

Racing SA

Annual Report

2021



RACING
SA

RACINGS.AU

WE



Recovery swim,
Lindsay Park



Jerry Chau training at the
Apprentice Academy SA

ARE



Magic Millions
Masterclass, Morphettville



Stablehand,
Jolly Racing

RACING



Gytrash

An owner inspecting their horse with Richard Jolly



Instant Celebrity with Kayla Crowther aboard



SA

Racing SA

Annual Report

2021

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All Racing photos courtesy of
Atkins photography, Todds' photographic,
Rising Sun Photography & Meaghan Coles

2020/21 Key Performance Highlights

Wagering

\$1.76B 
total Turnover on SA thoroughbred racing,
up 32.58% 
(PCP up 2.5%) 

\$271.5M 
total Net Wagering Revenue
up 31.4% 
(PCP up 16.2%) 


Revenue from SA TAB 
up 12.6% 
(PCP down 17.9%) 

Revenue from all other
wagering operators 
up 16.3% 
(PCP up 6.7%) 

Record SA TAB
market share

76.939%
up 2.75%
on PCP 
which itself was a record



Wagering
Revenue split 

43%
SA TAB

57%
**all Other
WSP's,**
(PCP 44%/56%)



Racing

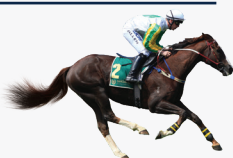
25 CLUBS



167 TAB race meetings (PCP 170)



1343 races (PCP 1347)



Saturday's Metropolitan programming changed meetings to



9

races for the full season



Prizemoney levels reinstated to pre COVID-19 levels and

increased from 1 July 2021 ↑



5.4%

increase in average field sizes, (PCP 2.7% increase) ↑



3.9%

increase in starters at TAB meeting starts for the 2020/21 season

18.2% reduction in races with 7 starters or less, (PCP was a reduction of 14.3%) ↓



Record Adelaide Magic Millions sale in March, 4 horses sold above previous sale high, including first horse sold for more than

\$500K

Integrity

\$601K

on swabs, up 15.4% ↑

4231 equine swabs

99.98% of swabs negative

Additional highly experienced Senior Stipendiary Steward employed to add further depth to the Integrity Department.

Welfare & Education

Equine Welfare Officer,

John Cornell, completed Inspectors training, now able to be appointed as an Inspector under the Animal Welfare Act



Welfare reporting hotline established

Assistance packs and education now provided to owners of retired thoroughbreds

Race track to off the track being documented with

Olympian Megan Jones and Captain Punch



Staffing shortage quantified for major stables



Clare Lindop

appointed as Industry Development and Training Officer to work with our training partner to educate people in careers in racing and identify talent in other equestrian activities

Chairman's Report

Robert A Rorrison



“The future belongs to those that plan for it”
....C.S Hayes

It is with those words in mind from multiple Hall of Famer, and arguably SA's best trainer, the legendary C.S Hayes, that Racing SA reset its course and the pathway forward for the Industry over the FY21.

The “Racing for All - Strategic Plan 2020-2023” was launched in January 2021 with four new pillars, all based on delivering one main goal, to have 300 more horses in work by the start of the 2023/24 racing season. Should we achieve our goal, everything else being equal, the targets we have set for increased; jobs, average field sizes and wagering revenue should all follow.

The goal is ambitious and is being undertaken with the ever present threat of the pandemic in the background, we do not underestimate what is needed to achieve it. That said we acknowledge that all areas of our industry not only understand but have accepted our Strategic Plan and are working with us to deliver the best outcome.

My thanks go to all of our Stakeholders and Participants for their effort and support over the last twelve months as we strive to grow the industry together. The ability to adapt on short notice and manage difficult situations as they presented was outstanding.

In particular:

- The State Government who continued to support our infrastructure requirements with \$5M in funding provided towards the \$7M Murray Bridge On Course Stable and Equine Pool project;
- Our shareholders, the racing clubs, who continued to adapt to the challenges COVID- 19 presented throughout the year and have supported our strategy for going forward;
- Owners who have faced ongoing lack of access to the mounting yard on race days due to the restrictions in place, yet have continued to support racing in SA through the purchase of horses and the support of local trainers;
- SA Police and SA Health who have worked with racing through the year to ensure we could continue to operate;
- Trainers and jockeys who continue to work tirelessly for our industry and represent our state throughout the country delivering outstanding performances on the local and national stage
- The stable staff and trackwork riders, the unseen champions of our industry whose skills are essential to our ongoing success.
- The management and staff of Racing SA who have continued to deliver outstanding service to the industry in challenging times.



I take this opportunity to also thank my fellow Board members for their support and tireless efforts over the last year.

Robert A Rorrison
Chair

Our goal is to have
300 more horses in
work by the start of the
2023/24 racing season.

Chief Executive Officer Report

Nick Redin



Thoroughbred Racing continued throughout FY21, bar the three day lockdown in November 2020, continuing to adapt to the ongoing impacts of the pandemic. It was a year of many challenges, but one the industry has fortunately come through thanks to the efforts of all of our participants.

To our racing clubs in particular, your efforts in continuing to deliver the racing and training facilities and race day patron experience throughout this year in the face of ever changing restrictions has again been outstanding. On behalf of the industry we thank you.

Financial Performance

Racing SA reported a net operational surplus of \$2.31M. This is the result before Government funding, expenditure against that funding and changes to the valuation of investments. The total comprehensive result, being the result inclusive of the above was a surplus of \$5.73M.

This very strong result is due to:

- The strategy to move to nine races at Metropolitan Saturday race meetings for the full year;
- Improved average field sizes driving a significant reduction in races with no third dividend, seven or less starters;
- Ongoing focus on programming matching the active horse population;
- Retail wagering and hospitality venues re-opening in June 2021 and;
- The ongoing growth of online wagering during the pandemic.

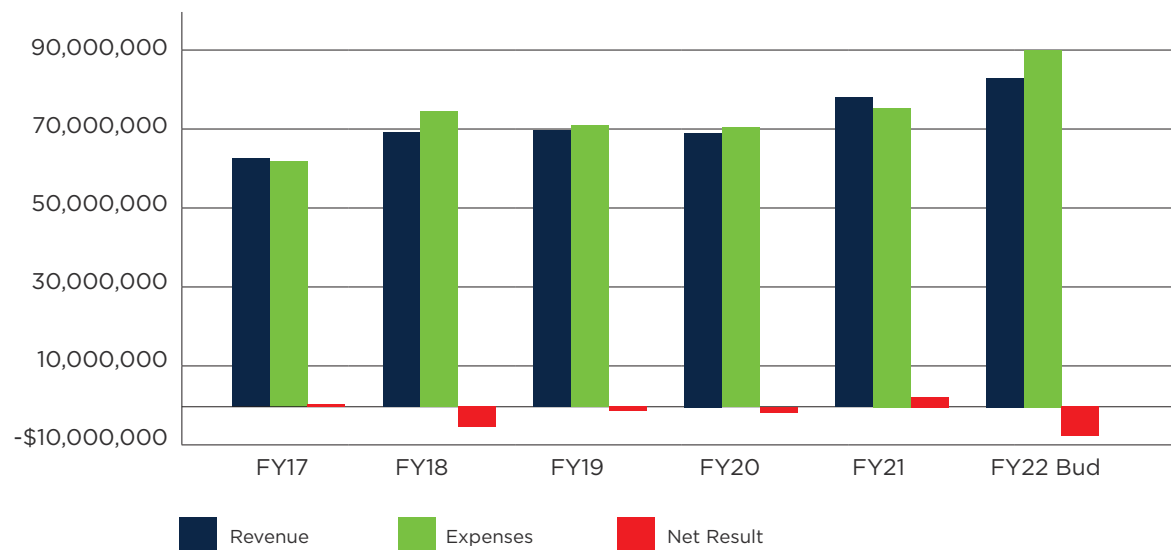
The FY21 result has, subject to revenue budgets being achieved, enabled Racing SA to commit to delivering the inner grass training track at Murray Bridge, an irrigation system at Penola, a new set of starting gates for the South East and restoring some capital grant funding for clubs in the FY22 Financial Year. A total of \$6M across all these projects is budgeted for FY22.



Workers on the inner grass training track at Murray Bridge

Operating Result

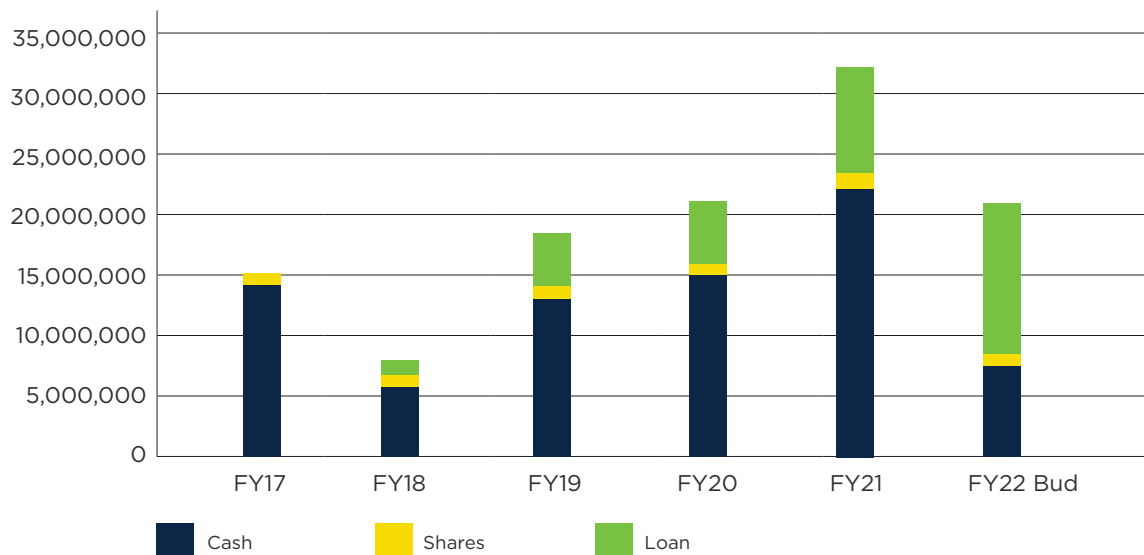
The chart below shows the organisations operating result for FY17 through FY21 and the FY22 budget.



	FY17	FY18	FY19	FY20	FY21	FY22 Bud
Revenue	63,131,555	69,279,833	70,708,484	68,631,315	78,063,964	82,454,033
Expenses	62,711,385	74,361,273	71,469,864	70,622,283	75,753,705	90,077,989
Net Result	420,170	(5,081,440)	(761,380)	(1,990,968)	2,310,259	(7,623,956)

Net result is prior to any State Government funding or expenditure arising from State Government infrastructure grants.

The chart below shows the Company's cash reserves and value of share holdings for FY17 through FY21 and the FY22 Budget.

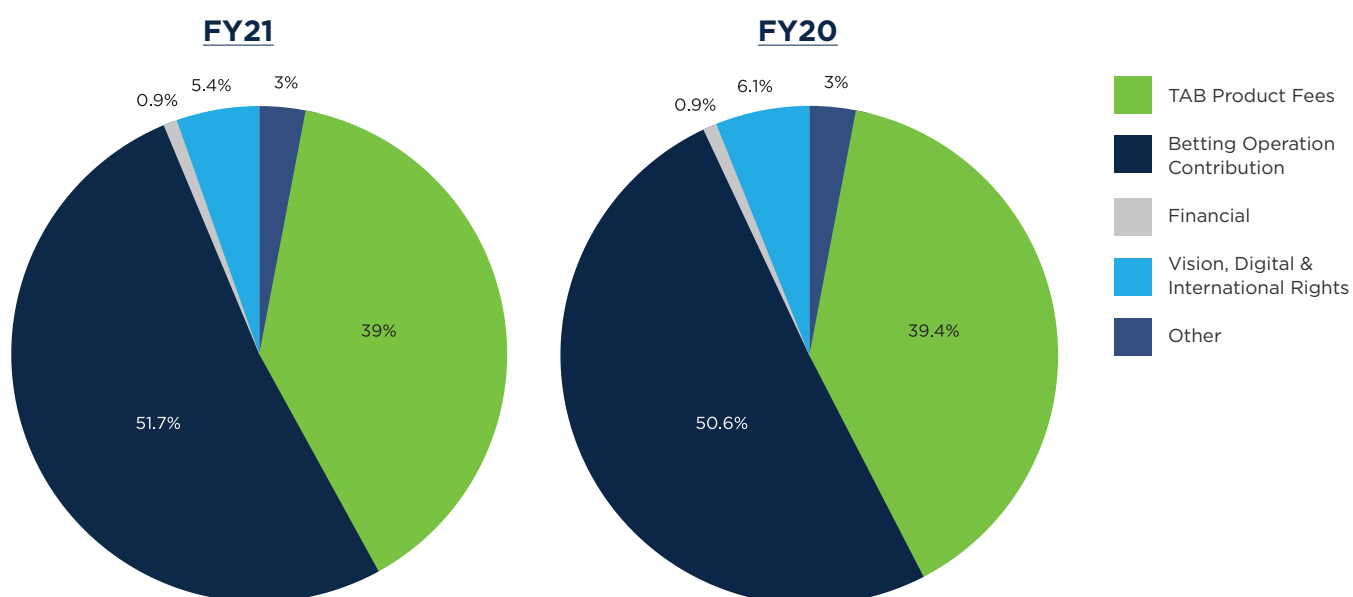


	FY17	FY18	FY19	FY20	FY21	FY22 Bud
Cash	14,199,022	5,715,830	13,131,500	15,098,692	22,790,876	7,629,006
Shares	888,800	917,920	942,534	861,962	1,129,542	850,000
Loan	0	1,022,689	4,318,099	5,287,402	8,883,245	12,968,273
Total	15,087,822	7,656,439	18,392,133	21,248,056	32,803,663	21,447,279

Chief Executive Officer Report (continued)

Revenue

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



	FY21		FY20		Change	
TAB Product Fees	30,423,035	39.0%	27,009,941	39.4%	3,413,094	12.6%
Betting Operation Contribution	40,354,074	51.7%	34,705,817	50.6%	5,648,257	16.3%
Financial	675,037	0.9%	650,739	0.9%	24,298	3.7%
Vision, Digital & International Rights	4,235,387	5.4%	4,173,946	6.1%	61,441	1.5%
Other	2,376,431	3.0%	2,090,872	3.0%	285,559	13.7%
TOTAL	78,063,964		68,631,315		9,432,649	13.7%

Other revenue includes; Racing Rewards SA registration fees, industry participants registration fees, calendar advertising and subscriptions (The Races) together with other sundry revenue items.

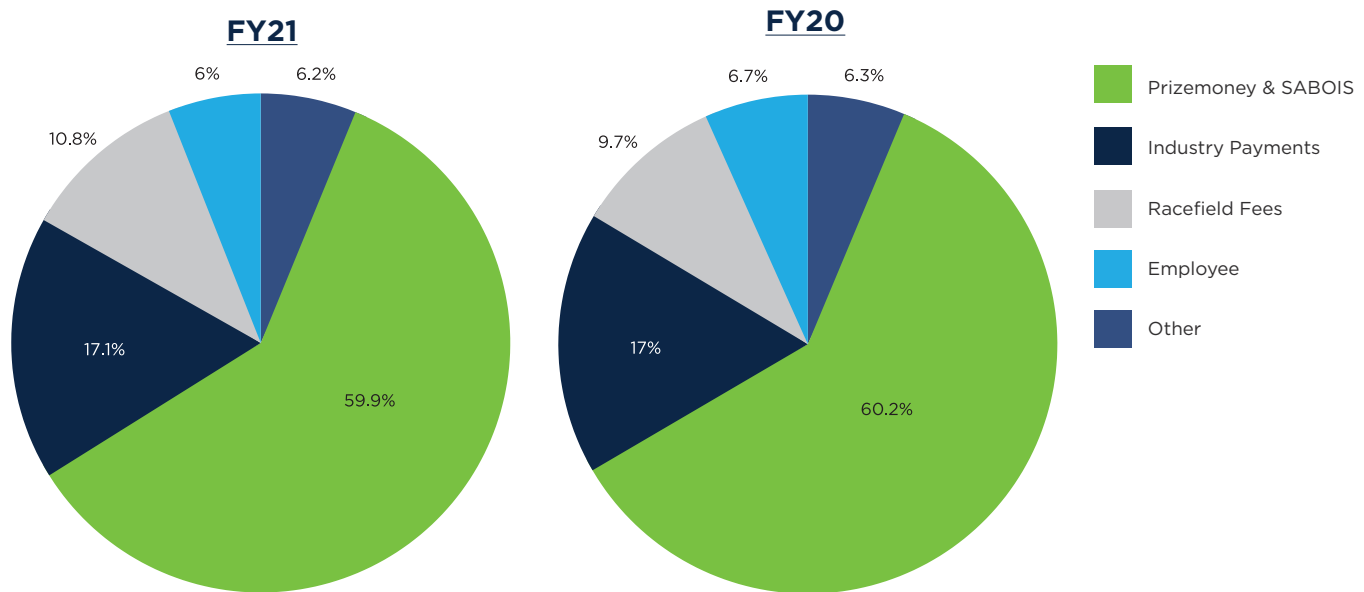
Operating revenue was up 13.7%, \$9.43M, on the prior year due to retail and hospitality wagering venues re-opening in June 2021 and only being closed for a few days during the November lockdown. This was aided by online revenue continuing to grow whereas it has been expected this would decline as retail venues re-opened. This could be due to the relatively frequent lockdowns experienced interstate.

Total distributions from the SA TAB were up 12.6%, \$3.413M, and revenue from Betting Operations Contribution (BOC) from interstate wagering operators was up 16.3%, \$5.648M.

Digital and International vision rights were up marginally, 1.5%, \$61K, on the back of strong growth in FY20.

Expenditure

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



	FY21		FY20		Change	
Prizemoney & SABOIS	45,382,454	59.9%	42,500,758	60.2%	2,881,696	6.8%
Industry Payments	12,929,835	17.1%	12,037,813	17.0%	892,022	7.4%
Racefield Fees	8,174,402	10.8%	6,881,276	9.7%	1,293,126	18.8%
Employee	4,561,966	6.0%	4,730,665	6.7%	(168,699)	-3.6%
Other	4,705,048	6.2%	4,471,770	6.3%	233,278	5.2%
TOTAL	75,753,705		70,622,282		5,131,423	7.3%

Total operating expenditure was up 7.3%, \$5.13M.

The increase in operating expenditure arises from prizemoney being restored to normal levels after being reduced in FY20 at the then height of the pandemic, up 5.3%, \$2.18M. Racing Rewards SA Bonuses (formerly SABOIS) were up 51.9%, \$704K, following a strategic decision to invest in the scheme as part of growing the horse population in SA, and interstate race fields fees paid were up 18.8%, \$1.29M, as retail wagering venues reopened.

Payments to Racing Clubs for operational expenditure for racing and training, capital grant and marketing totalled \$10.597M, up 3.07%, \$315K, and welfare expenditure for both riders and equine programs was up \$386K, 24.9%, due to prizemoney increases and deductions for prizemoney for equine welfare starting to be spent.

Chief Executive Officer Report (continued)

State Government

Racing SA acknowledges the ongoing support of the State Government. Following the implementation of the 2019-23 Sustainability Program which included funding assistance for infrastructure projects and a share of the Point of Consumption Tax, the Government provided a further \$5M in the 2020 State Budget towards the \$7M on course stables and equine pool project at Murray Bridge.



Official Opening of the uphill sand track at Murray Bridge

During the course of the year the following projects that were fully funded by, or had a component funded by, the State Government were completed:

- Uphill sand gallop at Murray Bridge;
- New vet and swab stalls at Pt Lincoln and;
- Continued investigation into the racing surface at Pt Augusta.

In FY22, we are looking forward to completing the balance of projects that have been funded as part of the State Governments' 2019-23 Sustainability Grant:

- On course stabling at Gawler and Morphettville;
- Improvements to training facilities at Strathalbyn;

together with the stable and pool project at Murray Bridge which has received a separate funding grant from the State Government.

Wagering

On the back of the growth achieved from both a turnover and net wagering revenue (NWR) perspective in FY20, FY21 loomed as a challenge to maintain momentum. Indications collectively from the Wagering Service Providers (WSP's) was they expected a steep decline in turnover as TAB's reopened their retail networks nationally as lockdowns finished and restrictions were eased.

Pleasingly, this has not turned out to be the case.

For FY21, Racing SA had revised its race day format to conduct nine races on every Saturday race meeting and seven at all other TAB meetings, bar certain times of the year where the horse population could sustain eight races. Ongoing work was also undertaken to ensure programming matched the available horse population from a ratings perspective.

The outcome of this is a significant increase in both turnover and NWR in FY21.

Total turnover on SA thoroughbred racing was up 32.6% to \$1.758N, an increase of \$432M. Turnover through the SA TAB was up 41.0% and all other WSP's were up 32.3%.

Total NWR on SA thoroughbred racing across all wagering operators was up 31.4% to \$ 272M.

Rebrand and Strategic Plan



Racing SA Brand Launch at Press Gallery

In January 2021, Thoroughbred Racing SA rebranded to Racing SA, complete with four sub-brands that had been developed to deliver the four pillars that underpin the new Strategic Plan – Racing for All 2020-2023 Strategic Plan. The four pillars of the strategic plan are:

 **Sustainability**

The industry is in a financially and operationally sustainable position at all levels.

 **Integrity**

The highest level of integrity possible is applied to all aspects of our industry and we will continue to invest in welfare initiatives for retired race horses and our participants;

 **Growth**

We will drive growth both commercially and at a participant level, through delivering a modern, engaging and accessible racing product that increases and diversifies the industry’s revenue. We will support and deliver infrastructure improvements for training and racing facilities that accommodate growth.

 **Engagement**

We will consult with stakeholder’s and communicate our plans on a regular basis. We will expand content aimed at engaging more deeply with our current audience and driving increased participation at all levels.

The goal that these pillars are set to deliver is an increase of 300 horses in work by the 2024 racing season and the jobs and owners required to sustain this number.

To build the strategic pillars required to achieve this goal, Racing SA has developed four sub brands and, in the second half of FY21, commenced activating them.

Apprentice Academy SA



The Academy is widely recognised as one of the best in the nation. It continues to receive international recognition, which despite the pandemic, saw the Hong Kong Jockey Club continue to send apprentices and track work riders to SA for further opportunities. Our goal is to increase the number of apprentices by 25% over the life of the current strategic plan.

Racing Rewards SA



The old SABOIS scheme was rebranded as Racing Rewards SA. The scheme has been opened to any weanling or yearling majority owned by South Australians and agisted in SA. A significant increase to the scheme was made and the bonuses doubled for February ahead of the Magic Million sales in March. The Magic Millions 2YO race was moved to Murray Bridge on a standalone day and will be supplemented with a new 3 & 4 YO race in 2022. \$10K bonuses were on offer on all races at the Magic Millions and Adelaide Cup race days for the first Racing Rewards qualified horse past the post.

The impact of the rebrand and revitalisation of the scheme was immediately apparent following a record March Magic Millions Sale.

Chief Executive Officer Report (continued)

Racing Rewards SA (continued)

Key sale highlights were:

- The top sale price was in excess of \$500K for the first time, at \$525K. Previous high was \$340K in 2006. Four horses sold broke the previous record;
- 34 yearlings were sold above \$100K, an increase of 143% on the prior year;
- Clearance rate was up to 87.6%, prior year 79.3%;
- SA buyers increased their spend by 41% acquiring over 100 yearlings;
- Increases in prices were at both ends of the market. The top 10% sold for an average of \$184.8K, up 66%, and the bottom 10% average was \$8.5K, up 42%.

Thorough Care SA



Thorough Care SA is focussed on the welfare of thoroughbred horses before, during and after racing as well as the welfare of our participants.

Thorough Care SA facilitates the transition of retired racehorses to post-racing careers by increasing and incentivising demand for thoroughbreds across the state at the end of their racing careers.

Racing SA has partnered with several equestrian organisations and events to showcase the versatility of retired racehorses, including: the Equestrian SA Show Horse of the Year; the SA State Jumping Championships and many more. We had also planned to sponsor and be involved in the Australian International 3 Day Event & Royal Adelaide Show however they were both cancelled this year.

These partnerships are facilitated through the redistribution of a minimum of 1% of prizemoney per annum towards equine welfare initiatives, which was implemented by Racing SA on 1 July 2020.

Other initiatives introduced by Racing SA via Thorough Care SA include:

- Commencement of Racing SA's full-time Equine Welfare Officer (EWO). In a first for Australia, the EWO will be afforded the same powers as an RSPCA inspector under the Animal Welfare Act, enabling Racing SA to act more quickly and achieve better welfare outcomes for vulnerable horses;



John Cornell, Racing SA's full-time Equine Welfare Officer (EWO).

- Development of a Welfare Reporting Hotline Email to enable concerns to be raised directly with the industry;
- Establishment of strategic partnerships with research partners to provide analytical insights into equine welfare issues and to assist in the rehoming of behaviourally-challenged horses;
- Creation of formal partnerships with state equestrian bodies, including Equestrian SA and Pony Clubs SA, to enhance the traceability of retired racehorses.
- Assistance Packs provided to the new owners of retired racehorses delivered with Partner organisations for the betterment in care of retired racehorses - Hygain and Petstock
- The financial support of two recognised equine welfare properties - Windermere Horse Haven and Lincoln Park.

Racing Careers SA



Racing Careers SA has been launched to house our education programs outside of the Apprentice Academy. Its main task is to educate people on the pathways into the industry and the careers available within the industry to drive an increase in participation.



Clare Lindop has recently been appointed the new role of Industry Development and Training Officer

To deliver this initiative, Racing SA has appointed former Australian champion jockey Clare Lindop to the new role of Industry Development and Training Officer.

In this role, Clare will be visiting and working with schools and their career counsellors to explain the thoroughbred racing industry and the career pathways and job opportunities within it. Clare is also working closely with Equestrian SA and Pony Clubs SA across the state to help identify potential talent that may be suited to a career within racing.

This role will be crucial in filling in the shortage we currently have with track work riders and stable staff in particular and to deliver the staff needed for the additional 300 horses we are seeking.



Plans for FY22 for Racing Careers SA include:

- Encouraging the uptake of racing qualifications and curriculum into the VET programs at schools as part of students achieving their SACE qualifications;
- Creating clear career pathways for indigenous and non-indigenous youth into Traineeships and skills programs;
- Clare to become the "Point of Contact" for enquiries for racing career pathways;
- Delivery of race day and stable tours/experiences for those who want to come and see what the industry is like behind the scenes, sharing and demystifying the racing industry in South Australia.

Whilst much has been achieved with regards to the strategic plan, there remains much to do. The Board and Management of Racing SA are focussed on delivering the infrastructure and jobs needed to achieve our goal.

It is our firm view that all Stakeholders in the Industry have responded well to the initiatives already put in place, and is now primed for growth.

Chief Executive Officer Report (continued)

Racing Highlights

As noted above a key focus has been on continuing to refine the racing program to match the available horse population.

The 2020/21 racing season has seen ongoing improvements in this area, to the point where we have now recovered much of the ground lost in 2016/17 when the exodus of participants and horses occurred following the introduction of the Point of Consumption Tax by the then State Government.

The table below shows the movement over the last five financial years across all racing, TAB and non-TAB in SA:

Year	Race Meetings	Races	NTD (7 or less runners)	NTD per Meeting		Starters		Field Size	
				Per Mtg	YOY Mvt	Total	YOY Mvt	Ave	YOY Mvt
2016/17	181	1,432	320	1.8		13,847		9.7	
2017/18	188	1,463	409	2.2	23.1%	13,353	-3.6%	9.1	-5.6%
2018/19	175	1,359	400	2.3	5.1%	12,213	-8.5%	9.0	-1.5%
2019/20	171	1,350	345	2.0	-11.7%	12,463	2.0%	9.2	2.7%
2020/21	167	1,343	266	1.6	-21.1%	12,997	4.3%	9.7	4.8%

Key highlights from the 2020/21 racing season were:

The outstanding performance of SA horses in feature races interstate including

Behemoth, Gytrash, Dalasan, Bella Vella and Kemalpasa amongst others flying the flag for SA;



Gytrash Group 1 Winner



Good Idea trained by Philip Stokes winning the Adelaide Cup;

Michael Hickmott achieving his first Metropolitan Trainers Premiership;

Tony and Calvin McEvoy adding another Overall Trainers Premiership to their collection;

The Metropolitan Jockeys Premiership, taken out by **Todd Pannell** on a count back, coming down to the last race of the season;



The establishment of **Dylan Caboche, Anna Jordsjo, Caitlin Jones, Jess Eaton, Stacey Metcalfe** as senior riders and the emergence of **Jacob Opperman** as a leading apprentice;

Multiple Provincial Cups won by **Tony and Calvin McEvoy** including Balaklava and Murray Bridge;



Multiple Country Cups won by **Sue and Jason Jaensch** including Naracoorte and Penola;

Dexter you Devil taking out back to back Pt Lincoln Cups for Shane Cahill;

New training partnership for **Sue and Jason Jaensch** and the establishment of their dual sites in SA at Murray Bridge and Naracoorte.

The first Magic Millions 2YO race held at Murray Bridge, won by the John Maloney trained **Scorched Earth**.





Metro Training Premiership winner, Michael Hickmott



Leading Apprentice Jacob Opperman



Behemoth



McEvoy and Vorster embrace after Savatoxi wins the 2021 Goodwood



Kemalpassa



Chief Executive Officer Report (continued)

Racing Highlights (continued)

There is much to look forward to in the upcoming season as our top horses campaign again over the Carnivals both locally and interstate, the growth of the South African presence in SA with Gary and Dean Alexander starting their training operations and Callan Murray resuming his riding career in Australia, together with Gary Lo returning to the apprentice ranks from Hong Kong.

We would like to thank all racing participants, Clubs, owners, trainers, all riders, be they jockeys, apprentices or track riders, vets, farriers, barrier staff, clerks of the course, starters and stable hands for their support over the last year and their continued flexibility and adaptability to the ever changing environment the COVID-19 pandemic presents.

Infrastructure

Many infrastructure projects have been delivered or significantly advanced in FY21:

Tabled below is a list of these projects;

- The inner sand track at Port Lincoln has been completely upgraded and renovated;
- The new wash down bays and sand roll at Strathalbyn were completed in August 2021;
- 20 on course stables at Gawler will be completed in October;
- The inner turf training track at Murray Bridge commenced post the year end is scheduled to have the last turf laid in early December 2021, and subject to a good establishment period over summer, be ready for use in March 2022;



Inner turf training track at Murray Bridge

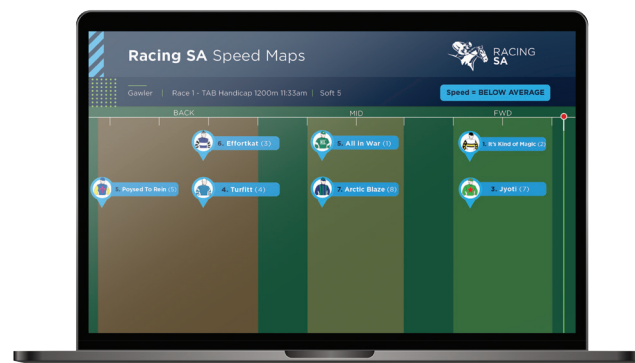
- The design of the inner fibre sand track at Mt Gambier has been completed;
- The oncourse stables and equine pool at Murray Bridge are scheduled to be completed by March 2022;
- The oncourse stables at Morphettville are scheduled to be completed by July 2022.

Racing SA has committed to master planning the entire site at Strathalbyn from a training, racing and patron perspective and will continue to lobby at both a State and Federal level for funding to help deliver this project.

Content

In the current environment, it is increasingly necessary for organisations to curate and deliver their content. Following the rebrand of the organisation to Racing SA, improved content has been a key focus for Racing SA. Content across our digital platform has been increased and enhanced through the appointment of a videographer and we have sought to work more closely with the industry to highlight their achievements and celebrate their successes.

Pleasingly during FY21, Racing.com developed and commenced broadcasting an SA version of the highly successful GetOn program, with GetOnSA launched in June 2021. We look forward to watching this program deliver further national free to air content for SA racing.



James Jordan Speed Maps available on racingsa.com.au

Our offering for punters has also been enhanced, with speed maps and track walks for Saturday metropolitan racing from James Jordan now available on our website racingsa.com.au. We have also committed to providing sectional data for all TAB meetings and vision for all club and approval jump outs, official trials, steward's race day vision and broadcast vision.

The content team have also worked collaboratively with mainstream commercial media both in the print and TV fields over the past twelve months making significant inroads into the content broadcast and published across these mediums. We will continue to make advances in these areas and have allocated additional funding in FY22 to ensure the content delivery continues to grow.

Vale



The past year Racing SA lost long serving employee David Thomas. David worked for Racing SA for many years, commencing as an accountant, undertaking judging and race day roles and administering the jockeys work cover program during his time with racing SA, ultimately attaining the role of Racing Manager. Whilst David was no longer working for Racing SA at the time of his passing, he remained active in the industry working with the Trainers and Jockeys associations. He will be missed.

Farewell

This year, following reform to the Racing SA Constitution, founding Directors Frances Nelson QC and David Rasheed completed their maximum number of terms. Both served on the Board from November 2007 until April 2021.

Frances chaired the organisation from 2009 and David was Chair of the Finance Committee.

During their tenure between them they were instrumental in;

- Guaranteeing the Racing Industry had an interest in the Murray Bridge Development and the rights of the Murray Bridge Racing Club were protected;
- Changes to legislation to allow the industry to charge betting operations contributions (BOC), in FY22 BOC generated \$40.3M in gross revenue;
- Redevelopment of the Murray Bridge and Gawler race courses;
- The Betting Operations Tax Legislation and negotiations with Government;
- Retail exclusivity rights between Tabcorp and the State Government;
- Overhaul of the Club funding model;
- Sustained and regular prize money increases;
- Government relations and funding, securing a four year funding agreement in 2019, the first such agreement with Government;
- Broadcast and digital rights negotiations resulting in the change to Racing.com putting SA racing on free to air and remaining on Sky Racing;
- Ensuring racing continued during the COVID-19 pandemic.

Frances also contributed to the racing industry on the national and international stages. As SA's appointed Director to Racing Australia she became the first female Deputy Chair of the organisation serving in that role for two years before ascending to the Chairs role, again as the first female to hold this position which she held for three years. She was appointed as the first female Vice Chair of the Asian Racing Federation (ARF) and the International Federation of Horseracing Association, positions she held for three years. Frances represented the ARF on the International Federation of Horseracing Authorities governance review.

Their contribution to the Industry has been significant and they leave a lasting legacy.

On behalf of the entire industry we thank you.

FY22 and beyond

Whilst a lot has been done and planned, there remains much to do.

Over the course of FY22 and beyond, Racing SA will continue to deliver against its Strategic Plan with keys areas of focus to:

- Deliver the training infrastructure projects underway or in planning through to completion;
- Develop a master plan for the entire site at Strathalbyn and commence lobbying for funding to deliver;
- Continue to lobby all politicians for a level playing field for SA racing leading into the March 2022 election;
- Grow the participants in our training programs for track work riders and stable hands;
- Expand our digital content and footprint;
- Ensure thoroughbred welfare is maintained at the highest possible standard across the State for both active and retired horses.

Finally I would like to take the opportunity to thank the Board, Executive Management and staff at Racing SA who have continued to deliver at a sustained high level of effort and commitment over FY21 in face of the many challenges the pandemic presented.

Racing SA believes the industry in SA is in sound shape and primed for growth. We look forward to continuing to enhance and expand all aspects of the industry in FY22 with all of our participants.

A handwritten signature in black ink, appearing to read 'Nick Redin'. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Nick Redin
Chief Executive Officer

Chairman of Stewards Report

Johan Petzer



The Integrity Department's functionalities in managing and maintaining integrity in the industry included race day and trial management, the provision of veterinary services, the sampling of horses and participants and non-race day surveillance activities. In addition the Department conducted race day and non-race day inquiries and investigations, and performed licensing and registration functions.

In the period under review the Department expanded its resources with the employment of two additional Senior Stewards, and acquired equipment aimed at supporting and strengthening its surveillance activities. The department now comprises ten full time Stewards, one of whom who also performs the functions of a Compliance officer, and two administrative staff.

Engagement with the Hong Kong Jockey Club, in respect of the training of apprentice jockeys, is ongoing, however, restrictions associated with Covid-19 has made it difficult to facilitate new apprentice jockeys from the Hong Kong Jockey Club to travel to South Australia to commence their training and frustrated the efforts of both parties.

The Department continued to engage its own resources in assisting with the management of protocols, procedures and practices associated with the management of Covid-19 restrictions and I would like to express my sincere appreciation to all my staff, including contracted veterinary services, for their tireless and unrelenting commitment to not only the tasks normally associated with the Department but also in respect of meeting additional demands owing to Covid-19.

Key Data

In total, the Department recorded one (1) prohibited substance matter during the racing season relating to samples taken from horses which participated in races. The prohibited substance detected in that case being Cobalt. The sampling activity for the past three racing seasons, which reflects an increase in sampling activity for the season under review, are detailed in the table to the right;

Sampling (Equine)

Sample Type	2020/21	2019/20	2018/19
Post-race urine/blood samples	1271	1235	1270
Pre-race blood samples (TCO ₂)	1452	1398	1499
Post-race blood samples (TCO ₂)	2	1	11
Pre-race blood/urine samples	1474	1051	878
Post-trial samples	8	9	11
Non-Race Day samples/OOC	24	59	24
No. of positive tests	1	4	8
Total Samples	4231	3753	3701

Sampling (Human)

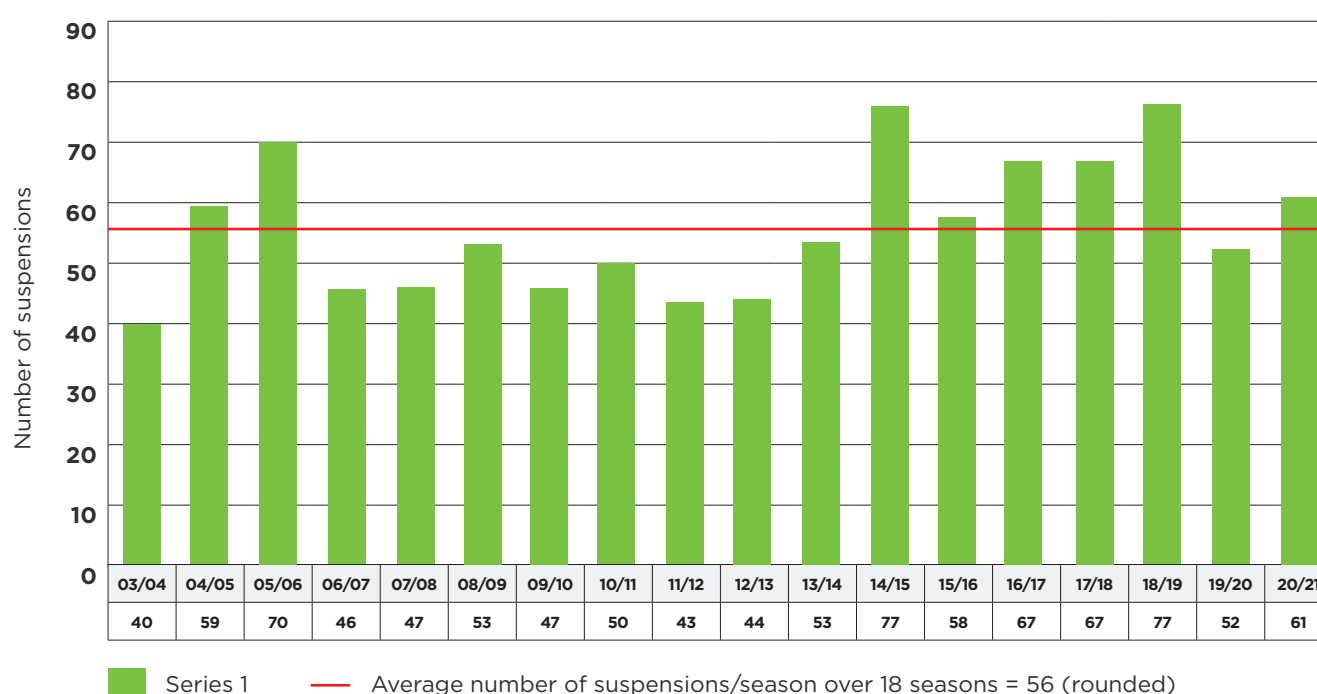
Testing of racing participants to ensure the safety of all riders, other participants and horses participating in the industry continued, notwithstanding the difficulties associated with Covid-19, although the level of activity was impacted by Covid-19. The sampling activity for the past three racing seasons are detailed in the table below;

Sample Type	2020/21	2019/20	2018/19
Number of Samples (Urine)	12	21	35
Number of Samples (Breathalyser)	27	105	240
Number of Samples (Saliva)	26	65	107
No. of positive tests	2	6	3
Total Samples	65	191	382

Disciplinary and related matters

There were **61** Careless Riding charges issued which resulted in a suspension of licence to ride in races. There were two (2) suspensions issued under the rule relating to a rider failing to take all reasonable and permissible measures during the race, two (2) for a breach of the whip rule and one (1) for a rider failing to ride their horse out to the end of the race. The Department continues to take a firm approach in respect of all riding related matters to ensure riders ride in a safe and competitive manner and that the integrity of races are maintained. The graph below illustrates the Department's activity in respect of Careless Riding matters over the past 18 racing seasons.

Number of suspensions per racing season



Licensing & Registration

The following licences/registrations were processed by the Department under delegated authority from the Racing SA Board.

Licence/ Registration Type	2020/21	2019/20	2018/19
Trainers	265	251	251
Jockeys	28	28	29
Apprentices	15	17	13
Interstate Jockeys	56	35	43
Interstate Apprentices	15	21	22
Stablehands/ Forepersons	531	482	320
Stablehands/ Trackwork Riders	162	146	90
Total	1072	980	768

Deputy Registrar

The Department acted as Deputy Registrar for South Australian registration functions, and processed the following Transfers, Leases and Syndicates, in respect of race horse ownership.

Transfers, Leases & Syndicates	2020/21	2019/20	2018/19
Transfers	714	561	569
Leases	110	119	127
Syndicates	150	109	88
Total	974	789	784



Opening of the Equine pool at Gawler



Will Clarken trained Beau Rossa



Trackrider preparing for an early morning training ride



Picturesque Oakbank Racecourse



Lizzie Annells training on the Racing Simulator at the Apprentice Academy SA

Stablehand, Lindsay Park



Financial Report

2021

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Directors' Report

RACING S.A. LIMITED

The Directors present their report together with the financial report of Racing SA Limited ("the Company") for the year ended 30th June 2021 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>Mr Robert Rorrison B.Ec (Adel); FCA Chair from October 2020</p>	<p>Current Positions:</p> <ul style="list-style-type: none"> • Senior Advisor, ECM and M&A Advisory for Taylor Collison Limited • Executive Chair, Climate Capital Pty Ltd • Non Executive Director, Baiyin International Investments Limited. • Director, Racing Australia Limited <p>Racing SA Committees</p> <ul style="list-style-type: none"> • Chair – Management Performance & Remuneration Committee • Member – Finance & Audit Committee • Member – Racing Committee <p>Previous Positions</p> <ul style="list-style-type: none"> • Chairman Resources Asia, Macquarie Capital Limited • Executive Director, Macquarie Capital Limited • Chairman, Twenty Seven Co. Limited • Non-Executive Director, Banro Corporation Limited
 <p>Ms Eleanor Frances Nelson QC LLB Chair to October 2020 Retired April 2021</p>	<p>Current Positions:</p> <ul style="list-style-type: none"> • Chair - South Australian Parole Board <p>Previous Positions</p> <ul style="list-style-type: none"> • Chair of Racing SA • Chair of Racing Australia • Deputy Chair of Racing Australia • Vice Chair of Asian Racing Federation

Name and qualifications	Experience and Special Responsibilities
 <p>Mr Brett Dixon Deputy Chair from October 2020</p>	<p>Current Positions:</p> <ul style="list-style-type: none"> • Director – DixonGroup Developers • Director – Jaytex Constructions SA/NT • Director – Darwin Corporate Park • Director – NT Motorcycles P/L <p>Previous Positions:</p> <ul style="list-style-type: none"> • Chair of Thoroughbred Racing NT • Chair of Darwin Turf Club (2008-2021) <p>Racing SA Committees:</p> <ul style="list-style-type: none"> • Chairperson – Racing Committee • Member – Management Performance & Remuneration Committee
 <p>Mr David Rasheed BA (Acc), CA, CTA Deputy Chair to October 2020 Retired April 2021</p>	<p>Current Positions:</p> <ul style="list-style-type: none"> • Founding Partner – Tilbrook Rasheed Chartered Accountants <p>Previous Positions:</p> <ul style="list-style-type: none"> • Deputy Chair Racing SA • Chair Racing SA Finance Committee • South Australian Jockey Club Board
 <p>Mr Grant Harrison Bachelor of Business (Mktg) Ass. Diploma Management (Mktg)</p>	<p>Current Positions:</p> <ul style="list-style-type: none"> • Director – Commonwealth Games Australia • Director – Australian Commonwealth Games Federation <p>Racing SA Committees</p> <ul style="list-style-type: none"> • Member – Marketing Committee • Chair – Governance Committee • Member – Finance & Audit Committee <p>Previous Positions</p> <ul style="list-style-type: none"> • General Manager – SA TAB • Gymnastics Australia Board • Australian Olympic Committee Board • Chair – Gymnastics South Australia • Southern Football League Board

Directors' Report (continued)

Name and qualifications	Experience and Special Responsibilities
 <p>Mr Cos Cardone</p>	<p>Current Positions:</p> <ul style="list-style-type: none"> • Chief Executive Officer – McGuire Media • Director – Port Adelaide Football Club <p>Racing SA Committees</p> <ul style="list-style-type: none"> • Chairperson – Marketing Committee • Member – Management Performance & Remuneration Committee <p>Previous Positions</p> <ul style="list-style-type: none"> • Director of Sport & Entertainment – Nine Network
 <p>Mrs Julie Ryan LLB (Hons) B.Com Retired October 2020</p>	<p>Current Positions:</p> <ul style="list-style-type: none"> • Chief Executive Officer – Retail Drinks Australia <p>Previous Positions</p> <ul style="list-style-type: none"> • Director – Winemakers Federation of Australia
 <p>Mr Stephen Watts Appointed October 2020</p>	<p>Current Positions:</p> <ul style="list-style-type: none"> • Partner – Tillbrook Rasheed <p>Racing SA Committees</p> <ul style="list-style-type: none"> • Member – Finance & Audit Committee • Member – Racing Committee

Name and qualifications	Experience and Special Responsibilities
 <p>Mr Matt Lloyd Appointed October 2020</p>	<p>Current Positions:</p> <ul style="list-style-type: none"> National Manager of Sales, Marketing & Innovation – Bluescope Steel <p>Racing SA Committees</p> <ul style="list-style-type: none"> Member – Marketing Committee <p>Previous Positions</p> <ul style="list-style-type: none"> Netball South Australia Board World Tennis Challenge Tournament Board
 <p>Mr Timothy Stokes LLB/LP (Hons), BCom (Acc/Fin), LLM (Tax), FTA, Accredited Tax Law Specialist (Law Society of SA) Appointed October 2020</p>	<p>Current Positions:</p> <ul style="list-style-type: none"> Director – Deloitte’s Legal & Tax Practice <p>Racing SA Committees</p> <ul style="list-style-type: none"> Member – Governance Committee

COMPANY SECRETARY

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

Mr Nicholas Redin BSc (Acc)	Nick is the Chief Executive Officer of Racing SA Ltd
-----------------------------	--

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:

- Regulate and control all aspects of thoroughbred horse racing including funding distribution, licensing, ownership, employment and participation;
- Employ the personnel required to conduct race meetings and horse races;
- Ensure the integrity of thoroughbred horse racing;
- Effectively market and manage the South Australian Thoroughbred Racing brand; and
- 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.

Directors' Report (continued)

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 and to provide Work Health and Safety assistance to clubs;
- (d) Determine the allocation of industry funding from revenue received including club infrastructure works and capital expenditure;
- (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 thoroughbred racing clubs throughout South Australia;
- (h) Negotiate vision rights, both domestic and international, 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 appropriate Ministers;
- (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.

The Company previously known as Thoroughbred Racing SA Limited, has changed its trading name to Racing SA Limited from 29 January 2021.

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 \$2,310,259. Total comprehensive income was a surplus of \$5,726,062.

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

There are no events subsequent to Balance Date.

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:

- Ongoing discussion with major political parties on the size and importance of the Racing Industry in South Australia
- An increased commitment from the South Australian Government for funding parity with other States from revenue raised by the Betting Operations Tax
- Delivery of on course stabling at Morphettville and Murray Bridge
- Delivery of inner turf training track at Murray Bridge
- Continued development of race programs and handicapping practices aimed at growing field sizes and driving an increase in wagering revenue
- Deliver initiatives aimed at increasing the number of owners in SA
- Work with Syndicators to increase the number of horses racing in SA
- Continue to work with clubs to ensure there is efficiency across the administration, marketing and track management functions including the further provision of financial management and reporting and assistance with work, health and safety matters and infrastructure projects
- Continued welfare education and support for retired thoroughbred racehorses
- Raise awareness of the career pathways in racing and work to increase the number of enrolments in the various courses for stable hands and track riders.

Morning Trackwork at Morphettville



Clerks of the Course, Morphettville



Sophie Clayfield from John Hyam Racing



Media Award winning the Australasian Oaks



Jolly Family



Directors' Report (continued)

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	Racing	Management Performance & Remuneration	Governance
Mr R Rorrison	11	3		1	1	
Ms E Nelson QC*	9	1				
Mr B Dixon	10			1	1	
Mr D Rasheed*	9	1				
Mr G Harrison	11	3	1			1
Mr C Cardone	11		1		1	
Mrs J Ryan*	3					
Mr S Watts*	7	2		1		
Mr M Lloyd*	7		1			
Mr T Stokes*	7					1
Total Meetings Held	11	3	1	1	1	1

- *Mrs J Ryan retired by rotation in October 2020 and was eligible to attend 4 Board Meetings.
- *Ms F Nelson & Mr D Rasheed retired by rotation in April 2021 and were eligible to attend 9 Board Meetings.
- *Messers S Watts, M Lloyd & T Stokes were appointed in October 2020 and were eligible to attend 7 Board meetings.

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 2021.

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 1st day of October 2021.

Signed in accordance with a resolution of directors:



Robert A Rorrison
Director

Auditor's Independence Declaration



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

I declare that to the best of my knowledge and belief, during the year ended 30 June 2021, 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 1st day of October 2021.

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(WB016_2007)



Financial Statements

For the year ended 30 June 2021

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Revenue	2	77,388,927	67,980,576
Finance Income	4	675,037	650,739
Prizemoney & Unplaced Subsidies		(43,321,604)	(41,143,906)
Racing Rewards SA Bonuses		(2,060,850)	(1,356,850)
Industry Payments	5(a)	(12,929,835)	(12,037,813)
Interstate Racefield Fees Paid		(8,174,402)	(6,881,276)
Employee Benefits Expense		(4,561,966)	(4,730,665)
Depreciation Expense		(509,907)	(510,595)
Legal & Professional Fees		(317,491)	(250,073)
Finance Costs	5(b)	(75,167)	(150,874)
Other Expenses	5(c)	(3,802,483)	(3,560,229)
NET SURPLUS / (DEFICIT) FROM OPERATING ACTIVITIES		2,310,259	(1,990,966)
Loan Impairment - Mt Gambier Racing Club Inc.		-	(125,799)
State Government COVID-19 Assistance Grant	3	-	2,197,000
State Government 2019/23 Racing Industry Fund	3	2,593,085	2,598,949
Federal Government Assistance		549,000	502,500
State Government Funded Infrastructure Projects		-	(2,403,685)
NET SURPLUS FOR THE YEAR		5,452,344	777,999
OTHER COMPREHENSIVE INCOME:			
Net fair value gain or loss on re-measurement of in equity securities investments		267,580	(80,572)
Revaluation of Investment in Racing Australia Ltd		6,138	124,749
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		5,726,062	822,176

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2021

	Note	2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents	6.	22,790,876	15,098,692
Trade and other receivables	7.	4,110,333	4,917,091
Other assets	8.	138,037	88,190
TOTAL CURRENT ASSETS		27,039,246	20,103,973
Non-current assets			
Plant and equipment	9.	980,061	734,043
Financial assets - Investments	10.	16,654,893	12,785,332
Right of use asset	11.	1,061,404	1,248,256
TOTAL NON-CURRENT ASSETS		18,696,358	14,767,630
TOTAL ASSETS		45,735,605	34,871,603
Liabilities			
Current liabilities			
Trade and other payables	12.	8,273,042	2,879,110
Provisions	13.	694,233	823,885
Other liabilities	14.	425,775	405,851
Lease liabilities	16.	147,767	155,354
TOTAL CURRENT LIABILITIES		9,540,817	4,264,200
Non-current liabilities			
Provisions	13.	71,384	46,910
Other liabilities	14.	961,530	976,914
Financial liabilities	15.	5,000,000	5,000,000
Lease liabilities	16.	986,665	1,134,433
TOTAL NON-CURRENT LIABILITIES		7,019,579	7,158,257
TOTAL LIABILITIES		16,560,396	11,422,457
NET ASSETS		29,175,209	23,449,146
Equity			
Reserve	17.	1,738,994	1,465,276
Retained profits		27,436,215	21,983,870
TOTAL EQUITY		29,175,209	23,449,146

The accompanying notes form part of these financial statements.

Financial Statements (continued)

For the year ended 30 June 2021

Statement of Changes in Equity

For the year ended 30 June 2021

	Financial Asset Reserve	Retained Profits	Total
	\$	\$	\$
BALANCE AS AT 30 JUNE 2019	1,421,099	21,205,871	22,626,970
Net Surplus for the year	-	777,999	777,999
Other Comprehensive Income for the year	44,177		44,177
BALANCE AS AT 30 JUNE 2020	1,465,276	21,983,870	23,449,146
Net Surplus for the year	-	5,452,344	5,452,344
Other Comprehensive Income for the year	273,718		273,718
BALANCE AS AT 30 JUNE 2021	1,738,994	27,436,215	29,175,208

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Receipts in the course of operations		85,847,523	74,130,856
Receipt from government grants		3,456,294	5,608,594
Payments in the course of operations		(78,105,903)	(76,989,383)
Interest received		507,601	611,822
Dividends received		167,436	38,917
Loans (to) / repayments from Clubs		213,850	56,487
Borrowing costs		(121,735)	(203,168)
NET CASH PROVIDED BY OPERATING ACTIVITIES	18.	11,965,066	3,254,125
Cash flows from investing activities			
Proceeds on disposal of plant and equipment		130,865	-
Payments for plant and equipment		(428,779)	(172,305)
Loans to / from external parties		(3,595,844)	(969,303)
NET CASH USED IN INVESTING ACTIVITIES		(3,893,758)	(1,141,608)
Cash flows from financing activities			
Principal repayments of leased liabilities under AASB16		(155,357)	(145,324)
NET CASH USED IN FINANCING ACTIVITIES		(155,357)	(145,324)
NET INCREASE IN CASH HELD		7,915,952	1,967,193
Cash and cash equivalents at the beginning of the financial year		15,098,693	13,131,500
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	6.	23,014,645	15,098,693

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2021

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

The company previously known as Thoroughbred Racing SA Limited, has changed its trading name to Racing SA Limited from 29 January 2021

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). The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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 statements are prepared on a going concern basis.

The financial report was authorised for issue by the Directors of the Company on 1st October 2021.

a) Adoption of new and revised accounting standards

The company has adopted all standards which became effective from 30 June 2021. The adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the company

(b) Revenue & Other Income

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally, the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

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

The revenue recognition policies for the principal revenue streams of the Company are:

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.

Racing Rewards SA revenue

Racing Rewards SA 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.

Finance Income

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of 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.

Grant Income

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligation is satisfied.

(c) Finance costs

Finance costs 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.

(d) Taxation

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

(e) 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.

(f) 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.

(g) 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(i) 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

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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

1. Summary of significant accounting policies (continued)

(h) 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 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) *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.

(v) *Impairment*

The Company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or fair value through other comprehensive income, lease receivables, contract assets, loan commitments not measured at fair value through profit or loss and financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for financial assets measured at fair value through profit or loss or equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Company uses the simplified approaches to impairment, as applicable under AASB 9: Financial Instruments.

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to trade receivables and lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used taking into consideration various data to get to an expected credit loss (i.e. diversity of its customer base, appropriate groupings of its historical loss experience, etc).

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.

(i) 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.

(j) 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.

(k) 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 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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

1. Summary of significant accounting policies (continued)

(l) 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.

(m) Comparative figures

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

(n) Leases

At inception of a contract, the Company assesses if the contract contains or is a lease. If there is a lease present, a right of use asset and a corresponding lease liability is recognised by the Company where the Company is a lessee. However, all contracts that are classified as short term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;

- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The right of use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right of use assets is at cost less accumulated depreciation and impairment losses.

Right of use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right of use asset reflects that the Company anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Options to Extend or Terminate property lease

The options to extend or terminate are contained in the property lease of the Company. This clause provides the Company opportunities to manage leases in order to align with its strategies.

All of the extension or termination options are only exercisable by the Company. The extension options or termination options which were probable to be exercised have been included in the calculation of the right of use asset.

(o) 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 - Leases

The lease term is defined as a non cancellable period of lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise the option. The decisions on whether to exercise the option to extend are reasonably going to be exercised is a key management judgement that the entity will make. The company determines the likelihood to exercise on a lease by lease basis looking at various factors such as which assets are strategic and which are key to future strategy of 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.

	2021	2020
	\$	\$
2. Revenue		
TAB Product Fees and Wagering Tax Relief	30,423,035	27,009,941
Betting Operations Contributions	40,354,074	34,705,817
Screening & International Rights	4,235,387	4,173,946
Racing Rewards SA Subscriptions	271,817	270,150
Registration Fees	241,945	221,139
Publications	69,152	70,175
Marketing revenue received	885,812	991,102
Equine Welfare received	432,868	-
Other	474,837	538,305
TOTAL REVENUE	77,388,927	67,980,576

- 3.** During the course of the year, the Company received grants from the SA Government totalling \$2,593,085 (2020: \$4,795,949) to compensate the thoroughbred racing industry for the impact of the Betting Operations Tax (BOT) introduced by the State Government and effective from 1 July 2017.

4. Finance Income

Interest income	507,601	611,822
Dividend income	167,436	38,917
TOTAL FINANCE INCOME	675,037	650,739

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

	2021	2020
	\$	\$
5. Expenditure		
(a) Industry Payments		
Training Grants and Raceday Usage payments	1,706,000	1,706,000
Race Day Payments & Costs	3,804,637	3,598,572
Club Promotion and Operational purposes	4,278,260	3,893,246
Club Capital Expenditure	677,010	472,154
Workcover & Insurance - Jockeys	1,722,292	1,550,618
Industry Staff Costs	741,636	817,222
TOTAL INDUSTRY PAYMENTS	12,929,835	12,037,813
(b) Finance Costs		
Interest expense	75,167	150,874
TOTAL FINANCIAL EXPENSES	75,167	150,874
(c) Other Expenses		
Advertising & Marketing	1,054,082	962,402
Marketing Professional Fees	143,335	192,939
Publication Expenses	212,336	203,706
Swab & Veterinary Supplies	601,248	521,403
Equine Welfare expenditure	432,868	-
Information & Technology	170,803	89,344
Insurance	330,361	327,519
Other	857,450	1,262,915
TOTAL OTHER EXPENSES	3,802,483	3,560,229

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	2021	2020
	\$	\$
6. Cash and cash equivalents		
Current		
Cash at bank and on hand	12,328,753	4,990,335
Short-term bank deposits	10,462,123	10,108,357
	22,790,876	15,098,692

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 2021 is \$473,123 (2020: \$1,106,140). These funds are not included in the amounts at Note 6 above.

7. Trade and other receivables

Current		
Trade receivables	3,523,406	3,793,951
Other receivables	137,397	459,759
Loans to Thoroughbred Racing Clubs - secured	449,530	663,381
	4,110,333	4,917,091

8. Other Assets

Current		
Prepayments	138,037	88,190
	138,037	88,190

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

	2021	2020
	\$	\$
9. Plant and Equipment		
Non-current		
Plant and equipment - at cost	3,876,509	3,652,741
Less: accumulated depreciation	(3,379,140)	(3,136,625)
Motor Vehicles - at cost	651,353	483,330
Less: accumulated depreciation	(168,661)	(265,403)
TOTAL	980,061	734,043

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:

Plant & Equipment

Carrying amount at the beginning of the year	516,117	703,009
Additions at cost	223,767	70,534
Disposals at cost	-	-
Profit on Disposal	-	-
Depreciation expense	(242,516)	(257,426)
CARRYING AMOUNT AT END OF YEAR	497,368	516,117

Motor Vehicles

Carrying amount at the beginning of the year	217,926	182,468
Additions at cost	428,779	101,771
Disposals at cost	(130,865)	-
Profit on Disposal	47,390	-
Depreciation expense	(80,538)	(66,313)
CARRYING AMOUNT AT END OF YEAR	482,693	217,926

10. Financial assets - Investments

	2021	2020
	\$	\$
Non-current		
- Loan Burke Urban Gifford Hill	10,527,198	10,287,402
- Loan Gifford Hill Joint Venture	3,356,047	-
Financial assets		
- Investment in Racing Australia Limited	1,642,106	1,635,968
- Listed equity securities available for sale	1,129,542	861,962
	16,654,893	12,785,332

The loan to Burke Urban Gifford Hill forms part of the \$10.53M loan facility provided to the Burke Urban Gifford Hill Joint Venture to complete the new race course and facilities for the Murray Bridge Racing Club at Gifford Hill. An agreement was reached due to COVID-19 to capitalise the interest for period. The capitalised interest is included in the amount above \$10.53M.

The loan to Gifford Hill Joint Venture is part of an additional \$5M loan facility provided to the Burke Urban Gifford Hill Joint Venture repayable within 2 years of first drawdown.

The investment in Racing Australia Limited has been revalued to reflect the Company's share of the net assets of Racing Australia Limited.

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 financial assets which existed at 30 June 2021.

11. Rights-of-use-Assets

The Company's lease portfolio includes buildings and photocopier machine. The building leases have an average of 10 years as their lease term. The photocopier machine has an average of 3 years as their lease term remaining.

Leased Building	1,298,015	1,298,015
Accumulated depreciation	(270,889)	(135,445)
Leased photocopier machine	137,097	137,097
Accumulated depreciation	(102,819)	(51,411)
	1,061,404	1,248,256

AASB 16 related amounts recognised in the statement of profit or loss:

Depreciation related to right-of-use assets	186,852	186,855
Interest expense on lease liabilities	46,568	52,294

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

	2021	2020
	\$	\$
12. Trade and other payables		
Current		
Trade payables	1,688,004	923,246
Other payables and accruals	6,585,038	1,955,864
TOTAL	8,273,042	2,879,110

13. Provisions

Current		
Employee benefits - annual leave	283,064	332,835
Employee benefits - long service leave	411,169	491,050
	694,233	823,885
Non-current		
Employee benefits - long service leave	71,384	46,910
	71,384	46,910
TOTAL PROVISIONS	765,616	870,795
Opening balance at 1 July	870,795	809,371
Net provision movement during the year	397,266	333,177
Amounts used	(502,444)	(271,752)
BALANCE AT 30 JUNE	765,617	870,795

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(k) to these financial statements.

The amount of Long Service Leave shown in Current Liabilities has been calculated in accordance with AASB119. It does not necessarily represent the amount that will be taken by employees as Long Service Leave during the course of the 2021/22 Financial Year and as such is not a true representation. Historically, approximately \$50,000 of Long Service Leave in total has been taken by employees in any one year.

	2021	2020
	\$	\$
14. Other liabilities		
Current		
Income received in advance - general	295,575	275,651
Income in advance - TABCorp Ltd	130,200	130,200
	425,775	405,851
Non-current		
Income received in advance - general	310,533	195,717
Income in advance - TABCorp Ltd	650,997	781,197
	961,530	976,914
TOTAL OTHER LIABILITIES	1,387,305	1,382,765

15. Financial Liabilities

Non-current		
Loan from SA Government	5,000,000	5,000,000

16. Lease Liabilities

Current		
Lease liabilities	147,767	155,354
	147,767	155,354
Non-current		
Lease liabilities	986,665	1,134,433
	986,665	1,134,433
TOTAL LEASE LIABILITY	1,134,432	1,289,787

a) Lease Liabilities

The lease liabilities were measured at the present value of the remaining lease payments, discounted using an estimate of the Company's incremental borrowing rate as at 1 July 2019. The weighted average incremental borrowing rate applied to the lease liabilities was 3.82%.

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

	2021	2020
	\$	\$

17. Reserve

Financial Asset Reserve

The financial asset reserve includes the cumulative net change in the fair value of investments until the investment is derecognised.

18. Cash flow information

Reconciliation of net surplus for the year to net cash provided by operating activities

Net surplus for the year	5,452,344	777,999
Less items classified as investing/financing:		
- (Profit) on sale of investments	(47,390)	-
Add/(less) non-cash items:		
- Depreciation expense	509,907	510,595
- Loan impairment	-	125,799
Net cash from operating activities before change in assets and liabilities	5,914,861	1,414,393
Change in assets and liabilities during the period:		
- (Decrease) / Increase in provisions	(105,178)	61,424
- Decrease / (Increase) in trade receivables	270,545	(453,229)
- Decrease in other receivables	322,363	2,169,946
- Decrease in loans to Thoroughbred Racing Clubs	213,850	56,487
- (Increase) / Decrease in other assets	(49,847)	14,517
- (Decrease) in trade payables	764,758	(87,755)
- Increase in other payables and accruals	4,629,174	209,513
- Increase / (Decrease) in income received in advance	4,540	(131,172)
NET CASH PROVIDED BY OPERATING ACTIVITIES	11,965,066	3,254,125

19. Related party transactions

	2021	2020
	\$	\$

Key management personnel compensation

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

Short-term employee benefits	837,693	982,801
Post-employment benefits	79,581	94,827
	<u>917,274</u>	<u>1,077,628</u>

Auditor Remuneration

Remuneration of the auditor of the Company for:

- Audit of the financial report	18,900	18,300
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Directors

The names of each person holding the position of Director of Racing SA Limited during the financial year are Ms E.F Nelson QC, Mrs J Ryan and Messers D Rasheed, G Harrison, C Cardone, R Rorrison, B Dixon, T Stokes, M Lloyde and S Watts.

Directors Compensation

The Directors compensation included in employee expenses are as follows:

The increase represents 2 x Directors on the board for a 6 month handover period.

Short-term employee benefits - Directors remuneration	225,617	204,473
Post-employment benefits	21,434	14,402
	<u>247,051</u>	<u>218,875</u>

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

19. Related party transactions (continued)

2021
\$

2020
\$

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.

The aggregate amounts recognised during the year relating to Directors and Director related entities were as follows:

Director	Transaction	Note	2021	2020
Mr D Rasheed	Professional Services	(i)	-	3,392

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 Company allocated contra and made payments totalling \$2,101,659 (2020: \$2,871,844) 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, marketing, 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.

Country Racing SA Inc.

Country Racing SA Inc. (CRSA) 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 \$61,848 (2020 \$61,848) to CRSA 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 CRSA 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 allocated contra and made payments totalling \$4,683,304 (2020: \$6,308,719) 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 CRSA, 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 \$449,530 at 30 June 2021 (2020: \$663,381). The loans are secured or capable of being secured. Interest earned by the Company amounted to \$1,518 (2020: \$1,337) and is included in Financial Income in the Statement of Profit or Loss and Other Comprehensive Income.

20. Contingent liabilities

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

Racing Rewards SA (formerly SABOIS)

Qualified yearling horses are nominated for the Racing Rewards SA scheme 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 RRSA 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 2021 it is estimated that these future bonuses will be \$5.0 million (2020: \$5.0 million).

Single National System

Racing SA Ltd has agreed to participate in the Single National System being developed by Racing Australia Pty Ltd (RA), 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 be completed in the 2021/22 Financial Year.

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 total contribution made towards the project as at the year ended 30 June 2021 was \$314,445 (2020: \$262,145).

21. Financial risk management

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

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

Financial assets		2021	2020
Cash and cash equivalents	6	22,790,876	15,098,692
Receivables and loans	7	4,110,333	4,917,091
Investments	10	16,654,893	12,785,332
TOTAL FINANCIAL ASSETS		43,556,102	32,801,115

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	267,580	(80,572)
TOTAL GAINS AND (LOSSES) RECOGNISED IN OTHER COMPREHENSIVE INCOME	267,580	(80,572)

Financial liabilities

Financial liabilities at amortised cost

- Trade and other payables	12	8,273,042	2,879,110
- Borrowings	15	5,000,000	5,000,000
- Lease Liabilities	16	1,134,432	1,289,787
TOTAL FINANCIAL LIABILITIES		14,407,474	9,168,897

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

22. 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.

23. Commitments

	2021	2020
a) Finance Leases		
Minimum lease payments:		
- not later than one year	188,304	201,923
- between one year and five years	832,292	844,155
- later than five years	289,579	466,021
Minimum lease payments	1,310,175	1,512,099
- Less: finance charges	(175,743)	(222,312)
- Present value of minimum lease payments	1,134,432	1,289,787

24. Events after the reporting period

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Association in future financial years.

25. Company details

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

Racing SA
Ground Floor
240 Morphett Rd
NORTH PLYMPTON SA 5037

26. 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 2021 the number of members was 2.

Directors' Declaration

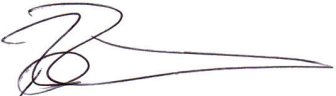
RACING SA LIMITED
DIRECTORS' DECLARATION

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 31 to 51, 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 2021 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

R. Rorrison

Dated at Adelaide this 1st day of October, 2021

Independent Auditor's Report



Racing SA Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Racing SA Limited (the Company), which comprises the statement of financial position as at 30 June 2021, 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 to the financial statements, including a summary of significant accounting policies and other explanatory information and the directors' declaration.

In our opinion, the accompanying financial report of the Company, is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the *Corporations Regulations 2001*.

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 Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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.

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If, based on the work we have performed, 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 the Directors 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.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our independent auditor's report.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

A handwritten signature in black ink that reads 'William Buck'.

William Buck
ABN: 38 280 203 274

A handwritten signature in black ink that reads 'G. Martinella'.

G.W. Martinella
Partner
Dated this 1st day of October, 2021.



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