charts below show the proportion of expenses for each expense item for the last two financial years



	FY14		FY15		CHANGE	
Race Day Payments & Costs	1,759,254	22.7%	1,947,110	21.7%	187,856	10.7%
Industry Staff Costs	662,585	8.6%	669,001	7.5%	6,416	1.0%
Training Grants & Raceday Usage	1,714,305	22.1%	2,299,492	25.6%	585,187	34.1%
Club Promotion & Operational purposes	1,572,909	20.3%	1,373,517	15.3%	(199,392)	-12.7%
Club Capital Expenditure	1,183,186	15.3%	1,711,818	19.1%	528,632	44.7%
Workcover & Insurance - Jockeys	852,771	11.0%	976,148	10.9%	123,377	14.5%
TOTAL	7,745,010	100.0%	8,977,086	100.0%	1,232,076	15.91%

Prize Money Increases

In February 2015 TRSA announced prize money increases equating to 12.7% above that budgeted for in 2014/15. The full year impact of the increases announced deliver an additional \$3.84M per annum to participants. The increases were across all levels of racing in South Australia, from Country through to Metropolitan. Metropolitan prize money, outside Black Type races, rose by \$1.09M with Provincial increasing by \$880K and Country \$935K. Black Type races also increased by \$575K.

The main changes with the increased prize money levels are:

- Previous \$32K and \$35K Metropolitan races increased to \$40K
- Non-Maiden events at all Wednesday Provincial race meetings increased to \$15K (plus 36%)
- All Listed races increased to \$100K (plus 25%)
- Provincial "Cups" prize money increased to \$50K (plus 25%)
- Minimum prize money on UBET Adelaide Cup Day and two days of Adelaide Carnival, increased to \$60K per race. (Darley Goodwood Day already \$100K minimum)

SABOIS and SABOIS Feature Races

In October 2013 TRSA announced the introduction of two \$100,000 SABOIS Feature Races, one for two year olds, which was run on 5 July 2015, and the another for three year olds to be run in the 2015/16 season. These races are open only to SABOIS fully qualified horses and have been introduced to provide an added incentive for breeders and owners to nominate their foals in

SABOIS. Both of these events will be run for 2013 foals who are entered and fully qualified in SABOIS, in 2016 and 2016/17.

In South Australia SABOIS is completely funded by the industry itself, unlike other States where there is a level of Government funding included. TRSA therefore caps the amount it subsidises SABOIS payments, at \$1.5M annually, with the cap applied on a quarterly basis to ensure an equitable coverage across the season. SABOIS is considered as prize money, but an area where a high ratio is distributed locally.

South Australian Thoroughbred Racing Industry Awards

I congratulate once again, each of the Award winners for the 2014/15 season, with a full list of the winners of each category included at the conclusion of my report. With some outstanding performance throughout the season, the competition for the South Australian Champion Racehorse of the Year Award was yet again a tight contest between the eventual winner Hucklebuck, Alpine Eagle and the 2013/14 winner Happy Trails. Hucklebuck and Happy Trails were both Group One winners during Cup week in Melbourne, with Happy Trails taking out the McKinnon Stakes on Derby Day and Hucklebuck the Emirates on the final day, capping a stellar Spring Carnival in Melbourne for South Australian trained horses, and in particular trainer Phillip Stokes. Alpine Eagle was the new face so to speak showing tremendous potential leading into the 2015 Carnival.

As has become the norm, there were many outstanding achievements in the past

season by several of South Australia's racing participants, which kept South Australian thoroughbred racing to the fore. To each of you – Congratulations!

Retired Horses' Support

TRSA has continued and expanded its support for retirement of racehorse programmes and events. TRSA sponsored and participated in a recent Changing Rein Forum which included organisers from various shows and events, and horse re-trainers. In conjunction with the Royal Agricultural & Horticultural Society, a new category has been created at the Royal Adelaide Show – "Racehorse to Showhorse". This accommodates both ridden and lead categories for hacks and hunters, with all entries ex-racehorses. As well as the association at the Royal Adelaide Show, we also support the; Australian Three Day event, Off The Track – SA Series and Equestrian SA – Horse of the Year event. Each is to encourage the participation of thoroughbreds, which are becoming even more popular in these areas.

Conclusion

The racing industry has faced a range of challenges over the past year, including; the vision rights dispute between Sky, Racing NSW and to a greater extent Racing Victoria, continued integrity matters highlighted with the positive results for Cobalt interstate, and animal welfare activists. These are additional to the ongoing challenges we as an industry face in terms of wagering, prize money levels and capital expense/repairs and maintenance requirements for our infrastructure, racing and training facilities.



Hucklebuck | 2014 Dominant Durbridge Stakes
Trainer: Phillip Stokes | Jockey: Dom Tourneur
Photo courtesy of Atkins Photography

THOROUGHBRED RACING SA LIMITED: **Chief Executive Officer's Report**

With wagering effectively now responsible for 94.8% of our revenue, we have some vulnerability in what is an ever-evolving wagering landscape. As I have noted, we continue to see growth in wagering on South Australian thoroughbred racing, reflecting the interest in and respect for our racing interstate. This heightens the need to ensure that our racing remains relevant to interstate wagering operators (TABs and Corporate Bookmakers). Last year I noted the "cultural shift" at Tattsbet who own SA TAB, in promoting and marketing racing, and their increased investment in those areas. Earlier this year Tattsbet rolled-out its new brand - UBET - with a further emphasis on marketing itself to improve market share. While it is early days, we are seeing positive growth with wagering through UBET.

In conclusion, I once again thank TRSA's staff for their ongoing efforts and contribution towards the growth, integrity and success of thoroughbred racing in our State. TRSA has a relatively small team and are dedicated to enhancing a sustainable thoroughbred racing industry in South Australia, and to implementing the policies of the Board.

Thank you also to all racing Club Committees and staff, and all participants in the South Australian racing industry, for your contribution to racing in this State at all levels. Ultimately it is your industry of which we are the custodians.



Jim Watters
Chief Executive Officer

2014/15 Racing Statistics (1 August 2014 To 31 July 2015)

Number of Meetings Conducted	2014/15	2013/14	2012/13
Metro	60	61	60
Provincial/Country	119	110	119
Non TAB	9	11	11
Total	188	182	190

Number of Races	2014/15	2013/14	2012/13
Metro	496	498	513
Provincial/Country	925	874	890
Non TAB	52	45	61
Total	1,473	1,417	1,464



Scott Group of Companies Millicent Cup | Evenmoreaction
Trainer: Michael O'Leary | Jockey: Jordan Frew
Photo courtesy of Todd's Photographics

Racing Snapshot - 2014/15 Premierships

(1 August 2014 To 31 July 2015)

Metro Trainer	Wins
Phillip Stokes	36
Tony McEvoy	33½
Leon Macdonald & Andrew Gluyas	33

Provincial & Country Trainer	Wins
David Jolly	31
John Hickmott	25
Tony McEvoy	24

Metro Jockey	Wins
Clare Lindop	55
Jason Holder	40
Matthew Neilson	38½

Provincial & Country Jockey	Wins
Matthew Neilson	47
Dominic Tourneur	46
Todd Pannell	42

Metro Apprentices	Wins
Jake Toeroek	36
Josh Cartwright	26
Ryan Hurdle	19

Provincial & Country Apprentice Jockey	Wins
Emily Finnegan	31
Zac Spain	27
Krystal Bishop	26

State Trainer	Wins
Phillip Stokes	59
Tony McEvoy	57½
David Jolly	50

Jumps Trainer	Wins
Eric Musgrove	8
Patrick Payne	3
Pat Hyland	2

State Jockey	Wins
Clare Lindop	96
Matthew Neilson	85½
Jason Holder	82

Jumps Jockey	Wins
Steven Pateman	8
Paul Hamblin	3
Martin Kelly	2

State Apprentice	Wins
Jake Toeroek	61
Caitlin Jones	38
Emily Finnegan	38



SOUTH AUSTRALIAN THOROUGHBRED RACING INDUSTRY AWARDS 2014-15

AWARD

E.J. Mooney Medal for SA Jumps Jockey of the Year
 SA Jumps Trainer of the Year
 Caitlin Forrest SA Provincial and Country Apprentice of the Year
 TAFE SA Metropolitan Apprentice of the Year
 Leon Macdonald Award for SA Apprentice of the Year
 Evright.com SA Most Consistent Racehorse

Most Outstanding Achievement Award by an Individual
 UBET SA Provincial and Country Jockey of the Year
 Most Outstanding Achievement by a Club
 UBET SA Provincial and Country Trainer of the Year
 SA Metropolitan Trainer of the Year
 UBET SA Jockey of the Year
 2014-15 Media - Best Racing Story
 2014-15 Media - Best Racing Picture
 Glennon-Johnson Award for 2014/15
 SA Metropolitan Jockey of the Year
 CS Hayes Award for 2014/15 SA Trainer of the Year
 2014/15 John Letts Medal
 Festival Hire 2014/15 SA Champion Racehorse of the Year

HALL OF FAME

Hall of Fame Induction - Horse
 Hall of Fame Induction - Trainer

WINNER

Steven Pateman
 Eric Musgrove
 Emily Finnegan
 Jake Toeroek
 Jake Toeroek
 Swinging Arms
 Go Dreaming
 Trevor Trenowden
 Matthew Neilson
 Port Augusta Racing Club
 David Jolly
 Phillip Stokes
 Clare Lindop
 Lincoln Moore
 Terry Hann
 Clare Lindop
 Phillip Stokes
 Clare Lindop
 Hucklebuck

Storm Queen
 Ab Macdonald

Gigabyte | 2015 City of Port Augusta Cup
 Trainer: Darren Bonetti | Jockey: Sigrid Carr
 Photo courtesy of Greg Irvine

Chairman Of Stewards' Report



Johan Petzer Chairman of Stewards

The 2014/15 racing season provided its own unique challenges and required focus and steady resolve from the Stewards' Department in dealing with, at times, very demanding situations. The Department's objective was, and remains, to provide consistent, balanced and strong integrity leadership to the industry. The Department's members of staff performed their functions with enthusiasm, applying a high degree of professionalism and performing tasks efficiently. In providing integrity services to the industry, the Department remained conscious of its functional responsibility and operated within the framework of the Rules of Racing and Policies.

Stewards' Department – Functions:

The Industry demands, quite appropriately so, an integrity framework which allows for healthy competition on a level playing field. To this end the Department provided services in respect of race day, official trial, jump-out and track work operations. A number of major inquiries/investigations were conducted. The Department, in giving effect to its functions, continued to manage sampling

activity and strategies, monitored wagering activities and conducted stable and non-race day inspections.

The Department also managed licensing and veterinary services, the functions of Deputy Registrar of Racehorses and the functions relating to the Apprentice Academy and the Jumps Review Panel.

Significant developments:

International Partnerships

In June 2015 the Department announced that Hong Kong Jockey Club (HKJC) based Apprentice Jockey, Matthew Poon, would be placed in the care of local Trainer, Richard Jolly, for a period of two years. This followed extensive negotiations between the Department and representatives of the HKJC in respect of arrangements which would allow for the placement of HKJC apprentice riders with the TRSA Apprentice Academy for training. The Department considers working with international jurisdictions, such as Hong Kong, an important component in furthering the interests of racing in the Asia-Pacific region. The development of young aspiring riders remains critical to the ongoing viability of our industry internationally. The Department is also currently in discussions with the Singapore Turf Club to establish a similar arrangement. It should be recognised that without the excellent facilities, management and proven record of the TRSA Apprentice Academy, this initiative would not have been possible.

Prohibited Substances – Cobalt

In late 2014 an announcement was made that TRSA would adopt a threshold level for Cobalt and that threshold, 200 micrograms per litre in urine, became effective on 1

November 2014. Subsequently, Racing Australia adopted the same threshold level, effective 1 January 2015. The Department was acutely aware of developments in regard to Cobalt and the fact TRSA adopted a threshold level prior to a National threshold being adopted is testament to the proactive approach and resolve of the Department in regard to prohibited substances. Despite the fact that there was, and is no threshold for Cobalt in plasma (blood), the Department ensured a number of samples be tested for Cobalt levels in plasma to provide both intelligence and a basis for reference in the event a plasma threshold level is adopted in the future. The Department's view remains unaltered in respect of prohibited substances, whether they be Cobalt or otherwise, which is, quite appropriately so, that there is no place for any such substances in our industry and the notion of a level playing field is predicated on a prohibited substance free environment.

Licensing:

During the 2014/15 Racing Season, the following licences were processed by the Department –

	2014/15	2013/14
Trainers	313	328
Jockeys	40	42
Apprentices	19	17
Interstate Jockeys	65	28
Interstate Apprentices	28	71
Stablehands	517	503
Stablehand/Trackwork Riders	174	180
Total	1156	1169



The 2015 Thomas Foods International
Von Doussa Steeplechase
Photo courtesy of Peter Fuller

Veterinary Services:

Dr. Peter Horridge – TRSA Industry Veterinarian, provided and supervised veterinary services at Metropolitan and Provincial racetracks. Dr. Horridge played an integral role in the management of relevant integrity related functions within the Department. The Department also acknowledges those Veterinary Surgeons who regularly assisted Dr. Horridge in the Metropolitan area, in particular Dr. Agnew from the Morphettville Equine Clinic and Dr. Haensel, together with those who service the various country race meetings.

Dr. Horridge again represented Thoroughbred Racing SA at meetings of the Veterinary and Analysts Committee (VAC). He also provided expert advice at Stewards' inquiries and Appeal hearings, as well as advice to the Industry on veterinary and equine welfare matters.

Swabbing – Horse samples tested during the year –

	2014/15	2013/14
Post-race urine /blood samples	1457	1091
Pre-race blood samples (TCO ₂)	1477	959
Post-race blood samples (TCO ₂)	1	50
Pre-race blood samples	20	0
Post-trial urine samples	4	14
Non-Race Day samples	44	23
No. of positive tests	4	1
Total Samples	3003	2137

The four positive samples recorded during the racing season were for Total Carbon Dioxide, Lignocaine & 3-Hydroxylignocaine, Andarine and Arsenic. Of the four positive samples, one (1) being the sample which disclosed the presence of Andarine, was a non-race day sample. The other three positive samples resulted in the three horses concerned being disqualified from the races concerned. Testing strategies continue to be a critical element in providing a level playing field for all participants, protecting the health and welfare of horses, the safety of riders and maintaining the confidence of the betting public and the broader community in the integrity of the South Australian thoroughbred racing industry. To this end it is important to note the substantial increase in the volume of samples taken (approximately 40% overall) which displays TRSA's commitment in this regard.

Horse related matters:

During the season 48 horses were suspended for poor barrier behaviour compared with 47 the previous season, and the total number of warnings issued increased from 48, in the previous season, to 60. The statistics show that approximately 57% of all action taken in respect of horses with poor barrier manners related to 3 & 4 year old horses.

Medical Panel:

The TRSA Medical Panel continued to play an important role in providing advice and services to the Steward's Department. The Panel comprised Dr. Terry Hodgson and Dr. Stephen Kennett. Dr. Kennett performed and conducted the baseline concussion tests for Jockeys and Apprentice Jockeys,

which remains an important measure to further enhance the safe return of riders after concussion related injury.

Disciplinary:

During the racing season 76 Careless Riding charges were issued which resulted in a suspension of licence to ride in races compared with 50 suspensions of licence the previous season. This number represents a 52% increase on the previous year. The Department remains committed to ensuring riders ride in a competitive but safe manner. In addition, Stewards conducted 29 significant investigations/ inquiries into breaches of the Rules.

Human Sampling:

	2014/15	2013/14
Jockey samples (urine)	313	328
Trackwork Rider samples (urine)	40	42
Breath Testing	19	17
No. of positive tests	65	28
Total	1156	1169

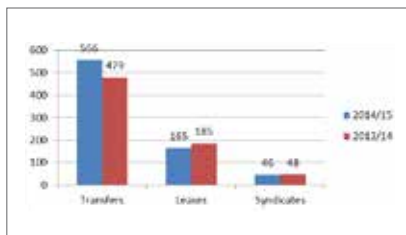


Last Bullet | 2015 Campolina Stud Breeders' Stakes
Trainer: John Hyam | Jockey: Sigrid Carr
Photo courtesy of Atkins Photography

Deputy Registrar:

In addition to the Department performing the role of Lead Regulator (under a co-regulation arrangement with ASIC) in relation to the approval of Promoters/Syndicators of racehorses, the Department also acted as Deputy Registrar for South Australian registration functions, which included Transfers of Ownerships, Leases and Syndicates.

Registrations, transfers, leases and syndicates processed –



Apprentice Academy:

TRSA again supported and competed in the annual National Apprentice Series, with South Australia's heat conducted at Gawler.

Local Apprentice Eran Boyd, riding Primitive Man, maintained the home State's exceptional record in winning the South Australian leg of the Series at Gawler. Eran was also successful in winning the Western Australian heat of the Series aboard Thunderclap Newman at Ascot. Local Apprentice Ryan Hurdle also added to South Australia's success when he won the Queensland heat on Mr Alfranco at the Sunshine Coast. These wins went a long way in helping South Australia prove superior in the Series, winning the 2015 title. South Australia has now won five out of the seven Series that have been conducted, which is a testament to our Apprentice Academy, its staff and the apprentice jockeys.

Jake Toeroek's efforts during the year were well rewarded when he was named Dux of the Apprentice Academy at the Annual Apprentice Academy Awards Evening. As part of being named the Dux, and with the assistance of the sponsorship provided by UBET, Jake had the pleasure and experience of riding in Singapore for a two week period. I would like to thank and acknowledge the Singapore Turf Club and UBET for their continued support in this regard.

The Academy had 25 apprentices enrolled with one being granted permission to ride in races for the first time in the 2014/15 season. Attendance at the Academy on Tuesdays is mandatory and additional riding skills sessions with smaller groups are conducted on Fridays.

The partnership with TafeSA Morphettville Horse Skills Centre, our training provider delivering the Certificate IV in Racing, and the training facility at Morphettville, continued to benefit the industry. The Apprentice Trust Fund continued to be managed within the Department.

Jumps Review Panel:

The Jumps Review Panel (JRP) again provided valuable service to the industry and members of the JRP were present at all race meetings, which included jumping events, and all races were reviewed. Regular consultation occurred with Racing Victoria Limited's Jumps Review Panel on relevant matters. The contribution of the JRP should be commended. In the 2014/15 racing season there were 70 accredited jumps trainers compared to 73 for the 2013/14 racing season.

Stable Inspections/Race day activity:

During the racing season the Department conducted routine stable inspections and in addition conducted race day stable inspections, which included the identification of horses engaged to participate at a race meeting. In addition, pre-raceday samples were collected from a number of horses with racing engagements. This strategy remains an area of focus for the Department and adds a valuable dimension to the overall sampling strategy, which ultimately is aimed at ensuring not only a level playing field for all participants but also at providing confidence to relevant stakeholders in our racing product.

Liaisons and Contacts:

The Department continued to liaise with a number of bodies and/or stakeholders on relevant matters, including various State and National sector group bodies, Racing Australia, through the National Chairmen of Stewards Committee and the Veterinary and Analysts Committee.

Appreciation:

I would like to express my appreciation to the Department's staff for their dedication and continuous professional approach, without which we would not be able to effectively manage our operations.

Johan Petzer
Chairman of Stewards



Longshoreman | 2014 The Advertiser Balaklava Cup
Trainer: Tony McEvoy | Jockey: Jason Holder
Photo courtesy of Atkins Photography



Dylanson | 2015 Schweppes C S Hayes Memorial Cup
Trainer: Phillip Stokes | Jockey: Clare Lindop
Photo courtesy of Sharon Chapman



THOROUGHBRED RACING SA LIMITED

FINANCIAL REPORT 2015

Contents

THOROUGHBRED RACING S.A. LIMITED ABN 25 094 475 939
FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Directors' Report	24
Auditor's Independence Declaration	30
Financial Statements	31
Notes to the Financial Statements	35
Directors' Declaration	49
Independent Audit Report	50

Directors' Report

The Directors present their report together with the financial report of Thoroughbred Racing SA Limited ("the Company") for the year ended 30th June 2015 and the Auditor's Report thereon.

Directors

The directors of the Company during the financial year were:

NAME AND QUALIFICATIONS	EXPERIENCE AND SPECIAL RESPONSIBILITIES
<p>Ms Eleanor Frances Nelson QC LLB Chair</p>	<p>Frances is a barrister. She has considerable experience with the racing industry in SA and has conducted a number of inquiries into the Industry on behalf of Government and served on the Oakbank Committee for twenty years. She is the Chair of the Parole Board of South Australia and holds board positions on a number of privately owned companies.</p> <p>Frances is a member of the South Australian Jockey Club Inc and the Oakbank Racing Club Inc. Chairperson - Race Dates Committee • Chairperson - Jumps Committee Chairperson - Remuneration Committee • Member - Finance Committee</p>
<p>Mr Simon Ward LLB Deputy Chair</p>	<p>Simon is a solicitor and Partner of Piper Alderman. He regularly advises on the Rules of Racing and legislation affecting the industry. He is a Board member of YMCA INEA and the Legal Assistance Fund of the Law Society of SA.</p> <p>Simon is a member of the Oakbank Racing Club Inc. Member - Race Dates Committee</p>
<p>Mr David Rasheed BA (Acc), CA, CTA</p>	<p>David is a chartered accountant and is Chairman of Partners of Tilbrook Rasheed Chartered Accountants. He is involved in the industry as an owner and breeder and has served on the Board of the South Australian Jockey Club. He holds board positions on a number of privately owned companies.</p> <p>David is a member of the South Australian Jockey Club Inc. Chairman - Finance Committee • Member - Race Dates Committee</p>
<p>Mr Ken Smith AM</p>	<p>Ken owns and operates a private business. He is a former Deputy Chairman of the South Australian Jockey Club and has a lifelong interest in the thoroughbred racing industry as both an owner and breeder. He holds and has held numerous positions on boards of both government and private enterprises.</p> <p>Ken is a member of the South Australian Jockey Club Inc, Oakbank Racing Club Inc, Murray Bridge Racing Club Inc and the Strathalbyn Racing Club Inc. Member - Race Dates Committee • Member - Jumps Committee</p>



Atlantis Dream (outside) | 2015 Hughes Chauffeured
Limousines Queen of the South Stakes
Trainer: Darren Weir | Jockey: Nicholas Hall
Photo courtesy of Atkins Photography

Directors continued:

NAME AND QUALIFICATIONS	EXPERIENCE AND SPECIAL RESPONSIBILITIES
<p>Mr Chris Atkins FCA Term Ended October 2014</p>	<p>Chris is a chartered accountant and is Managing Partner of Australian Super Fund Audits He has a long history as an owner and breeder in the thoroughbred racing industry in South Australia & Victoria and is a member of the South Australian Jockey Club Inc. He is Chairman of Down Syndrome SA and holds Board positions on a number of private Companies. Member – Finance Committee</p>
<p>Ms Catherine Cooper LLB, GDLP</p>	<p>Catherine is a qualified lawyer. Combining a legal and business background, Catherine has significant expertise in areas such as strategic planning, project management, change management and corporate governance. She has extensive executive management experience across a broad industry base that includes Fosters Brewing Group, Elders Limited and Bendigo Bank. A professional company director since 1999, Catherine has wide involvement at board level both as a Chairperson and Director for a number of organizations including the Dairy Authority of SA and is a Commissioner of the Australian Fisheries Management Authority. Member – Finance Committee • Member – Marketing Committee Member – Remuneration Committee</p>
<p>Mr Warrick Duthy</p>	<p>Warrick has a Bachelor of Business (Marketing) Uni SA and is a Graduate of the Australian Institute of Company Directors. He has broad range of experience including strategic planning leadership, policy making and direction to ensure all assets, human and capital, are aligned to strategy as well as marketing and human resources. He is a former Director of RIDA (Racing Industry Development Authority) 2000-2001, a South Australian Jockey Club Member and a racehorse breeder and owner. Chair – Marketing Committee • Member – Remuneration Committee</p>
<p>Mr G Harrison Term Commenced October 2014</p>	<p>Grant is the former General Manager of the SATAB (8 years) having been employed there for 25 years. He has a Bachelor of Business and Associate Diploma of Marketing from University of South Australia. He is a member of the Australian Institute of Company Directors. He also has extensive experience in sports administration having been on the Gymnastics Australia Board for 12 years, the last three as President. He has also been a Board Member of the Australian Olympic Committee and is a current Director of the Australian Commonwealth Games Association. He was a Board member of the Southern Football league for 5 years and Chairman of Gymnastics South Australia for 10 years. Member – Finance Committee • Member – Race dates Committee</p>

Company Secretary

The secretary of the Company at the end of the financial year was:

<p>Mr Nicholas Redin BSc (Acc)</p>	<p>Nick is the Chief Operating Officer of Thoroughbred Racing SA Ltd</p>
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Nicoscene | 2015 William Hill Stakes
Trainer: Lee & Anthony Freedman | Jockey: Mark Zahra
Photo courtesy of Atkins Photography

Principal Activities

The Company is a company limited by guarantee. The company is the Controlling Authority for thoroughbred racing in South Australia.

The principal activities of the Company during the course of the financial year were to:

- (a) Regulate and control all aspects of thoroughbred horse racing including licensing, ownership, employment and participation;
- (b) Employ the personnel required to conduct race meetings and horse races;
- (c) Ensure the integrity of thoroughbred horse racing;
- (d) Effectively market and manage the South Australian Thoroughbred Racing brand; and
- (e) Prepare and implement plans and strategies for the management of the financial affairs of the thoroughbred horse racing code and for the development, promotion and marketing of the code in the state of South Australia.

GENERAL OPERATIONS

The general operations of the company are to:

- (a) Receive distributions from SA TAB Pty Ltd from wagering on thoroughbreds in South Australia;
- (b) Negotiate arrangements with and receive payments from both intrastate and interstate wagering operators, other than the SA TAB Pty Ltd, that take bets on thoroughbred races conducted in this State;
- (c) Employ the personnel required to regulate the industry, plan and programme race meetings, conduct race meetings and remunerate participants in thoroughbred horse racing;
- (d) Determine the allocation of industry funding from revenue received;
- (e) Make payments of prize money to owners, trainers and jockeys;
- (f) Market South Australian thoroughbred racing both inter and intra state;

(g) Provide financial support and management assistance to racing clubs throughout South Australia;

(h) Negotiate vision rights with broadcasters for thoroughbred races;

(i) Represent the South Australian industry's relationship with the Racing Australia Board and other controlling authorities throughout Australia;

(j) Manage the industry's relationship with the State Government, primarily through the Minister for Racing;

(k) Conduct the operations of the South Australian Apprentice Jockeys Academy and;

(l) Manage and administer the work cover claims for all injured licensed jockeys and apprentices

There were no significant changes in the nature of the activities of the Company during the year.

Review and Results of Operations

REVIEW OF OPERATIONS

The company's operating surplus for the year was \$1,815,678.

DIVIDENDS

The Company's constitution prohibits the payment of dividends.

STATE OF AFFAIRS

In the opinion of the Directors, no significant changes in the company's State of Affairs occurred during the year.

EVENTS SUBSEQUENT TO BALANCE DATE

In the opinion of the Directors, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of

those operations, or the State of Affairs of the company in future financial years.

LIKELY DEVELOPMENTS

The Company will continue to strive to improve the viability of thoroughbred racing in South Australia and the returns to industry participants. Whilst this will not alter the direction of the company's activities, particular initiatives that are being pursued include the following:

- Continued development and growth of the Adelaide Racing Carnival during April and the first two weeks of May, aimed at lifting the profile of South Australian racing on both the national and international scene.
- Working with the State Government and the SAJC to ensure there is a public holiday in May to which the Adelaide Cup can be moved in 2017.
- The completion of the new Murray Bridge racing venue which should result in a racetrack that has greater appeal to the wagering public with a consequential benefit to the industry from increased wagering revenue.
- Continued development of race programs aimed at growing starter numbers and driving an increase in wagering revenue.
- Develop initiatives aimed at improving both the race fields and attendances at Metropolitan, Provincial and Country race meetings.
- Continue to work with Clubs to ensure there is efficiency across the administration and marketing functions including the further provision of financial management and reporting.

Directors' Meetings

The numbers of meetings of the Board and Board Committees and the attendances of each Director are set out in the following table

DIRECTOR	BOARD	FINANCE	MARKETING	RACE DATES	JUMPS
Ms E Nelson QC	11	2		2	2
Mr D Rasheed	10	2		2	
Mr S Ward	10			2	
Mr K Smith AM	11			2	2
Mr Chris Atkins #	1				
Ms Catherine Cooper	9	2	2		
Mr Warrick Duthy	10		2		
Mr G Harrison*	7	1			
Total Meetings Held	11	2	2	2	2

eligible to attend 4 Board Meetings

* eligible to attend 7 Board Meetings and 1 Finance Committee Meeting

Ms Nelson QC is the Thoroughbred Racing SA Ltd nominated Director for Gifford Hill Pty Ltd, the joint venture company formed for the wider Murray Bridge Development.

Other Matters

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is set out on page 8 and forms part of the directors' report for the financial year ended 30th June 2015.

Insurance of Officers

The Company has paid insurance premiums in respect of directors' and officers' liability insurance contracts for current directors and officers.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability contract as such disclosure is prohibited under the terms of the contract.

Dated at Adelaide this 4th day of September 2015.

Signed in accordance with a resolution of directors:



F Nelson QC
Director

Auditor's Independence Declaration



**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF THOROUGHBRED RACING SA LIMITED**

I declare that to the best of my knowledge and belief, during the year ended 30 June 2015, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck
ABN: 38 280 203 274

G.W. Martinella

G.W. Martinella
Partner

Dated this 4th day of September, 2015.

**CHARTERED ACCOUNTANTS
& ADVISORS**

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The accompanying notes form part of these financial statements.

Financial Statements

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2015.

		30 JUNE 2015	30 JUNE 2014
	Note	\$	\$
Revenue	2	52,274,361	45,719,458
Other income	3		2,750,000
Financial income	4	469,892	391,095
Prizemoney & Unplaced Subsidies		(33,905,203)	(31,512,441)
SABOIS Bonuses		(1,327,850)	(1,532,525)
Industry payments	5(a)	(8,977,086)	(7,745,010)
Employee expenses		(3,350,557)	(3,271,209)
Depreciation expense		(190,359)	(217,054)
Legal & Professional Fees		(37,649)	(30,832)
Other expenses	5(b)	(3,139,871)	(2,865,947)
Net Surplus from operating activities		1,815,678	1,685,536
Other Comprehensive Income:			
Net fair value gain on re-measurement of investments in equity securities available-for-sale		3,144	138,199
Total Comprehensive Income for the year		1,818,822	1,823,735

The accompanying notes form part of these financial statements.

THOROUGHBRED RACING SA LIMITED: **Financial Statements**

Statement of Financial Position

As at 30 June 2015

	Note	30 JUNE 2015 \$	30 JUNE 2014 \$
Assets: Current assets			
Cash and cash equivalents	6	14,110,466	9,795,055
Trade and other receivables	7	6,028,028	7,305,755
Other assets	8	420,991	130,269
Total current assets		20,559,485	17,231,079
Non-current assets			
Plant and equipment	9	892,756	885,753
Financial assets - Investments	10	1,358,209	1,355,065
Total non-current assets		2,250,965	2,240,818
Total assets		22,810,450	19,471,898
Liabilities: Current liabilities			
Trade and other payables	11	3,173,905	2,361,043
Provisions	12	515,267	559,872
Other liabilities	13	649,518	409,770
Total current liabilities		4,338,690	3,330,685
Non-current liabilities			
Provisions	12	114,363	99,676
Other liabilities	13	636,505	139,467
Total non-current liabilities		750,868	239,143
Total liabilities		5,089,558	3,569,827
Net assets		17,720,892	15,902,070
Equity			
Reserves	14	325,555	322,411
Retained profits		17,395,337	15,579,659
Total equity		17,720,892	15,902,070

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2015

	FINANCIAL ASSET RESERVE	RETAINED PROFITS	TOTAL
Balance as at 30 June 2013	184,212	13,894,123	14,078,335
Net Surplus for the year	-	1,685,536	1,685,536
Other Comprehensive Income for the year	138,199	-	138,199
Balance as at 30 June 2014	322,411	15,579,659	15,902,070
Net Surplus for the year	-	1,815,678	1,815,678
Other Comprehensive Income for the year	3,144	-	3,144
Balance as at 30 June 2015	325,555	17,395,337	17,720,892

The accompanying notes form part of these financial statements.



Miracles of Life | 2015 William Hill Classic
 Trainer: Peter & Paul Snowden | Jockey: Hugh Bowman
 Photo courtesy of Atkins Photography

THOROUGHBRED RACING SA LIMITED: **Financial Statements**

Statement of Cash Flows

For the year ended 30 June 2015

	Note	30 JUNE 2015	30 JUNE 2014
		\$	\$
Cash flows from operating activities			
Receipts in the course of operations		60,263,603	52,721,729
Payments in the course of operations		(55,583,108)	(51,281,532)
Interest received		434,631	357,236
Dividends received		35,261	33,859
Loan (to) clubs		(637,614)	-
Net cash provided by operating activities	15	4,512,773	1,831,291
Cash flows from investing activities			
Proceeds on disposal of plant and equipment		17,170	
Payments for plant and equipment		(214,532)	(53,337)
Net cash (used in) investing activities		(197,362)	(53,337)
Net increase in cash held		4,315,411	1,777,954
Cash and cash equivalents at the beginning of the financial year		9,795,055	8,017,101
Cash and cash equivalents at the end of the financial year	6	14,110,466	9,795,055

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2015

The financial statements and notes represent Thoroughbred Racing SA Limited ("the Company") as an individual entity, incorporated and domiciled in Australia. Thoroughbred Racing SA Limited is a company limited by guarantee.

1. Summary of significant accounting policies

BASIS OF PREPARATION

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001 (Cth).

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report was authorised for issue by the Directors of the Company on 28 August 2015.

(a) Revenues

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST).

TAB PRODUCT FEE REVENUE

Revenue from TAB product fees is recognised as it accrues.

BETTING OPERATIONS CONTRIBUTION

Revenue from Betting Operations Contribution is recognised as it accrues.

SABOIS REVENUE

SABOIS subscriptions are not recognised as revenue until horses are two years old, when one third is recognised as revenue and the balance is recognised when the horses are three year olds.

SALE OF GOODS

Revenue from the sale of goods is recognised when control of the goods passes to the customer.

FINANCIAL INCOME

Financial income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets through profit or loss. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(b) Financial expenses

Financial expenses comprise interest expense on borrowings, changes in the fair value of financial assets at fair value

through profit or loss and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

(c) Taxation

No provision for income tax has been raised as Thoroughbred Racing SA Limited is exempt from income tax under the Income Tax Assessment Act 1997.

(d) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts, if any, are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

THOROUGHBRED RACING SA LIMITED: **Notes to the Financial Statements**

For the year ended 30 June 2015

1. Summary of significant accounting policies (continued)

(f) Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in the Statement of Profit or Loss and Other Comprehensive Income or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(h) for details of impairment).

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is available for use.

The estimated useful lives for each class of depreciable asset are:

- Plant and equipment 3 – 15 years
- Motor Vehicles 5 – 7 years
- Furniture and Fittings 3 – 15 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying

amount. These gains or losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

(g) Financial instruments

INITIAL RECOGNITION AND MEASUREMENT

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are recognised in the Statement of Profit or Loss and Other Comprehensive Income immediately.

CLASSIFICATION AND SUBSEQUENT MEASUREMENT

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any

cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in fair value (i.e. gains or losses) being recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention

1. Summary of significant accounting policies (continued) For the year ended 30 June 2015

to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses

are recognised in the Statement of Profit or Loss and Other Comprehensive Income through the amortisation process and when the financial liability is derecognised.

IMPAIRMENT

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

DERECOGNITION

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(h) Impairment of assets

At the end of each reporting period, the Company reviews the carrying values of its

tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the Company estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

(i) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(j) Employee Provisions

Short term employee provisions Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other

THOROUGHbred RACING SA LIMITED: **Notes to the Financial Statements**

For the year ended 30 June 2015

1. Summary of significant accounting policies (continued)

than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Other long term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the re-measurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current employee provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement

for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Contributions are made by the Company to employees superannuation funds and are charged as expenses when incurred.

(k) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(l) Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(m) Critical accounting estimates and judgments

The directors evaluate estimates and judgments which are incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key estimates - Impairment: General

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may be indicative of impairment triggers. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates and assumptions.

THOROUGHBRED RACING SA LIMITED: **Notes to the Financial Statements**

For the year ended 30 June 2015.

	2015	2014
	\$	\$
2. Revenue		
TAB Product Fees and Wagering Tax Relief	33,623,717	33,256,713
Betting Operations Contributions	16,352,710	10,273,412
Screening & International Rights	1,259,838	1,039,224
SABOIS subscriptions	316,067	361,800
Registration fees	222,998	217,423
Publications	239,362	232,545
Other	259,669	338,341
Total revenue	52,274,361	45,719,458

TAB product fees are recognised net of the SA Government tax commonly referred to as Clawback. The effect of this tax has been to reduce revenue by \$2,168,873 for the year ended 30 June 2015 (2014: \$2,124,844).

3. Other Income

SAJC Contribution to Industry Prizemoney	-	2,750,000
Total other income	-	2,750,000

4. Financial Income

Interest income	434,631	357,236
Dividend income	35,261	33,859
Total financial income	469,892	391,095

THOROUGHBRED RACING SA LIMITED: **Notes to the Financial Statements**

For the year ended 30 June 2015

5. Expenditure	2015	2014
	\$	\$
(a) Industry Payments		
Training Grants and Raceday Usage payments	2,299,492	1,714,305
Race Day Payments & Costs	1,947,110	1,759,254
Club Promotion and Operational purposes	1,373,517	1,572,909
Club Capital Expenditure	1,711,818	1,183,186
Workcover & Insurance - Jockeys	976,148	852,771
Industry Staff Costs	669,001	662,585
Total Industry Payments	8,977,086	7,745,010
(b) Other Expenses		
Advertising & Marketing	419,107	351,594
Marketing Professional Fees	112,176	127,198
Publication Expenses	322,194	289,895
Swab & Veterinary Supplies	386,617	268,851
Other	1,899,777	1,828,409
Total other expenses	3,139,871	2,865,947
(c) Auditor Remuneration		
Remuneration of the auditor of the Company for:		
Audit of the financial report	16,050	15,600

THOROUGHBRED RACING SA LIMITED: **Notes to the Financial Statements**

For the year ended 30 June 2015

	2015	2014
6. Cash and cash equivalents	\$	\$
Current		
Cash at bank and on hand	11,216,931	8,079,110
Short-term bank deposits	2,893,535	1,715,945
	14,110,466	9,795,055

The Company manages monies held on behalf of the Apprentices in the Apprentice Jockey's Trust Fund. The balance of these funds at 30 June 2015 is \$742,009 (2014:\$640,527). These funds are not included in the amounts at Note 6 above.

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	14,110,466	9,795,055
---------------------------	-------------------	------------------

7. Trade and other receivables

Current		
Trade receivables	2,573,642	2,216,608
Other receivables	1,693,220	4,001,595
Loans to Thoroughbred Racing Clubs - secured	1,761,166	1,087,552
	6,028,028	7,305,755

8. Other assets

Current		
Prepayments	420,991	130,269
	420,991	130,269

The increase in prepayments arises from the Company undertaking a re-branding exercise to renew the marketing and advertising collateral for all Clubs. The costs associated with this activity will be amortised over three years. The balance of the costs to be amortised as at 30 June 2015 are \$355,222 (2014 \$0).

THOROUGHBRED RACING SA LIMITED: **Notes to the Financial Statements**

For the year ended 30 June 2015

	2015	2014
9. Plant and equipment	\$	\$
Non-current		
Plant and equipment - at cost	3,890,375	3,752,214
Less: accumulated depreciation	(2,997,619)	(2,866,461)
Total plant and equipment	892,756	885,753

The Company's plant and equipment includes assets purchased for the use of clubs generally and for industry wide purposes.

Movements in carrying amounts

Movements in the carrying amounts for each class of plant and equipment between the beginning and the end of the financial year:

Carrying amount at the beginning of the year	885,753	1,049,470
Additions at cost	214,532	53,337
Disposals - written-down value	(17,170)	
Depreciation expense	(190,359)	(217,054)
Carrying amount at end of year	892,756	885,753

10. Financial assets - Investments

Non-current		
- Investment in Racing Australia Pty Ltd (formerly 'RISA')	454,637	454,637
Available-for-sale financial assets		
Listed equity securities available for sale	903,572	900,428
	1,358,209	1,355,065

Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments. The Company has no intention to dispose of any listed available-for-sale financial assets existed at 30 June 2015.

11. Trade and other payables

Current		
Trade payables	453,162	706,685
Other payables and accruals	2,720,743	1,654,358
	3,173,905	2,361,043

THOROUGHBRED RACING SA LIMITED: **Notes to the Financial Statements**

For the year ended 30 June 2015

	2015	2014
	\$	\$
12. Provisions		
Current		
Employee benefits - annual leave	197,271	235,554
Employee benefits - long service leave	317,996	324,318
	515,267	559,872
Non-current		
Employee benefits - long service leave	114,363	99,676
	114,363	99,676
Total provisions	629,630	659,548
Opening balance at 1 July 2014	659,548	589,635
Net provisions raised during the year	(29,918)	69,913
Balance at 30 June 2014	629,630	659,548

Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1(j) to these financial statements.

13. Other liabilities

Current		
Income received in advance	649,518	409,770
	649,518	409,770
Non-current		
Income received in advance	636,505	139,467
	636,505	139,467
Total other liabilities	1,286,023	549,237

THOROUGHBRED RACING SA LIMITED: **Notes to the Financial Statements**

For the year ended 30 June 2015

	2015	2014
	\$	\$
14. Reserve		
Financial Asset Reserve		
The financial asset reserve includes the cumulative net change in the fair value of available for sale investments until the investment is derecognised.		
15. Cash flow information		
Reconciliation of net surplus for the year to net cash provided by operating activities		
Net surplus for the year	1,815,678	1,685,536
Add/(less) non-cash items:		
- Amounts set aside to provisions	(29,918)	69,913
- Depreciation expense	190,359	217,054
Net cash from operating activities before change in assets and liabilities	1,976,119	1,972,503
Change in assets and liabilities during the period:		
- (Increase)/decrease in trade receivables	(357,034)	180,797
- Decrease/(increase) in other receivables	2,308,375	(292,429)
- (Increase) in loans to Thoroughbred Racing Clubs	(673,614)	(20,707)
- (Increase) in other assets	(290,722)	(1,474)
- (Decrease)/increase in trade payables	(253,523)	240,857
- Increase in other payables and accruals	1,066,385	190,875
- increase/(Decrease) in income received in advance	736,787	(439,131)
Net cash provided by operating activities	4,512,773	1,831,291

THOROUGHBRED RACING SA LIMITED: **Notes to the Financial Statements**

For the year ended 30 June 2015

	2015	2014
	\$	\$

16. Related party transactions

Key management personnel compensation

The key management personnel compensation included in employee expenses are as follows:

Short term employee benefits	721,297	644,258
Post-employment benefits	64,571	55,944
	785,868	700,202

Directors

The names of each person holding the position of Director of Thoroughbred Racing SA Limited during the financial year are Ms E.F Nelson QC and C Cooper and Messers D Rasheed, S Ward, K Smith, C Atkins, W Duthy and G Harrison.

Directors Compensation

The Directors compensation included in employee expenses are as follows:

Short-term employee benefits - Directors remuneration	206,513	207,593
Post-employment benefits	13,425	12,407
	219,938	220,000

Directors' transactions with the Company

The terms and conditions of the transactions with Directors and Director related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

Director	Transaction	Note		
Mr S Ward	Legal Services	(i)	31,785	13,574
Mr D Rasheed	Professional Services	(ii)	10,840	2,831

(i) The Company used the legal services of associated entities of Mr S Ward in relation to maintaining integrity for the industry and agreements with industry stakeholders.

(ii) The Company used the professional services of associated entities of Mr D Rasheed in relation to the Industry's interest in the Murray Bridge development.

Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms and include reimbursement of direct expenses incurred.

THOROUGHBRED RACING SA LIMITED: **Notes to the Financial Statements**

For the year ended 30 June 2015

16. Related party transactions (continued)	2015	2014
	\$	\$
Amounts receivable from and payable to Directors and Director related entities at the end of the reporting period arising from the above transactions were as follows:		
Current trade and other payables		\$
Trade payables	2,248	-

South Australian Jockey Club Inc.

The South Australian Jockey Club Inc. (SAJC) is one of the two members of the Company and controls 50% of the voting power in general meeting and thereby has significant influence over the Company.

The following transactions occurred between the Company and the SAJC during the year:

- The outstanding \$2.75M contribution to prize money for the 2014 financial year was paid in full during the course of the year.
- The Company made payments of \$1,608,130 (2014: \$1,760,928) direct to the SAJC during the year in line with the Industry's club funding models implemented by the Board for training grants and race day usage of the Morphettville courses, race day costs, promotional and operational purposes and capital expenditure. These payments are included in the expense item Industry Payments in Statement of Profit or Loss and Other Comprehensive Income.

South Australian Racing Clubs Council

The South Australian Racing Clubs Council (SARCC) is one of the two members of the Company and controls 50% of the voting power in general meeting and thereby has significant influence over the Company.

The Company made payments of \$40,000 to SARCC during the year for operational purposes. These payments are included in the expense item Industry Payments in Statement of Profit or Loss and Other Comprehensive Income.

The members of SARCC are the South Australian Racing Clubs (Clubs) other than the SAJC. The following transactions occurred between the company and Clubs during the year:

- The Company made payments of \$3,883,041 (2014: \$2,983,494) direct to Clubs during the year in line with the Industry's club funding models implemented by the Board for training grants and race day usage of the

various country race courses operated by member clubs of SARCC, race day costs, promotional and operational purposes and capital expenditure. These payments are included in the expense item Industry Payments in Statement of Profit or Loss and Other Comprehensive Income.

- The Company has entered into loan agreements with and made loans to Clubs to provide working capital and to facilitate capital projects, which amounted to \$1,761,166 at 30 June 2015 (2014: \$1,087,552). The loans are secured or capable of being secured. Interest earned by the Company amounted to \$ 25,864 (2014: \$4,848) and is included in Financial Income in the Statement of Profit or Loss and Other Comprehensive Income.

THOROUGHBRED RACING SA LIMITED: **Notes to the Financial Statements**

For the year ended 30 June 2015

17. Contingent liabilities

Estimates of the potential effect of contingent liabilities that may become payable:

SABOIS

Qualified yearling horses are nominated for the South Australian Breeders & Owners Incentive Scheme (SABOIS) allowing them the opportunity to win bonuses in specified races.

No provision for future bonuses has been made in the statement of financial position as the requirement to pay a bonus does not arise until such time as the horse wins or is placed in a SABOIS race.

An estimate has been made based on past experience of likely future bonuses payable for those horses nominated for the scheme that are yet to reach the age of four. At 30 June 2015 it is estimated that these future bonuses will be \$5.0 million.

Single National System

Thoroughbred Racing SA Ltd has agreed to participate in the Single National System being developed by Racing Australia Pty Ltd (RA) (Formerly RISA Pty Ltd), as have all other States' Principal Racing Authorities (PRA). The system will bring together, under a national framework, many business practices relating to racing that are currently run in disparate systems across Australia. The project is expected to take a further two years to complete and will be initially funded by RA partially withholding distributions to the PRA's.

The total cost to develop the system is estimated to be \$3.2m. The funding for this system is based on a user pays model, with a charge being raised to each State based on the number of nominations each month until such time as the total project cost has been recouped by RA. The charge is \$1.06 per nomination and the project has a payback period estimated to be eight (8) years.

"The contribution by Thoroughbred Racing SA Ltd towards the projects' cost is estimated to be \$164,000. The total contribution made towards the project as at the year ended 30 June 2015 was \$67,757 (2014: \$42,582).



Counter Pulse (outside) | 2015 Moet & Chandon Plate
Trainer: Leon Macdonald & Andrew Gluyas
Jockey: Clare Lindop
Photo courtesy of Atkins Photography

THOROUGHBRED RACING SA LIMITED: **Notes to the Financial Statements**

For the year ended 30 June 2015

18. Financial risk management

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and loans, investments, accounts payable and borrowings.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Financial assets	Note	2015	2014
		\$	\$
Cash and cash equivalents	6	14,110,466	9,795,055
Receivables and loans	7	6,028,028	7,305,755
Investments	10	1,358,209	1,355,065
Total financial assets		21,496,703	18,455,875

Gains and losses recognised in other comprehensive income

Gains and losses recognised in other comprehensive income in respect of available-for-sale financial assets:

- Net fair value income on remeasurement		3,144	138,199
Total losses recognised in other comprehensive income		3,144	138,199

Financial liabilities

Financial liabilities at amortised cost

- Trade and other payables	11	3,173,905	2,361,043
Total financial liabilities		3,173,905	2,361,043

RISK MANAGEMENT FRAMEWORK

Identification, measurement and management of risk is a priority for the Company. The provision of administration and management to the horse racing industry in South Australia carries a number of diverse risks which may have a material impact on the Company's financial position and performance. Consequently, the Board and Management have established a framework covering accountability, oversight, measurement and reporting to maintain high standards of risk management.

The Company allocates specific roles in the management of risk to Management. This is undertaken within an overall framework and strategy established by the Board.

19. Events after the reporting period

The Directors are not aware of any significant events since the end of the reporting period.

20. Company details

The registered office and principal place of business of the Company is:

Thoroughbred Racing SA Limited
Morphettville Racecourse
Morphettville SA 5043

21. Members' guarantee

The Company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$2.00 each towards meeting any outstanding's and obligations of the Company. At 30 June 2015 the number of members was 2.

Directors' Declaration

THOROUGHBRED RACING SA LIMITED

DIRECTORS' DECLARATION

The directors have determined that the Company is a reporting entity and that this general purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 9 to 25, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards as stated in Note 1; and
 - (b) give a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Director
F Nelson QC

Dated at Adelaide this 4th day of September, 2015

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THOROUGHBRED RACING SA LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Thoroughbred Racing SA Limited (the company), which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Regime and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

CHARTERED ACCOUNTANTS & ADVISORS

Level 6, 211 Victoria Square
Adelaide SA 5000
GPO Box 11050
Adelaide SA 5001
Telephone: +61 8 8409 4333
willambuck.com



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THOROUGHBRED RACING SA LIMITED (CONTINUED)**

Auditor's Opinion

In our opinion the financial report of Thoroughbred Racing SA Limited is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Regime and the Corporations Regulations 2001.

William Buck

William Buck
ABN: 38 280 203 274

G.W. Martinella

G.W. Martinella
Partner

Dated this 4th day of September, 2015.

**CHARTERED ACCOUNTANTS
& ADVISORS**

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Delicacy | Schweppes Oaks
Trainer: Grant Williams | Jockey: Peter Hall
Photo courtesy of Atkins Photography