




**SOUTH AUSTRALIAN
MOTOR SPORT BOARD**

ANNUAL REPORT

2009/10



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Organisational Structure and Objectives

The South Australian Motor Sport Board was established pursuant to the *South Australian Motor Sport Act 1984* (“the Act”). The Board is a body corporate with perpetual succession capable in its corporate name of acquiring, holding and disposing of real and personal property. It is capable of acquiring or incurring any other rights or liabilities having the powers, authorities, duties and obligations prescribed by or under the Act.

The Board consists of nine members appointed by the Governor, of whom two are nominated by the Corporation of the City of Adelaide, one nominated by the Confederation of Australian Motor Sport and the remainder nominated by the Minister. The officers and employees of the Board include a Chief Executive Officer, Commercial Manager and Marketing Manager and 8.6 additional full time equivalent members.

The principal objectives of the Board are to:

- negotiate and enter into agreements on behalf of the State under which motor sport events, whether promoted by the Board or by some person approved by the Minister, are held in the State;
- undertake on behalf of the State the promotion of motor sport events;
- do all things necessary for or in connection with the conduct and financial and commercial management of each event promoted by the Board
- establish a temporary motor racing circuit and conduct and manage motor racing events promoted by the Board;
- provide advisory consultancy, management or other services on the conduct of sporting, entertainment or other special events or projects, whether within or outside the State.

Mission Statement

The Mission Statement as set by the Government in 1998

- Stage the best Australian national motor racing event for V8 Supercars
- Provide substantial and tangible economic benefits to the State of South Australia
- Provide employment and other opportunities for South Australians
- Provide significant increase in visitation from interstate and overseas
- Provide widespread promotional and publicity opportunities and positive media coverage for South Australia both nationally and internationally
- Provide enjoyment for South Australians and visitors alike and to further enhance the reputation of Adelaide and South Australia as the country's foremost location for major events

Economic Objectives 2010/11

- | | |
|-------------------------------|---------|
| • Economic benefit | \$34.0m |
| • Job creation | 420 fte |
| • Visitor nights | >70,000 |
| • Visitors to South Australia | >14,000 |
| • Net tourism gain | \$20.0m |
| • Corporate attendance | 40,000 |
| • Attendance overall | 278,000 |

Highlights 2009/10

- Increased economic benefit, up \$0.26m from \$33.5m to \$33.76m
- Provided net general tourism gain for the State of \$19.2m.
- Created an estimated 65 945 visitor nights.
- A display and demonstration of the world's most exotic road cars under the banner of Murray Walker's Extreme Machines including the limited edition Lamborghini Murcielago LP 670 - 'Australia's fastest road car'.
- Media record of national and international print, television, digital and radio coverage was valued at \$133m
- Seven Network's live telecast attracted 1.025 million Australian viewers, with 853 million homes in 142 countries viewing via delayed telecast
- All Clipsal 500 ticket holders were provided with free public transport for the four days of the event.

Key Economic achievements 2009/10

• Economic benefit	\$33.76m
• Job creation	411 fte
• Visitor nights	65,945
• Corporate attendance	38,149
• Net tourism gain	\$19.2m
• Attendance overall Clipsal 500	277,800

Chairman's Review

Introduction:

In the financial year July 1, 2009 to June 30, 2010 the South Australian Motor Sport Board, in accordance with the South Australian Motor Sport Act 1984 was responsible for the conduct of event 3 of the 2010 V8 Supercar Championship Series.

The event, known as the Clipsal 500 Adelaide, was conducted on the Adelaide city street circuit from March 11 to March 14, 2010.

In its 12th year of conducting the event, it was the first occasion that the event had not been the opening round of the Championship, a move necessitated as a result of V8 Supercars Australia conducting two events overseas – Abu Dhabi and Bahrain – at the start of the season.

It was particularly pleasing that two major factors – the change in the Championship calendar and the residual impact of the global financial crisis – did little to impact negatively on the appeal of the event.

The attendance figure for the event over four days, was in fact the second highest to be achieved reaching a total of 277,800

However, it must also be noted that the general economic conditions did affect the average level of spending of grandstand and general admission patrons and also resulted in a reduction in the spending levels and numbers attending corporate facilities. Some reduction in sponsorship income was also recorded.

With new temporary facilities for the V8 Supercar teams, race control, the media centre, commentary facilities, and corporate guests having been established for the 2009 event, the focus for the 2010 event was improvement to the amenities for general admission patrons.

With a re-branding of general admission tickets to that of Trackside, a new entertainment and catering area titled The Parking Lot was established and Feature (support) race categories were largely re-located to the eastern side of the circuit in the area previously utilised by the South Australian Jockey Club.

Feedback received as a result of exit surveys conducted at the event indicated that these initiatives were extremely well received and once again the event gained overwhelming approval with an exit poll survey finding that two thirds of patrons believe the event is getting better each year.

The McGregor Tan study also found that an impressive ninety four per cent (94 %) of patrons surveyed intended to attend the Clipsal 500 Adelaide in the future.

Innovation at the event was also exemplified with a change to the Feature Race program including a V8 Utes Legends event, the introduction of the Sports Racers as a category for the first time at a major Australian motor race meeting, and the inclusion of the Mini Challenge Series.

The full race program also featured Fujitsu V8 Supercars, Touring Car Masters, and Aussie Racing Cars in addition to the two major V8 Supercar practice, qualifying sessions, Top Ten Shoot Out and two 250 kilometres races over the four days.

As an additional attraction, the Board included the Skyshow fireworks spectacular as a one off part of the program with free access to the circuit on the Saturday night after 6.30pm.

Free public transport over all four days of the event was provided to all Clipsal 500 Adelaide ticketholders on all Adelaide Metro bus, tram or train service. This excellent bonus provision for attendees was supported by the Adelaide City Council, Motor Accident Commission, Adelaide Metro and the South Australian Motor Sport Board.

RAA Insurance also provided a free shuttle bus service from the city to the event, while all public transport provided by the SA Government was free to and from the Skyshow after 3pm on the day of the event.

The Australian Defence Force again provided a spectacular air display in addition to deploying other military assets and engaging the public with information regarding careers in our nation's three services.

The Murray Walker's Extreme Machine car display and demonstration was again an outstanding success, and the presence of the legendary international motorsport commentator Murray Walker assisted in providing the event with extremely positive national and international coverage.

In 2009 the South Australian Motor Sport Board assumed stewardship of the World Solar Challenge that had previously been organized by the event arm of the South Australian Tourism Commission, Events SA.

To further enhance this world renowned event, the Board made a decision to broaden its scope under the title Global Green Challenge and incorporating a world first event for 'eco' or low emission cars using alternative energy fuels or the latest in fuel efficient engines.

Both the World Solar Vehicles and Global Green Challenge 'Eco' vehicles competed over the event's traditional route from Darwin to Adelaide with 'eco' entries also participating in urban cycle tests in both Darwin and Adelaide.

The Tokai University solar car entry #60 Tokai Challenger from Japan took victory in the World Solar Challenge that had 35 entries competing from 15 countries.

In a near faultless run over the 3,000 kilometre distance from the Darwin start, the Japanese team broke the four event string of victories set by the Dutch Nuon team in the 2001, 2003, 2005, and 2007 events.

Manufacturers and entrants participating in the 'eco' Challenge included Ford, Suzuki, HSV, Skoda, Hyundai, Mini, Deep Green Research, Annesley College, Top Gear Magazine, and Tesla.

A number of the manufacturers participated with multiple car entries.

As part of the event, the American built fully electric Tesla sports car driven by Simon Hackett, founder and Managing Director of Australian national broadband company Internode, with co-driver Emilis Prelgauskas completed a distance of 501 kilometres (313 miles) on a single charge.

This was a world record for a production electric car on a single charge and was achieved from Alice Springs in the Northern Territory ending at a distance marker on the Stuart Highway at a point 183 km north of Coober Pedy in South Australia.

Clipsal 500 Adelaide Benefits

In 2010 the event provided a conservative economic benefit to the South Australian economy of \$33.76m up from \$33.5m in 2009.

The number of bed nights created directly as a result of the Clipsal 500 Adelaide also rose from 64,900 to 65,945.

The 2010 event was attended by 277,800 over the four days and created 411 fulltime job equivalents.

In its 12 year history the total economic benefit that the event has created is \$285.48 million dollars.

The South Australian Motor Sport Board operates with 11.2 full time staff members in the office and 12 part time employees, while the event conducted by the Board engaged the services of 411 casual workers (FTE) and some 1200 volunteers.

The Board reports that the 2010 event posted a deficit of \$646,000.

A media audit of television, radio, print and web site coverage of the 2010 event valued the coverage at \$133.38m.

Event Activity

The motor racing categories conducted during the event were:

V8 Supercar Championship
Fujitsu V8 Supercar Championship
Australian GT Championship
Touring Car Masters
V8 Utes
Sports Racer
Mini Challenge
Aussie Racing Cars

The winner of the 2010 Clipsal 500 Adelaide was Garth Tander driving a Toll Holden Racing Team VE Commodore.

Non motor sport activity centred on the staging of four separate on-circuit concerts on the Thursday, Friday, Saturday and Sunday evenings of the event.

Major acts included “Eskimo Joe”, “Hilltop Hoods”, Jessica Mauboy, Shannon Noll, “Status Quo”, “Noiseworks”, and “Mental As Anything”.

Other events associated with the 2010 event included the official launch in Rundle Mall, The V8 Supercar Driver’s Autograph session, the Clipsal 500 Adelaide Rally, The Advertiser/Sunday Mail Foundation Clipsal 500 Luncheon, and the Royal Society for the Blind Clipsal 500 Adelaide luncheon.

Charities

Make-A-Wish® Australia was the official charity for the 2010 event. Funds raised totalled in excess on \$60,000.

Sponsor and Other Support

The Board acknowledges the contribution of a large number of sponsors, suppliers and private and public sector organizations to the success of the event.

The major organisations involved with the 2010 event were: Naming rights sponsor Clipsal by Schneider Electric, Government of South Australia, Australian Government Department of Defence, Lion Nathan, The Advertiser, Network 7, RAA Insurance, Adelaide City Council, Spotless, Ticketek, Jim Beam, Coca-Cola, Vili's, Motor Accident Commission, Adelaide Casino, UD Trucks, Stratco, Gliderol, Radio safm, Radio Triple M, Hardys, National Foods, Streets, R.M.Williams, V8 Supercars Australia, Confederation of Australian Motor Sport.

The Board's primary contractors again made significant contributions to the event and the services of KBR, Image Media Productions, and KWP! Advertising are appreciated.

Community Relations

The Board also greatly appreciates the overall support received from the community and continues to place a priority on consultation, particularly in relation to the challenges of the build and dismantling program and traffic management issues.

Conclusion

The South Australian Motor Sport Board considers the 2010 Clipsal 500 Adelaide to have again been conducted in a highly successful and professional manner as was the Global Green Challenge.

The services of the management team and staff and the volunteers are greatly appreciated.



Roger Cook AM
Chairman
South Australian Motor Sport Board.

Chief Executives Report

It is with pleasure that I report on the V8 Supercar event promoted by the Board in 2010 and the 2009 Global Green Challenge.

2010 Clipsal 500 Adelaide

The twelfth Clipsal 500 Adelaide motor sport festival was again an outstanding event, as witnessed by the fact that it achieved the second highest attendance in the event's history.

It also continued its tradition of being innovative with the inclusion of the Skyshow event and new racing categories, plus major improvements for the patrons, particularly in the general admission (Trackside) areas of the circuit.

Whilst global economic conditions made for challenging times in respect of revenue streams, particularly in the area of corporate and sponsorship income the final result is I believe an outstanding tribute to the entire South Australian Motor Sport team.

That the South Australian event is still seen as the hallmark event of an expanded V8 Supercar Championship Series Calendar with events in Abu Dhabi, Bahrain, New Zealand, Homebush in Sydney and Townsville in Northern Queensland is extremely satisfying.

I am confident of the future success of the Clipsal 500 Adelaide as it continues to evolve as Australia's largest domestic motorsport event and the State's largest ticketed sporting event.

2009 Global Green Challenge

This event, in its first year under the stewardship of the South Australian Motor Sport Board and with a solid history of performance as the World Solar Challenge more than achieved the expectations of positioning South Australia as being a leader in showcasing advances in alternative energy vehicles at a time when this subject is so important.

In combination with the Government of South Australia, the Northern Territory Government, the Adelaide City Council, and major event partner Internode the event received world wide exposure and accolades from industry, manufacturers, learning institutions and a public both hungry and receptive to information relating to new technology with the aim of reducing emissions from the global vehicle fleet of the future.

The team responsible for the event is to be commended.

Summary

I take this opportunity to thank the Board, management, and staff for their efforts and following my resignation from the position of Chief Executive, also wish the organisation every success in the future.



Jason Allen
Chief Executive

**Statement of Comprehensive Income
for the year ended 30 June 2010**

	Note	2010 \$'000	2009 \$'000
INCOME:			
State Government operating grants	1	3 745	2 090
State Government infrastructure grants		-	671
Interest	4	317	1 126
User charges	5	20 378	20 024
Amortisation of capital grants	2.8,13	379	491
Amortisation of infrastructure grants	2.8,13	1 585	1 585
Net gain from disposal of non-current assets		-	1
Total income		26 404	25 988
EXPENSES:			
Supplies and services	6	23 611	23 438
Depreciation and amortisation	10	2 025	1 994
Employee benefit expenses	7	1 414	1 246
Total expenses		27 050	26 678
OPERATING DEFICIT		(646)	(690)
OTHER COMPREHENSIVE INCOME:			
Changes in asset revaluation surplus			
Concrete safety barriers	10	-	158
Other racing infrastructure, plant and equipment	10	-	445
Total changes in asset revaluation surplus		-	603
TOTAL COMPREHENSIVE RESULT		(646)	(87)

The operating result and comprehensive result are attributable to the SA Government as owner

**Statement of Financial Position
as at 30 June 2010**

	Note	2010 \$'000	2009 \$'000
CURRENT ASSETS:			
Cash and cash equivalents	8	4 099	5 136
Receivables	9	1 729	289
Total current assets		5 828	5 425
NON-CURRENT ASSETS:			
Concrete safety barriers, other racing infrastructure, plant and equipment and leasehold improvements	10	18 726	20 341
Total non-current assets		18 726	20 341
Total assets		24 554	25 766
CURRENT LIABILITIES:			
Payables	11	3 998	3 025
Employee benefits	12	92	67
Deferred State Government grant - capital	13	299	299
Deferred State Government grant - infrastructure	13	1 585	1 585
Total current liabilities		5 974	4 976
NON-CURRENT LIABILITIES:			
Employee benefits	12	44	44
Deferred State Government grant - capital	13	439	418
Deferred State Government grant - infrastructure	13	13 915	15 500
Total non-current liabilities		14 398	15 962
Total liabilities		20 372	20 938
NET ASSETS		4 182	4 828
EQUITY:			
Reserve for extreme weather	2.12	1 000	1 000
Retained earnings		2 579	3 225
Asset revaluation surplus		603	603
TOTAL EQUITY		4 182	4 828

The total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	14
Contingent assets and liabilities	15

**Statement of Changes in Equity
for the year ended 30 June 2010**

	Reserve for extreme weather \$'000	Asset revaluation surplus \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2008	1 000	-	3 915	4 915
Operating result for 2008-09	-	-	(690)	(690)
Gain on revaluation of concrete safety barriers, other				
racing infrastructure, plant and equipment	-	603	-	603
Total comprehensive result for 2008-09	-	603	(690)	(87)
Balance at 30 June 2009	1 000	603	3 225	4 828
Operating result for 2009-10	-	-	(646)	(646)
Total comprehensive result for 2009-10	-	-	(646)	(646)
Balance at 30 June 2010	1 000	603	2 579	4 182

All changes in equity are attributable to the SA Government as owner

**Statement of Cash Flows
for the year ended 30 June 2010**

		2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:	Note	\$'000	\$'000
CASH INFLOWS:			
Receipts from customers and sponsors		23 366	23 120
Interest received		317	1 126
SA Government contributions - operating		2 045	2 090
GST recovered from the ATO		1 069	2 578
Cash generated from operations		26 797	28 914
CASH OUTFLOWS:			
Payments for supplies and services		(25 891)	(27 295)
Employee benefit payments		(1 360)	(1 344)
GST paid to the ATO		(573)	(557)
Cash used in operations		(27 824)	(29 196)
Net cash used in operating activities	16.2	(1 027)	(282)
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH INFLOWS:			
Proceeds from the sales of plant and equipment		-	1
SA Government contributions - capital		400	296
SA Government contributions - infrastructure		-	12 473
Cash generated from investing activities		400	12 770
CASH OUTFLOWS:			
Purchase of racing infrastructure, plant and equipment		(410)	(18 955)
Cash used in investing activities		(410)	(18 955)
Net cash used in investing activities		(10)	(6 185)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS AT 1 JULY		5 136	11 603
CASH AND CASH EQUIVALENTS AT 30 JUNE	16.1	4 099	5 136

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Organisational structure, objectives and funding

The South Australian Motor Sport Board (the Board) was established pursuant to the *South Australian Motor Sport Act 1984*.

The principal objectives of the Board are to:

- enter into agreements on behalf of the State under which motor sport events, whether promoted by the Board or by some person approved by the Minister, are held in the State;
- undertake on behalf of the State the promotion of motor sport events;
- establish a temporary motor racing circuit and conduct and manage motor racing events promoted by the Board;
- provide advisory consultancy, management or other services on the conduct of sporting, entertainment or other special events or projects, whether within or outside the State.

The Board has the right to stage a motor sport event for a period of 10 years concluding in 2015. Pursuant thereto the event is known as the 'Clipsal 500 Adelaide'. Pursuant to an agreement with the South Australian Tourism Commission, the Board has assumed responsibility for the staging of the 'Global Green Challenge' in October 2011 (formerly The World Solar Challenge).

During the year, funding of \$3.745 million for operating activities and \$400 000 for event staging capital from the State Government accrued to the Board. The State Government received signage, hospitality and other promotional benefits from the event under the 'South Australia – a Brilliant Blend' logo.

The ongoing activities of the Board in promoting and staging motor sport events within South Australia are dependent on the on-going financial support by the South Australian Government

2. Statement of significant accounting policies

2.1 *Statement of compliance*

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian accounting standards, Treasurer's instructions and Accounting policy statements promulgated under the provision of the *Public Finance and Audit Act 1987* except as described in note 2.8 below in relation to the Board's financial accounting and reporting treatment of the Capital and Infrastructure Grant funds provided by the State Government.

Except for the Australian Accounting Standard AASB 2009-12, which the Board has early adopted, Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Board for the reporting period ending 30 June 2010. These are outlined in Note 3.

2.2 *Basis of accounting*

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the Board's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements, these are outlined in the applicable notes;
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and

- compliance with accounting policy statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, that have been included in these financial statements:
 - (a) Revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature.
 - (b) Expenses incurred as a result of engaging consultants (refer note 18).
 - (c) Employees whose normal remuneration is \$100 000 or more (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the Board to those employees (refer note 7).
 - (d) Board/Committee member and remuneration information, where a Board/Committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement (refer note 19.3).

The Board's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a twelve month period and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2010 and the comparative information presented.

2.3 Reporting entity

The financial statements cover the South Australian Motor Sport Board as an individual reporting entity. It is a statutory authority of the State of South Australia, established pursuant to the *South Australian Motor Sport Act 1984*.

2.4 Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change.

Where presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

The restated comparative amounts do not replace the original financial statements for the preceding period.

2.5 Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

2.6 Taxation

The Board is exempt from income tax.

The Board is liable for payroll tax, fringe benefits tax, goods and services tax (GST).

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Australian Taxation Office is classified as part of operating cash flows.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the Australian Taxation Office. If GST is not payable to, or recoverable from the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

2.7 *Events after the reporting period*

Where an event occurs after 30 June but provides information about conditions that existed at 30 June, adjustments are made to amounts recognised in the financial statements.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

2.8 *Amortisation of State Government grants*

The State Government has since 1999 provided a total of \$11.134 million for race staging capital. A further \$23 million was provided for the Infrastructure upgrade of which \$4.330 million has been spent on non-capital items. The balance of \$18.670 million is held as a non-current liability 'Deferred State Government Grant – Infrastructure' and is being amortised over the estimated useful life of the assets acquired. In 2009-10 \$1.585 million has been amortised leaving a Deferred State Government Grant – Infrastructure liability of \$15.500 million.

In accordance with International Accounting Standard IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance', capital grants received for event staging capital are being amortised over a period of five years. The grants have been recognised as a Deferred State Government Grant – Capital liability.

AASB 1004 'Contributions' and Treasurer's Accounting Policy Framework APF V 'Income Framework' require that a contribution to a not-for-profit entity must be recognised as an asset and income when the entity obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met (i.e. the amount can be reliably measured and the flow of resources is probable). The Board believes that application of this policy would incorrectly report the operating result. If AASB 1004 and APF V had been applied, the result for the reporting period would have been as follows:

2.8 Amortisation of State Government grants (Ctd)

	2010		2009	
	AASB 1004 APF V \$'000	Board policy \$'000	AASB 1004 APF V \$'000	Board policy \$'000
Revenue - State Government grant:				
Capital	400	-	296	-
Infrastructure	-	-	12 473	671
Amortisation - State Government grant:				
Capital	-	379	-	491
Infrastructure	-	1 585	-	1 585
Operating (deficit) surplus	(2 210)	(646)	9 332	(690)
Assets	24 554	24 554	25 766	25 766
Liabilities	4 134	20 372	3 136	20 938
Equity	20 420	4 182	22 630	4 828

Therefore the application of AASB 1004 and APF V would result in an operating deficit for the year of \$2.21 million. The application of IAS 20 results in an operating deficit of \$646 000 which the Board believes to be a true reflection of the result for the year.

2.9 Income and expenses

Income, except as described in note 2.8, and expenses are recognised to the extent that it is probable that the flow of economic benefits to or from the Board will occur and can be reliably measured.

Income and expenses have been aggregated according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The notes accompanying the financial statements disclose income and expenses, where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Income

The following are specific recognition criteria:

Revenues from user charges

Revenues from user charges are derived from the provision of goods and services to the public. This revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.

The revenue is recognised when:

- the amount of the revenue, stage of completion and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the Board.

Revenues from sales

Revenues from sales are recognised when the significant risks and rewards of ownership transfer to the purchaser.

Interest income

Interest income includes interest received on term deposits and other interest received. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Net gain from disposal of non-current assets

Income from the disposal of non-current assets is recognised when the control of the asset has passed to the buyer and determined by comparing proceeds with carrying amount. When revalued non-current assets are sold, the revaluation surplus is transferred to retained earnings.

Expenses

The following are specific recognition criteria:

Employee benefit expenses

Employee benefit expenses includes all costs related to employment including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by the Board to the superannuation plan in respect of current services of current Board employees.

Depreciation and amortisation

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

Assets' residual values, useful lives and depreciation/amortisation methods are reviewed and adjusted if appropriate, on an annual basis.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

The value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the lease, whichever is shorter.

Depreciation/amortisation is calculated on a straight line basis over the estimated useful life of the following classes of assets as follows:

<i>Class of asset</i>	<i>Useful life (years)</i>
Concrete safety barriers	10 - 20
Other racing infrastructure, plant and equipment	2 - 20
Leasehold improvements	Life of lease

Concrete safety barriers' useful life is determined by reference to their likely rate of deterioration, namely from 10 to 20 years. This is supported by independent valuation of Concrete Barriers and Debris Fencing obtained by the Board as reported in note 10.

2.10 Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. The Board has a clearly identifiable operating cycle of twelve months. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

2.11 Assets and liabilities

Assets and liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The notes accompanying the financial statements disclose financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Assets

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position includes cash at bank and on hand and in other short-term, highly liquid investments with maturities of three months or less that are readily converted to cash and which are subject to insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Cash is measured at nominal value.

Receivables

Receivables include amounts receivable from goods and services, prepayments and other accruals.

Receivables arise in the normal course of selling goods and services to the public. Receivables are generally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the authority will not be able to collect the debt. Bad debts are written off when identified.

Non-current assets

The Board does not own any land or permanent buildings.

- Acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation.

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position.

- Revaluation of non-current assets

All non-current tangible assets are valued at written down current cost (a proxy for fair value) and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years.

Every five years, the Board revalues its concrete safety barriers, other racing infrastructure and plant and equipment. However if at any time, management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Any revaluation increment is credited to the asset revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as an expense, in which case the increase is recognised as income. Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the asset revaluation surplus to the extent of the credit balance existing in the revaluation surplus for that asset class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

- Impairment

All non-current assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

For revalued assets, an impairment loss is offset against the respective asset revaluation surplus.

Liabilities

Payables

Payables include creditors, accrued expenses, employment on-costs and funds held in trust.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Board.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Employee benefit on-costs include payroll tax, Workers Compensation and superannuation contributions in respect to outstanding liabilities for salaries and wages, long service leave and annual leave.

Funds held in trust represent advance ticket sales, exclusive of GST, for the year 2011 event.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement.

The Board has entered into operating leases.

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.

Employee benefits

These benefits accrue for employees as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

- *Wages, salaries, annual leave and sick leave*

The liability for salary and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability is expected to be payable within twelve months and is measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

- *Long service leave*

The liability for long service leave is recognised after an employee has completed 5.5 years of service. An actuarial assessment of long service leave undertaken by the Department of Treasury and Finance based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with the Board's experience of employee retention and leave taken.

The Board also accrues additional long service leave based on experience of staffing retention and leave taken.

2.12 Reserve for extreme weather

The Board believes that rain or excessive heat over the period of the event will have a significant impact on the financial position of the organisation. The Board have considered that it is prudent and commercially sound to create a Reserve for Extreme Weather at future events. This Reserve (\$1 million) has been created by transfers from Accumulated Surplus and will be utilised at events adversely affected by rain or extreme heat.

2.13 Staffing arrangements

Pursuant to a proclamation, the *Statutes Amendment (Public Sector Employment) Act 2007*, (PSE Act) came into operation on 1 April 2007.

The PSE Act amended the employment provisions of the *South Australian Motor Sport Act 1984* (SAMS Act) to provide that the Chief Executive of the Department of Treasury and Finance is to be the 'employing authority' of all staff of the Board. Prior to the operation of the PSE Act, the Board had the power to appoint staff.

Consistent with the PSE Act, the Chief Executive of the Department of Treasury and Finance has delegated all of his powers and functions relating to the employment of staff to the Chief Executive of the Board. The Treasurer, pursuant to the PSE Act, has also issued a direction to the Board to make payments with respect to any matter arising in connection with the employment of a person under the SAMS Act.

As a consequence of the operation of the PSE Act, the Board is no longer able to be registered as a non-exempt employer with Workcover under Section 59(1) of the *Workers Rehabilitation and Compensation Act 1986*. As an exempt (self insured) employer the Board is required to recognise in the accounts a liability for outstanding workers compensation claims where applicable. An independent actuarial valuation of the agency's liability for Workers Compensation by Taylor Fry Consulting Actuaries reflects that no such liability exists at the reporting date.

2.14 Unrecognised contractual commitments and contingent assets and liabilities

Operating lease and event staging commitments arising from contractual sources are disclosed at their nominal value.

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the Australian Taxation Office. If GST is not payable to, or recoverable from the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

2.15 Insurance

The Board has arranged, through SA Government Captive Insurance Corporation (SAICORP), to insure major risk of the Board. The excess payable under this arrangement varies depending on each class of insurance held.

3. New and revised accounting standards and policies

The Board did not voluntarily change any of its accounting policies during 2009-10.

The AASB has released a new standard on operating segments (AASB 8 'Operating Segments'). This new standard, unlike its predecessor, does not apply to the Board and accordingly the Board has not disclosed any information about segments in these financial statements.

Except for AASB 2009-12, which the Board has early adopted, the Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Board for the period ending 30 June 2010. The Board has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Board.

4. Interest

	2010	2009
	\$'000	\$'000
Interest from entities within the SA Government	308	1 097
Interest from entities external to the SA Government	9	29
Total interest	317	1 126

5. User charges

User charges received/receivable from entities within the SA

Government:

Other income	14	36
Sponsorship	590	140
Total user charges - SA Government	<u>604</u>	<u>176</u>

User charges received/receivable from entities external to the SA

Government:

Hospitality and sponsorship	8 536	8 658
Ticketing sales	7 157	7 480
Catering and merchandise	2 738	2 782
Entry fees	565	200
Asset hire	2	-
Other income	776	728
Total user charges - non-SA Government	<u>19 774</u>	<u>19 848</u>
Total user charges	<u>20 378</u>	<u>20 024</u>

6. Supplies and services

Supplies and services provided by entities within the SA

Government:

Administration	40	135
Event staging and contracts	90	50
Marketing, advertising and media	108	61
Circuit construction	79	79
Total supplies and services - SA Government entities	<u>317</u>	<u>325</u>

Supplies and services provided by entities external to the SA

Government:

Circuit construction	12 535	12 134
Hospitality, sponsorship and ticketing costs	203	326
Catering and merchandise costs	1 088	1 093
Event staging and contracts	3 761	3 324
Entertainment	1 221	1 316
Security and ground staff	969	948
Administration	767	737
Marketing, advertising and media	2 750	2 564
Victoria Park infrastructural expenditure	-	671
Total supplies and services - non-SA Government entities	<u>23 294</u>	<u>23 113</u>
Total supplies and services	<u>23 611</u>	<u>23 438</u>

7. Employee benefit expenses		
Salaries, wages, annual and sick leave	1 234	1 015
Long service leave	7	63
Employment on-costs - superannuation	107	97
Employment on-costs - other	66	71
Total employee benefit expenses	1 414	1 246

<i>Remuneration of employees</i>	2010	2009
The number of employees who received or were due to receive remuneration within the following bands were:	Number	Number
\$140 000 - \$149 999	1	-
\$150 000 - \$159 999	1	-
\$160 000 - \$169 999	-	1
\$170 000 - \$179 999	-	1
\$250 000 - \$259 999	1	-
Total number of employees	3	2

The table includes all employees who received remuneration of \$100 000 or more during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$554 000 (\$346 000).

Total number of full-time equivalent staff at reporting date was 11.2 (11.6).

8. Cash and cash equivalents	2010	2009
	\$'000	\$'000
Short-term deposits with SAFA	3 677	4 603
Cash on hand and at bank	422	533
	4 099	5 136

Short-term deposits

Short-term deposits are made for varying periods of between one day and three months. They are lodged with SAFA and earn interest at the respective short-term deposit rates.

Interest rate risk

Cash on hand is non-interest bearing. Cash at bank earns a floating interest rate, based on daily deposit rates. The average interest rate for the reporting period was 3.3 percent (5.7 percent). The carrying amount of cash and cash equivalents represents fair value.

9. Receivables	2010	2009
	\$'000	\$'000
Current:		
State Government operating grant	1 700	-
Trade debtors	29	289
	1 729	289
SA Government/non-SA Government receivables:		
Receivables from SA Government entities	1 700	-
Receivables from non-SA Government entities	29	289
	1 729	289

Receivables amounting to \$639 000 (\$1 079 000) and the corresponding liability relating to Advanced ticket sales exclusive of GST for Year 2011 event (refer note 11) have not been recognised as they have been treated as agreements equally proportionately unperformed.

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables are non-interest bearing.

It is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand.

There is no concentration of credit risk.

Refer to note 20 for categorisation of financial instruments and risk exposure information.

10. Concrete barriers, other racing infrastructure, plant and equipment and leasehold improvements

Concrete safety barriers:

Gross carrying amount:

Balance at 1 July	1 428	1 441
Additions	44	-
Adjustment arising from revaluation of assets	-	158
Elimination of depreciation on revalued assets	-	(171)
Balance at 30 June	1 472	1 428

Accumulated depreciation:

Balance at 1 July	(723)	(888)
Elimination of depreciation on revalued assets	-	171
Depreciation expense	(59)	(6)
Balance at 30 June	(782)	(723)
Net carrying amount	690	705

10. Concrete barriers, other racing infrastructure, plant and equipment and leasehold improvements (ctd)

Other racing infrastructure, plant and equipment:

Gross carrying amount:

Balance at 1 July	29 224	11 706
Additions	366	18 955
Adjustments arising from revaluation of assets	-	445
Elimination of depreciation on revalued assets	-	(999)
Assets written off	(1 665)	-
Disposals	-	(883)
Balance at 30 June	27 925	29 224

Accumulated depreciation:

Balance at 1 July	(9 701)	(9 628)
Depreciation expense	(1 934)	(1 955)
Elimination of depreciation on revalued assets	-	999
Depreciation on assets written off	1 665	-
Disposals	-	883
Balance at 30 June	(9 970)	(9 701)
Net carrying amount	17 955	19 523

Leasehold improvements:

Gross carrying amount:

Balance at 1 July	219	219
Balance at 30 June	219	219

Accumulated amortisation:

Balance at 1 July	(106)	(73)
Amortisation expense	(32)	(33)
Balance at 30 June	(138)	(106)
Net carrying amount	81	113

Total concrete barriers, other racing infrastructure, plant and equipment and leasehold improvements

18 726	20 341
---------------	--------

Valuation of concrete safety barriers, debris fencing and track overpasses

In June 2009 an independent valuation of the concrete safety barriers, debris fencing and track overpasses was undertaken by Valcorp Australia Pty Ltd. Material differences between the valuation and the carrying amount of the assets represented an increment in asset value of \$603 000. This has been recognised in the financial statements as an asset revaluation surplus.

Impairment

There were no indications of impairment of concrete barriers, other racing infrastructure, plant and equipment and leasehold improvements at 30 June 2010.

11. Payables	2010	2009
	\$'000	\$'000
Current:		
Payables to SA Government entities		
Trade creditors	<u>63</u>	-
Payables to non-SA Government entities		
Trade creditors	902	454
Other creditors and accruals	849	1 123
Employment on-costs	14	11
GST payable	132	59
Funds held in trust ⁽ⁱ⁾	2 038	1 378
Total Payables to non-SA Government entities	<u>3 935</u>	<u>3 025</u>
	<u>3 998</u>	<u>3 025</u>

(i) Advanced ticket sales exclusive of GST for Year 2011 event.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

Refer to note 20 for categorisation of financial instruments and risk exposure information.

12. Employee benefits	2010	2009
	\$'000	\$'000
Current:		
Annual leave	47	34
Long service leave	11	3
Accrued salaries and wages	34	30
Total current employee benefits	<u>92</u>	<u>67</u>
Non-current:		
Long service leave	<u>44</u>	44
Total non-current employee benefits	<u>44</u>	44
Total employee benefits	<u>136</u>	<u>111</u>

The total current and non-current employee liability (i.e. aggregate employee benefit plus related on-costs) for 2010 is \$106 000 and \$44 000 respectively.

13. Deferred State Government grants

Capital:

Deferred State Government grant - capital	11 134	10 734
Accumulated amortisation	(10 396)	(10 017)
	738	717

Reconciled to:

Current	299	299
Non-current	439	418
	738	717

Infrastructure grant:

Deferred State Government grant - infrastructure	19 968	19 968
Transferred to income	(1 298)	(1 298)
Accumulated amortisation	(3 170)	(1 585)
	15 500	17 085

Reconciled to:

Current	1 585	1 585
Non-current	13 915	15 500
	15 500	17 085

14. Unrecognised contractual commitments

14.1 Operating lease commitments

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

	2010	2009
	\$'000	\$'000
Within one year	159	153
Later than one year but not longer than five years	249	408
Total operating lease commitments	408	561

The lease is for office accommodation leased from Sofrina Pty Limited. The lease is non-cancellable with a term of seven years, having the right of renewal and rent is payable monthly in advance.

14.2 Event staging commitments

The Board has commitments for the staging of future events. Commitments contracted at the reporting date but not recognised as liabilities are payable as follows:

Within one year	11 778	10 259
Later than one year but not longer than five years	37 723	33 673
Later than five years	-	8 458
Total event staging commitments	49 501	52 390

15. Contingent assets and liabilities

The Board is not aware of any contingent assets or liabilities in relation to the Board's activities.

In addition, the Board has made no guarantees.

16. Cash flow reconciliation

16.1 Reconciliation of cash and cash equivalents- cash at the end of the reporting period:

Cash and cash equivalents disclosed in the Statement of Financial Position	4 099	5 136
	<hr/>	<hr/>
Balance as per the Statement of Cash Flows	4 099	5 136
	<hr/>	<hr/>

16.2 Reconciliation of net cash used in operating activities to operating deficit

Operating deficit	(646)	(690)
Adjustments for non-cash income and expense items:		
Depreciation and amortisation	2 025	1 994
Amortisation of State Government grant - capital	(379)	(491)
Profit on sale of fixed assets	-	(1)
Amortisation of State Government grant - infrastructure	(1 585)	(1 585)
Transfer to income of State Government grant - infrastructure	-	(671)
Changes in assets and liabilities:		
(Increase) Decrease in assets:		
Receivables	(1 440)	962
Increase (Decrease) in liabilities:		
Employee benefits	25	(127)
Payables	973	327
Net cash used in operating activities	(1 027)	(282)

17. Auditor's remuneration

Amounts due and receivable by the Auditor-General's Department for the audit of the Board for the reporting period total \$28 000 (\$27 000).

18. Consultants

There were no consultants engaged where individual amounts exceeded \$10 000. Payments to consultants amounted to \$4 000 (\$9 000).

19. Key management personnel

19.1 Board members

The *South Australian Motor Sport Act 1984* requires two members to be nominated by the Corporation of the City of Adelaide, and one member to be nominated by the Confederation of Australian Motor Sport. The following persons held the position of governing Board member during the reporting period:

R Cook, AM - Chairman	G Boulton, AM - Deputy Chairman	T Schenken
B Carter	C Smerdon	A Ford
J Turbill	R Hayward	F Wong

19. Key management personnel (ctd)

19.2 Other key management personnel

The following persons also held authority and responsibility for planning, directing and controlling the activities of the Board, directly or indirectly during the financial year:

J Allen	Chief Executive
M Leenders	Head of Marketing
C Black	Commercial Manager (Appointed 14 June 2010)
D Raggatt	Commercial Manager (Resigned 20 April 2010)

19.3 Remuneration of governing Board members

The number of governing Board members who received or were due to receive remuneration within the following bands were:

	2010 Number	2009 Number
\$10 000 - \$19 999	4	7
\$20 000 - \$29 999	4	2
\$30 000 - \$39 999	1	-
Total number of governing Board members	9	9

The total remuneration received or receivable by the governing Board members was \$202 000 (\$186 000), which includes superannuation contributions of \$17 000 (\$14 000).

19.4 Board member transactions

Board members and their related parties conduct transactions with entities within the economic entity that occur within a normal staffing, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the entity would have adopted if dealing with the Board member or related party at arms length in similar circumstances.

These transactions include the following and have been quantified below where transactions are considered likely to be of interest to the users of these financial statements:

G Boulton, AM	Complete Fire Services Pty Ltd	\$134 504	Supply and installation of pit building fire service
R Cook, AM	Motor Accident Commission	\$35 000	Contribution to free transport initiative
R Cook, AM	V8 Supercars Australia Pty Ltd	\$711 264	Hospitality, rights income and infrastructure recoveries
R Cook, AM	V8 Supercars Australia Pty Ltd	\$1 557 797	Race staging deed and television requirements
T Schenken	CAMS Ltd	\$144 686	Licence fees, permit fees and insurance
T Schenken	CAMS Ltd	\$4 302	Infrastructure recoveries
C Smerdon	Vectra Corporation Ltd	\$6 818	Hospitality
C Smerdon	Travellink Pty Ltd	\$28 289	Travel wholesaler commission
J Turbill	Intuito Pty Ltd	\$21 268	Event research
R Hayward, F Wong	Adelaide City Council	\$95 409	Sponsorship revenue and TV package
R Hayward, F Wong	Adelaide City Council	\$97 430	Circuit construction and sponsor costs

All corporate facilities purchased by Board Members or their related parties are at arm's length rates.

There are no loans to Board members.

20. Financial Instruments/Financial Risk Management

Categorisation of Financial Instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 2 'Summary of Significant Accounting Policies'.

Category	Statement of Financial Position line item	Note	Carrying Amount/Fair Value 2010 \$'000	Carrying Amount/Fair Value 2009 \$'000
Financial assets				
Cash and cash equivalents	Cash and Cash Equivalents	8	4 099	5 136
Loans and receivables at cost	Receivables	9	1 729	289
Financial Liabilities				
Financial liabilities at cost	Payables	11	3 998	3 025

Credit risk

Credit risk arises when there is the possibility of the Board's debtors defaulting on their contractual obligations resulting in financial loss to the Board. The Board measures credit risk on a fair value basis and monitors risk on a regular basis.

The Board has minimal concentration of credit risk. The Board has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Board does not engage in high risk hedging for its financial assets.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Currently the Board does not hold any collateral as security to any of its financial assets. There is no evidence to indicate that financial assets are impaired.

Ageing Analysis of Financial Assets

No Board financial assets are past due or impaired.

Maturity Analysis of Financial Assets and Financial Liabilities

All of the Board's financial assets and financial liabilities are due within the next twelve months.

Liquidity risk

Liquidity risk arises where the Board is unable to meet its financial obligations as they are due to be settled. The continued existence of the Board is dependent on State Government policy and on continuing appropriations by Parliament for the Board's operations. The Board settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

The Board's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

The carrying amount of financial liabilities recorded in the table above represent the Board's maximum exposure to financial liabilities.

Market risk

Market risk for the Board is primarily through interest rate risk. The Board's only exposure to interest rate risk relates to cash at bank and short-term deposits with SAFA. Movement in SAFA interest rates are monitored on a daily basis.

There is no exposure to foreign currency or other price risks.

Sensitivity disclosure analysis

A sensitivity analysis has not been undertaken for the interest rate risk of the Board as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial.

21. Events after the reporting period

There were no events after the reporting period that have material financial implications on these financial statements.

SOUTH AUSTRALIAN MOTOR SPORT BOARD
CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the foregoing general purpose financial statements for the South Australian Motor Sport Board:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987* and relevant Australian accounting standards except to the extent noted in Note 2 – Statement of Significant Accounting Policies
- are in accordance with the accounts and records of the South Australian Motor Sport Board; and
- present a true and fair view of the financial position of the South Australian Motor Sport Board as at 30 June 2010 and the results of its operations and cash flows for the financial year.

We certify that the internal controls employed by the South Australian Motor Sport Board for the financial year over its financial reporting and its preparation of the general purpose financial report have been effective throughout the reporting period.

Signed in accordance with a resolution of the Directors



Chairman
1 September 2010



Chief Executive Officer
1 September 2010



Chief Financial Officer
1 September 2010

ra

INDEPENDENT AUDITOR'S REPORT



Government of South Australia
Auditor-General's Department

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To the Members South Australian Motor Sport Board

As required by section 31 of the *Public Finance and Audit Act 1987* and subsection 18(3) of the *South Australian Motor Sport Act 1984*, I have audited the accompanying financial statements of the South Australian Motor Sport Board for the financial year ended 30 June 2010. The financial statements comprise:

- A Statement of Comprehensive Income
- A Statement of Financial Position
- A Statement of Changes in Equity
- A Statement of Cash Flows
- Notes to and forming part of the financial statements
- A Certificate from the Chairman, the Chief Executive and the Accountant.

The responsibility of the members of the South Australian Motor Sport Board for the financial statements

The members of the South Australian Motor Sport Board are responsible for the preparation and the fair presentation of the financial statements in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, subsection 18(1) of the *South Australian Motor Sport Act 1984* and Australian Accounting Standards. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

My responsibility is to express an opinion on the financial statements based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987*, subsection 18(3) of the *South Australian Motor Sport Act 1984* and Australian Auditing Standards. The Auditing Standards require that the auditor complies with relevant ethical requirements relating to audit engagements and plans and performs the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the members of the South Australian Motor Sport Board, as well as the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my auditor's opinion.

Basis for qualified auditor's opinion

State Government grant - capital

As detailed in Note 2.8 to the financial statements, the South Australian Motor Sport Board (the Board) have amortised capital grants received since 1999 over a period of five years. The grants have been recognised as a Deferred State Government grant – Capital liability. As a result, of the total \$11.1 million received by way of capital grants only \$10.4 million has been recognised as revenue. The remaining \$738 000 is recognised as a liability as at 30 June 2010.

State Government grant - infrastructure

In 2006-07, 2007-08 and 2008-09 the Board received from the State Government a total of \$23 million for construction of infrastructure of which \$3 million was expensed on the cancelled Victoria Park (Bakkabakkandi) redevelopment. The remaining \$20 million (\$12.5 million in 2008-09 and \$7.5 million in 2007-08) was received for upgrades and additions to the Board's infrastructure assets including a new demountable pit building. Of this amount, \$18.7 million was spent on capital costs of assets and \$1.3 million was expensed on indirect costs attributable to the infrastructure upgrade. The Board has deferred recognising grant revenue equivalent to the value of capitalised assets of \$18.7 million, creating a Deferred State Government grant – Infrastructure liability in the Statement of Financial Position. The Board is amortising this liability to revenue over the estimated useful life of the infrastructure assets. As a result, of the total \$20 million received for completed infrastructure upgrades and additions, only \$4.5 million has been recognised as revenue. The remaining \$15.5 million is recognised as a liability as at 30 June 2010.

Accounting Standard AASB 1004 'Contributions' and the Department of Treasury and Finance Accounting Policy Framework APF V 'Income Framework' require that contributions to a not-for-profit entity must be recognised as an asset and income when the Authority obtains control of the contributions and the income recognition criteria are met.

The total financial effect of the Board not complying with AASB 1004 'Contributions' and APF V 'Income Framework' is as follows:

2010

Total Income, Operating surplus and Total comprehensive result are overstated in the current year by \$1.6 million. Total liabilities are overstated by \$16.2 million. Total equity is understated by \$16.2 million.

2009

Total Income, Operating surplus and Total comprehensive result are understated by \$10 million. Total liabilities are overstated by \$17.8 million. Total equity is understated by \$17.8 million.

Qualified auditor's opinion

In my opinion, except for the effects of the matters referred to in the preceding paragraphs, the financial statements present fairly, in all material respects, the financial position of the South Australian Motor Sport Board as at 30 June 2010, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.



S O'Neill
AUDITOR-GENERAL
13 September 2010

HUMAN RESOURCES

Executive employment comprises the following:

Allen, Jason	Chief Executive
Leenders, Miriam	Head of Marketing
Black, Corina	Commercial Manager

Executives are employed on a contractual basis.

Employee remuneration is reported at note 17 of the Financial Statements on page 22

The Board's employee structure is as follows:

Classification	Full time	Male	Female	Ave Age	Total
ASO-2	3.3		4	28	4
ASO-3	1		1	29	1
ASO-4	1	0	1	50	1
ASO-5	2.9	1	1.9	38	3
Executive - Other	3	1	2	39	3
TOTAL	11.2	3	10	35	12

SICK LEAVE TAKEN

Employee Type	Ave FTE's	Sick Leave Hrs
ASO-2	2.6	85.5
ASO-3	1	22.5
ASO-4	2	45.0
ASO-5	3	127.5
Executive - Other	3	67.5
TOTAL	11.2	348.0

OCCUPATIONAL HEALTH SAFETY AND INJURY MANAGEMENT

The Board's commitment to Occupational Health and Safety is demonstrated via a written policy available to all staff and contractors which covers the following aspects of the event:

- provision and maintenance of safe plant and systems of work;
- safe working environment and adequate welfare facilities;
- information and instruction on workplace hazards and supervision of employees, contractors, and volunteers in safe work;
- monitoring the health of employees and related record keeping;
- monitoring conditions at any workplace under the event's control and management.

A risk assessment is conducted using Australian Standard AS4360. It involves creation and consultation with an aggregated group of experts including representatives from SAPOL, SAAS, SAMFS, SES, State Disaster Organisation, Department of Human Services, Adelaide City Council, Halliburton KBR, Skilled Event Staff and St John Ambulance.

Kellogg Brown and Root Pty Ltd performed site inductions and implemented safety procedures for all South Australian Motor Sport Board appointed contractors which were under their direction as well as some contractors under the direct control of the Board. Weekly Construction Safety Committee meetings were held plus two additional meetings to address specific incidents. A lost time injury occurred which was treated at the scene by SA Ambulance. The injured person was transferred to the Royal Adelaide Hospital for treatment. Four first aid treatments were attended to.

STAFF TRAINING

The Board and Management are extremely conscious of the requirements to provide both a safe working environment and a basis for professional and personal growth for all staff. For this reason, 100% of staff are involved with the official development programs offered. All permanent and casual staff have minimum requirements in terms of staff training. This ensures that the diverse skills required by personnel working on the event are up to the standard of a world class event and that there is opportunity for continued career growth and personal development. In addition to formalised development programs and staff training, a number of the staff undertook informal self-development programs. Staff also took the opportunity to seek informal one-on-one training with more experienced staff in areas such as marketing management, financial systems and information technology.

OVERSEAS TRAVEL

There was no overseas travel for this period.

ACCOUNTS PAYABLE PERFORMANCE

Particulars	Value in \$	Percentage of accounts paid (%)
Paid by the due date	\$23,404,075	98.25
Paid late and paid		
> 30 days from due date	\$416,780	1.75