Adelaide Oval SMA Limited

Financial report
for the year ended
31 October 2019

INDEPENDENT AUDITOR'S REPORT

Government of South Australia
Auditor-General's Department

Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

To the members of the Adelaide Oval SMA Limited

As required by section 9(3) of the *Adelaide Oval Redevelopment and Management Act 2011*, I have audited the financial report of the Adelaide Oval SMA Limited (the Company) for the financial year ended 31 October 2019.

Opinion

In my opinion, the accompanying financial report of the Adelaide Oval SMA Limited is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Company's financial position as at 31 October 2019 and its financial performance for the year then ended; and
b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 31 October 2019
- a Statement of Financial Position as at 31 October 2019
- a Statement of Changes in Equity for the year ended 31 October 2019
- a Statement of Cash Flows for the year ended 31 October 2019
- notes, comprising significant accounting policies and other explanatory information
- a Directors' Declaration.

Basis for opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Adelaide Oval SMA Limited in accordance with the auditor independence requirements of the *Corporations Act 2001*. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General.

I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Adelaide Oval SMA Limited, would be in the same terms if given to the directors as at the time of this auditor's report. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants* have been met.

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

Responsibilities of the directors for the financial report

The directors of the Adelaide Oval SMA Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors

- conclude on the appropriateness of the Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the directors about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

Andrew Richardson
Auditor-General
26 February 2020

Adelaide Oval SMA Limited

ABN 46 141 259 538

STATEMENT OF COMPREHENSIVE INCOME
FOR THE 12 MONTHS ENDED 31 OCTOBER 2019

	Note	31 Oct 2019 $	31 Oct 2018 $
Income from Trading Activities			
Revenues from fees and charges		18,639,295	19,732,297
Revenues from sales attributable to AOSMA		46,171,065	56,498,362
Interest revenues		165,433	132,984
Other revenues		2,065,335	1,693,040
Total Income from Trading Activities	2a	**67,041,128**	**78,056,683**
Expenses from Trading Activities			
Employee benefits expense		28,102,244	29,421,441
Raw materials and consumables consumed		13,643,372	16,576,880
Supplies and services	2b	10,682,620	10,722,585
Building maintenance costs		5,743,101	5,452,792
Borrowing costs		275,049	260,601
Audit expenses	2b	103,700	140,000
Other expenses	2b	8,112,299	9,026,770
Depreciation and amortisation expense	7	3,448,505	3,574,973
Total Expenses from Trading Activities		**70,110,890**	**75,176,042**
Profit / (Loss) from Trading Activities		**(3,069,762)**	**2,880,641**
Stakeholder Contributions			
Contributions from related parties	17	12,787,722	10,024,569
Contributions to related parties	17	(8,078,846)	(9,457,341)
Total Stakeholder Contributions		**4,708,876**	**567,228**
Total Trading Result after Stakeholder Contributions		**1,639,114**	**3,447,869**
Income from Government Related Items			
State Government grants and other contributions		70,581	833,424
Total Income from Government Related Items		**70,581**	**833,424**
Expenses from Government Related Items			
Acquisition of capital assets funded by the Government		249,247	807,951
Lease to minister		800,000	600,000
Total Expenses from Government Related Items		**1,049,247**	**1,407,951**
Profit / (Loss) from Government Related Items		**(978,666)**	**(574,527)**
Total Comprehensive Result		**660,448**	**2,873,342**

The Total Comprehensive Result includes an amount of $2,938,581 ($2,850,521) retained and transferred into a Sinking Fund Account

The accompanying notes form part of these financial statements.

Adelaide Oval SMA Limited
ABN 46 141 259 538

STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2019

	Note	31 Oct 2019	31 Oct 2018
		$	$
Assets			
Current Assets			
Cash and cash equivalents	3	9,694,058	10,598,347
Trade and other receivables	4	14,100,420	9,539,691
Inventories	5	1,560,012	1,655,380
Other assets	6	31,283	14,185
Total Current Assets		**25,385,773**	**21,807,603**
Non-Current Assets			
Property, plant and equipment	7	18,308,633	21,488,755
Computer Software	7	-	15,235
Total Non-Current Assets		**18,308,633**	**21,503,990**
Total Assets		**43,694,406**	**43,311,593**
Liabilities			
Current Liabilities			
Trade and other payables	9	13,568,356	13,194,023
Loans and borrowings	10	865,752	771,607
Provisions	11	2,750,730	2,363,726
Deferred income	12	3,737,694	3,927,676
Other liabilities		295,409	426,480
Total Current Liabilities		**21,217,941**	**20,683,512**
Non-Current Liabilities			
Loans and borrowings	10	10,499,271	11,002,574
Provisions	11	563,879	329,783
Deferred income	12	2,791,522	3,334,379
Total Non-Current Liabilities		**13,854,672**	**14,666,736**
Total Liabilities		**35,072,613**	**35,350,248**
Net Assets		**8,621,793**	**7,961,345**
Equity			
(Accumulated losses) / Retained Earnings		(1,004,917)	1,222,602
Sinking Fund Reserve	3	9,626,710	6,738,743
Total Equity		**8,621,793**	**7,961,345**

The accompanying notes form part of these financial statements.

Adelaide Oval SMA Limited

ABN 46 141 259 538

STATEMENT OF CHANGES IN EQUITY
FOR THE 12 MONTHS ENDED 31 OCTOBER 2019

	Note	(Accumulated Losses) / Retained Earnings	Sinking Fund Reserve	Total
		$	$	$
Balance at 1 November 2017		**378,638**	**4,709,365**	**5,088,003**
Total comprehensive result 2017-18		2,873,342	-	2,873,342
Transfer (to) / from Reserves	1(o), 3	(2,029,378)	2,029,378	-
Balance at 31 October 2018		**1,222,602**	**6,738,743**	**7,961,345**
Balance at 1 November 2018		**1,222,602**	**6,738,743**	**7,961,345**
Total comprehensive result 2018-19		660,448	-	660,448
Transfer (to) / from Reserves	1(o), 3	(2,887,967)	2,887,967	-
Balance at 31 October 2019		**(1,004,917)**	**9,626,710**	**8,621,793**

The accompanying notes form part of these financial statements.

Adelaide Oval SMA Limited

ABN 46 141 259 538

STATEMENT OF CASH FLOWS
FOR THE 12 MONTHS ENDED 31 OCTOBER 2019

	Note	31 Oct 2019	31 Oct 2018
		$	$
Cash Flow From Operating Activities			
Receipts from customers, grants, other contributions and other income		83,834,339	93,970,417
Payments to suppliers and employees		(83,186,366)	(90,799,711)
Interest received		165,433	132,984
Finance costs		(275,049)	(260,601)
Net cash flow from operating activities	18b	**538,357**	**3,043,089**
Cash Flow From Investing Activities			
Purchase of property, plant and equipment		(1,033,488)	(5,923,108)
Net cash flow from investing activities		**(1,033,488)**	**(5,923,108)**
Cash Flow From Financing Activities			
Increase in loans and borrowings		362,449	7,158,734
Repayment of loans and borrowings		(771,607)	(1,370,964)
Net cash flow from financing activities		**(409,158)**	**5,787,770**
Net (decrease) / increase in cash held		(904,289)	2,907,751
Cash and cash equivalents at beginning of the financial period		10,598,347	7,690,596
Cash and cash equivalents at the end of the financial period	3	**9,694,058**	**10,598,347**

The accompanying notes form part of these financial statements.

Adelaide Oval SMA Limited

ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2019

The financial statements are for Adelaide Oval SMA Limited (AOSMA) as an individual entity, incorporated and domiciled in Australia. AOSMA is a joint arrangement of the South Australian Cricket Association (SACA) and the South Australian National Football League (SANFL) and is a non-profit public company limited by guarantee. AOSMA manages the Adelaide Oval which it leases from the South Australian Government. The Statement of Comprehensive Income includes only the incomes and expenses that AOSMA controls. It does not include monies that AOSMA receives and distributes as agent of SACA, SANFL, Australian Football League, Cricket Australia, football clubs or other promoters.

Adelaide Oval Hotel

Consent for construction of a hotel within the Adelaide Oval Core Area was granted by the Minister for Transport, Infrastructure and Local Government / Minister for Planning (the Minister) on 30 June 2019. Consent was also given by the Minister for AOSMA to grant a sub-sublease to the Trustee for the Commercial Operations Hotel Trust (COHT), an entity which has SACA and SANFL as its beneficiaries.

The hotel will wrap around the external façade of the eastern stand and is comprised of 138 rooms. The hotel will not encroach beyond the Core Area. The design is being overseen by COX Architecture and the project is managed by Mott MacDonald, the same team responsible for the redevelopment of Adelaide Oval. COHT has appointed Built Environs as builder with work offsite commencing in July 2019. Construction began on site in October 2019 and practical completion is expected in August 2020, with commencement of hotel operations expected in September 2020.

AOSMA has granted a sub-sublease of the Hotel Area to COHT for the operation of a hotel, for a period expiring 15 November 2091. This term mirrors that of the AOSMA Sublease. COHT will pay an annual rental to AOSMA. AOSMA has granted a licence to COHT to enter the land during the construction and fit-out period to carry out the construction and fit-out works and to prepare the Hotel Area for trade. COHT has contracted AOSMA to run the hotel operations.

The Treasurer of South Australia has granted a loan of $42m to AOSMA to fund the construction of a hotel including consultancies and contingencies. A back to back loan has been established between AOSMA and COHT, under the same terms and conditions as the loan between AOSMA and the Treasurer. Through this arrangement COHT will ultimately fund the construction of the hotel. As at 31 October 2019 no funds have yet been drawn down, with the first draw down occurring in January 2020. The loan is likely to be fully drawn down by August 2020 and repaid over ten years.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and relevant Australian Accounting Standards of the Australian Accounting Standards Board (AASB). AOSMA has applied Australian Accounting Standards that are applicable for not-for-profit entities.

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. 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 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 were authorised for issue on 19 February 2020 by the Directors of AOSMA.

Going Concern

The financial report has been prepared on the going concern basis, which the AOSMA Board believe contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

AOSMA had a net comprehensive result of $660,448 (October 2018: $2,873,342) and has a net working capital surplus of $4,167,832 (October 2018: net working capital surplus of $1,124,091).

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

The continuity of normal business activities is deemed possible due to the following factors:

- The Promoters Agreement is an agreement between the SANFL, SACA and AOSMA, and details the rights and obligations of each party. Clause 14.4 of the agreement provides a vehicle for financial support from SANFL and SACA in the event of AOSMA experiencing financial difficulty.
- AOSMA has entered into a funding facility agreement with Commonwealth Bank of Australia. This facility provides funding up to $17.23 million (2018: $12.96 million). At the time of this report, AOSMA had funds available to draw down of $9.5 million (2018: $1.2 million).

Accounting Policies

a. **Revenue**

Grant revenue is recognised in the Statement of Comprehensive Income when AOSMA obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to AOSMA and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby AOSMA incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the Statement of Financial Position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Revenue from trading operations carried out during the period is recognised on an accruals basis.

Revenue includes amounts rechargeable from related parties and is recognised on an accruals basis.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Recognition of unearned revenue occurs on the day of the event for catering deposits or in accordance with the contract obligations for other licensed or contracted revenues.

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

b. **Inventories**

Inventories include goods and other property held for sale in the ordinary course of business. It excludes depreciating assets.

Inventories are measured at the lower of cost or their net realisable value. Cost is allocated in accordance with the average cost method. Net realisable value is determined using the estimated sales proceeds less costs incurred in marketing, selling and distribution to customers.

The amount of any inventory write-down to net realisable value or inventory losses are recognised as an expense in the period the write-down or loss occurred. Any write-down reversals are recognised as an expense reduction.

Inventories include food and beverage stock plus merchandise held for resale.

c. **Plant, Equipment and Computer Software**

Plant and Equipment and Motor Vehicles

Plant and equipment and motor vehicles are measured on the cost basis less depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Computer Software

Purchased software for the purpose of operations is capitalised. These assets are carried at cost less accumulated amortisation and accumulated impairment losses. The carrying amount of Computer Software is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets.

Non-current asset acquisition and recognition

Assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position.

Where the payment for an asset is deferred, the company measures the obligation at the present value of the future outflow, discounted using the interest rate of a similar length borrowing.

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 3 years.

Every five years, AOSMA intends to revalue its non-current tangible assets. 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. A revaluation of AOSMA's assets was due to occur in 2018-19. The revaluation has been delayed until 2019-20 due to material capital construction works being undertaken at the Oval. Management do not consider the current carrying value of assets to differ materially from their fair value. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Fair value measurement

All assets acquired, including property, plant, equipment, are stated at cost less accumulated depreciation or amortisation and accumulated impairment losses, excluding intangibles and WIP, are deemed to be fair value.

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

Fair value of non-financial assets, which must be estimated for recognition or for disclosure purposes, is measured using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.

Level 3: not traded in an active market and are derived from unobservable inputs.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

AOSMA had no assets categorised into levels 1 or 2. In determining fair value the characteristic of the asset (eg condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible, financially feasible) has been taken into account.

Current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As no factors were identified to suggest an alternative use, fair value measurement was based on current use.

Depreciation and Amortisation

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

The useful lives used for each class of depreciable assets are:

Class of Fixed Asset	**Useful life**
Plant and equipment	4-30 years
Computer Software	2-5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Asset classes 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 Comprehensive Income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

d. **Financial Instruments**

AASB 9 Financial Instruments replaces the provisions of *AASB 139* that relate to recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 from 1 November 2018 resulted in changes in accounting policies but no adjustments required to the amounts recognised in AOSMA's financial statements.

AASB 7 Financial Instruments: Disclosures requires amended disclosures due to changes arising from AASB 9. These disclosures have been provided for in the current year because the comparatives have not been restated. In accordance with transitional provisions, *AASB 9* was adopted without restating comparative information for classification and measurement requirements.

No adjustments relating to classification and measurement of financial instruments were required to be recognised in retained earnings at 1 November 2018 as a result of the implementation of AASB 9.

The adoption of AASB 9 has not had a significant effect on the recognition, measurement or classification of financial liabilities.

Classification of financial assets

From 1 November 2018, all recognised financial assets that are within the scope of AASB 9 have been reclassified into the appropriate AASB 9 categories of amortised cost or fair value through other comprehensive income (FVTOCI) on the basis of AOSMA's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

Specifically:

- Debt investments that are held by AOSMA to collect contractual cash flows and whose contractual cash flows are solely payments of principal and interest on the principal amount outstanding are measured at amortised cost. Trade receivables, which were previously recognised as loans are now recognised as debt instruments at amortised cost. Receivables previously recognised as held to collect are now recognised in the statements as debt instruments at amortised cost.

- Debt instruments that are held by AOSMA to collect both contractual cash flows and to sell the debt instruments and whose contractual cash flows are solely payments of principal and interest on the principal amount outstanding are measured at fair value through other comprehensive income (FVTOCI). AOSMA does not have any instruments measured at FVTOCI in the current financial year.

- All other debt instruments and equity investments are measured at fair value through profit or loss (FVTPL), AOSMA does not have any instruments measured at FVTPL in the current financial year.

Classification of financial instruments

From 1 November 2018, all financial instruments held by AOSMA are recognised at amortised cost.

Impairment of financial assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' (ECL) model. Trade receivables are subject to AASB9's new ECL model. The requirement of the new ECL model is for AOSMA to account for expected credit losses and changes in those expected credit losses at each reporting date in order to reflect changes in credit risk since initial recognition of the financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognised. The ECL method requires AOSMA to recognise a loss allowance for expected credit losses on trade receivables. AOSMA has elected to adopt a simplified approach allowable under AASB 9, which involves using a provision matrix to measure 12 month ECL based on AOSMA's historical credit loss experience. The simplified method adjusts the 12 month ECL for factors that are specific to the financial asset as well as current and future expected economic conditions relevant to the financial asset. When material the time value of money is incorporated into the measurement of expected credit losses. There have been no changes in the estimation technique or significant assumptions made during the reporting period.

The measurement of expected credit losses reflects AOSMA's expected rate of loss, which is a product of the probability of default, the loss given default and its exposure at default, which is typically the carrying amount of the relevant asset. Expected credit losses are measured as the difference between all contractual cash flows due and all contractual cash flows expected based on AOSMA's exposure at default, discounted at the financial asset's original effective interest rate.

In accordance with the requirements of AASB 9, if the credit risk on a financial instrument has increased significantly since initial recognition, is a purchased financial instrument or is credit impaired on recognition, AOSMA values the instrument at an amount equal to the lifetime expected credit loss.

e. **Impairment of Assets**

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible 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 expensed to the Statement of 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 entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

f. **Employee Benefits**

Employee benefits comprise wages and salaries, annual and long service leave, and contributions to superannuation plans.

Liabilities for wages and salaries expected to be settled within 12 months are recognised in current provisions in respect to employees' services up to reporting date. Liabilities for annual leave in respect of employees' services up to the reporting date which are expected to be settled within 12 months after the end of the period in which the employees render the related services are recognised in the provision for annual leave. Both liabilities are measured at the amounts expected to be paid when the liabilities are settled.

The liability for long service leave is recognised in the provision for long service leave and measured as the value of the expected future payments to be made in respect of services provided by employees up to the reporting date. Expected future payments incorporate expected probabilities of staff retention. Consideration is given to current salary and wage levels and employee on-costs.

Change in accounting estimate

The long service liability calculation has been amended following a review of the probabilities of staff retention, resulting in the following amendments:

Revised valuation of expected future payments is based on a 66 percentage applied to staff with 5 years of service, 81 percentage applied to staff with 6 years of service, then includes all staff with greater than 7 years of service.

Prior valuation of expected future payments was based on a 50 percentage applied to staff with 5 years of service, 60 percentage applied to staff with 6 years of service, then include all staff with greater than 7 years of service. This has the effect of increasing the long service leave liability for the year ended 31 October 2019 by $142,656.

g. **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, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

h. **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. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST. Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows from investing and financing activities is classified as part of operating cash flows.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

i. **Income Tax**

The entity is exempt from income tax under section 50-1 of the *Income Tax Assessment Act 1997* as the entity has been established for the encouragement of sport.

j. **Provisions**

Provisions are recognised when the entity 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.

k. **Comparative Figures**

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

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

l. **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 AOSMA 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.

m. **Grant income**

Grant monies are recorded as revenue as they are spent. Unspent monies are recorded as unearned grant income.

Grant monies expended are either recorded as a fixed asset or expensed depending on the nature of each transaction.

During the year, AOSMA received and spent Government grant funding relating to safety, security and stadium operations totalling $0.1m (2018: $0.8m).

n. **Funds held on behalf of related parties**

AOSMA holds, but does not control, memberships and supply rights on behalf of SACA and SANFL. In doing so, it has the responsibility and is accountable for administering related transactions and items, which are subject to the normal internal controls. The receipts and payments relating to these items are not reflected in the Statement of Comprehensive Income of AOSMA, but are disclosed in note 17 related party transactions.

o. **Sinking Fund Reserve**

In accordance with Section 6(1) of the *Adelaide Oval Redevelopment and Management Act 2011*, AOSMA is required to establish a Sinking Fund out of which may only be paid non-recurrent expenditures associated with the sublease with the Minister. AOSMA contributes to the sinking fund and keeps these funds separately in a Sinking Fund Reserve Account.

An annual Sinking Fund statement for the financial year 30 June is prepared and submitted to the Minister, in accordance with Section 6(1) of the *Adelaide Oval Redevelopment and Management Act 2011*. The Treasurer approves the amount of money to be paid into the sinking fund.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

p. **Critical Accounting Estimates and Judgments**

The entity evaluates estimates and judgments 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.

q. **New and Revised Accounting Standards effective for the current year**

AOSMA has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 November 2018, including *AASB 9: Financial Instruments* (AASB 9). The transition provision of AASB 9 allow an entity not to restate comparatives. Additionally, AOSMA adopted the consequential amendments to AASB 7 *Financial Instruments: Disclosure* that were applied to the disclosures for the current financial year and the comparative reporting period.

AASB 9 replaces AASB 139: *Financial Instruments: Recognition and Measurement*. The key changes introduced by AASB 9 in relation to the accounting treatment for financial instruments include:

The application of AASB 9 has not materially impacted the classification and measurement of AOSMA's financial assets and financial liabilities.

Further details of AOSMA's accounting policies in relation to accounting for financial instruments under AASB are contained in note 1(d)

r. **Accounting Standards Issued but not yet effective**

AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future periods. AOSMA has decided not to early adopt any of these new and amended pronouncements. AOSMA has assessed the estimated impact that initial application of these standards will have on its financial statements, as described below.

AASB 1058: Income of Not-for Profit Entities, AASB 15: Revenue from Contracts with Customers, AASB 2016-7: Amendments to Australian Accounting Standards – Deferral of AASB 15: for Not-for-Profit Entities, AASB 2016-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities and AASB 2018-8: Amendments to Australian Accounting Standards – Right-of-Use Assets for Not-for-Profit-Entities (applicable for annual reporting periods commencing on or after 1 January 2019)

AASB 1058 replaces the Income recognition requirements in AASB 1004: *Contributions* applicable to private sector not-for-profit entities with a model based on the principles of AASB 15: *Revenue from Contracts with Customers*. Consequently AASB 1058 requires private sector not-for-profit entities to recognise all revenue from contracts with customers when the related performance obligations are satisfied, irrespective of whether the ultimate beneficiary of the goods or services provided by the not-for-profit entity is the grantor of the funds or another entity. An agreement involving a not-for-profit entity would be classified as a contract with a customer if the agreement:

a) creates enforceable rights and obligations between the parties; and
b) includes a promise by the not-for-profit entity to transfer a good or service that is sufficiently specific for the entity to determine when the obligation is satisfied.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

For contracts with customers that comprise a donation component, AASB 1058 requires such components to be treated as part of the performance obligation(s) unless the entity can demonstrate that component is not related to the promised goods or services.

When an arrangement does not meet the criteria for a contract with a customer, the inflows are accounted for in accordance with AASB 1058, which requires:

a) the asset received by the not-for-profit entity to be accounted for in accordance with the applicable Australian Accounting Standard; and
b) any difference between the consideration given for the asset and its fair value to be recognised in accordance with its substance (such as a contract liability, a financial instrument and/or a contribution by owners), and any residual amount recognised as income.

However, AASB 2018-8 provides a temporary option for not-for-profit entities to not apply the fair value initial measurement requirements for right-of-use assets arising under leases with significantly below market terms and conditions principally to enable the entity to further its objectives. Electing to initially measure such right-of-use assets at cost rather than fair value has the corresponding effect of reducing the amount of income recognised by the entity under AASB 1058.

AASB15 will provide (except in relation to some specific exceptions, such as lease contracts and insurance contracts) a single source of accounting requirements for all contracts with customers, thereby replacing all current accounting pronouncements on revenue. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To give effect to the principle, AASB15 requires the adoption of the following 5-step model:

1. Identify the contract(s) with a customer;
2. Identify the performance obligations under the contract(s);
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations under the contract(s); and
5. Recognise revenue when (or as) the entity satisfies the performance obligations.

AASB 1058, AASB 15, and the applicable amending standards, mandatorily apply to annual reporting periods commencing on or after 1 January 2019 and will be first applied by AOSMA in the financial year commencing 1 November 2019.

AOSMA has undertaken an initial assessment of the impact of AASB 15 and AASB 1058 and expects that the impact will be minimal in AOSMA's financial statements.

AASB16: Leases (applicable for annual reporting periods commencing on or after 1 January 2019).

AASB16 will replace AASB117: *Leases* and introduces a single on-balance sheet lessee accounting model that will require a lessee to recognise right-of-use assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

Subsequent to initial recognition:

Right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:

a) Investment property, the lessee applies the fair value model in AASB140: *Investment Property to the right-of-use asset*; or

b) Property, plant or equipment, the lessee can elect to apply the revaluation model in AASB116: *Property, Plant and Equipment* to all of the right-of-use assets that relate to the class of property, plant and equipment.

Lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expenses is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

Lessor accounting remains similar to the current standard, with Lessors continuing to classify leases as operating leases or finance leases, subject to whether the lease transfers to the lessee substantially all of the risk and rewards incidental to ownership of the underlying asset.

AOSMA has undertaken an initial assessment of the impact of AASB 16 and are in the process of quantifying the impact on AOSMA's financial Statements. However, based on preliminary assessments AOSMA will recognise new assets and liabilities for its operating sub lease with the Minister, and other operating leases related to car park management, cash automation services and printers.

The nature of expense related to those leases will change because AOSMA will recognise a depreciation charge for the right-of-use assets and interest expense on lease liabilities. Previously AOSMA recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

AASB 16 mandatorily applies to annual reporting periods commencing on or after 1 January 2019 and will be first applied by AOSMA in the financial year commencing 1 November 2019.

Adelaide Oval SMA Limited
ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2019

NOTE 2: REVENUE, OTHER INCOME, AND EXPENSES

	31 Oct 2019	31 Oct 2018
	$	$
a. Income from Trading Activities		
Fees and charges	18,639,295	19,732,297
Sales	46,171,065	56,498,362
Interest received	165,433	132,984
Other Revenue	2,065,335	1,693,040
Total Income from Trading Activities	**67,041,128**	**78,056,683**
b. Expenses from trading activities		
Supplies and services expenses		
- Stadium operating expenses	8,921,787	8,897,988
- Servicing costs	1,473,753	1,435,989
- Administration	287,080	388,608
Total supplies and services expenses	**10,682,620**	**10,722,585**
Auditor's Remuneration		
- Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements and the sinking fund	103,700	140,000
Total Auditor's Remuneration	**103,700**	**140,000**
Other Expenses		
- Marketing and public relations	502,295	522,603
- Other employee benefits	882,000	917,721
- Laundry, Linen & Uniforms	358,486	410,103
- ICT expenses	783,195	774,725
- Insurance and legal fees	979,953	683,155
- Stadium servicing costs	1,806,792	1,971,189
- General expenses	2,799,578	3,747,274
Total other expense	**8,112,299**	**9,026,770**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2019

NOTE 3: CASH AND CASH EQUIVALENTS

	Note	31 Oct 2019	31 Oct 2018
		$	$
Current			
Cash at bank		-	3,760,185
Sinking Fund Account[1]		9,626,710	6,738,743
Cash on hand		67,348	99,419
Total cash and cash equivalents	18,19	**9,694,058**	**10,598,347**

[1] Monies held in the Sinking Fund Account may only be used for purposes prescribed under the *Adelaide Oval Redevelopment and Management Act 2011.* Refer Note 1(o)

	Note	31 Oct 2019	31 Oct 2018
		$	$
Sinking Fund Movement Schedule			
Opening Balance		**6,738,743**	**4,709,365**
Transfer in – from AOSMA		2,938,581	2,850,521
Interest / Investment Income		161,717	97,699
Capital Replacement Expenditure		(212,331)	(918,842)
Total Transfer to Reserves		**2,887,967**	**2,029,378**
Closing Balance		**9,626,710**	**6,738,743**

NOTE 4: TRADE AND OTHER RECEIVABLES

	Note	31 Oct 2019	31 Oct 2018
		$	$
Current			
Trade and other receivables		8,586,860	3,197,887
Provision for impairment		(10,897)	(14,424)
Due from related parties	17	5,524,457	6,356,228
Total current trade and other receivables	19	**14,100,420**	**9,539,691**

	Gross amount	Past due and impaired	Past due but not impaired (days overdue)			
			< 30	30–60	61–90	> 90
	$	$	$	$	$	$
October 2019						
Trade receivables	3,651,727	10,897	2,886,945	369,950	371,174	12,761
Other receivables	10,459,590	-	10,459,590	-	-	-
Total	**14,111,317**	**10,897**	**13,346,535**	**369,950**	**371,174**	**12,761**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2019

NOTE 4: TRADE AND OTHER RECEIVABLES (CONT.)

	Gross amount	Past due and impaired	< 30	Past due but not impaired (days overdue) 30–60	61–90	> 90
	$	$	$	$	$	$
October 2018						
Trade receivables	8,329,127	14,424	7,068,043	893,859	231,497	121,304
Other receivables	1,224,988	-	1,224,988	-	-	-
Total	**9,554,115**	**14,424**	**8,293,031**	**893,859**	**231,497**	**121,304**

AOSMA does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

There are no balances within trade receivables that contain assets that are impaired and are past due. It is expected that these balances will be received when due.

NOTE 5: INVENTORIES

	31 Oct 2019	31 Oct 2018
	$	$
Main types of inventories held		
- Beverage	1,322,541	1,359,218
- Food	64,306	138,849
- Consumables	173,165	157,313
Total inventories	**1,560,012**	**1,655,380**

NOTE 6: OTHER ASSETS

	31 Oct 2019	31 Oct 2018
	$	$
Current		
Prepayments	31,283	14,185
Total current other assets	**31,283**	**14,185**

NOTE 7: PLANT, EQUIPMENT AND COMPUTER SOFTWARE

	31 Oct 2019 $	31 Oct 2018 $
Plant and Equipment		
Plant and equipment at cost (deemed at fair value)	33,456,259	32,530,358
Less accumulated depreciation	(15,797,194)	(12,424,670)
Total plant and equipment	**17,659,065**	**20,105,688**
Motor Vehicles		
Motor Vehicles at cost (deemed at fair value)	393,651	393,651
Less accumulated depreciation	(320,662)	(259,916)
Total motor vehicles	**72,989**	**133,735**
Total plant and equipment and motor vehicles	**17,732,054**	**20,239,423**
Computer Software		
Computer Software at cost	860,685	860,685
Less accumulated amortisation	(860,685)	(845,450)
Total computer software	**-**	**15,235**
Capital works in progress at cost	576,579	1,249,332
Total plant, equipment and computer software	**18,308,633**	**21,503,990**

Movements in Carrying Amounts

Movement in the carrying amounts for each class of plant, equipment and computer software between the beginning and the end of the current financial year:

	Capital works in progress	Motor Vehicles	Computer Software	Plant and Equipment	Total
October 2018	$	$	$	$	$
Balance at the beginning of the period	7,771,208	162,422	56,517	11,165,708	19,155,855
Additions at cost	5,249,974	48,916	-	624,218	5,923,108
Transfers in / transfers out	(11,771,850)	-	-	11,771,850	-
Depreciation or amortisation expense	-	(77,603)	(41,282)	(3,456,088)	(3,574,973)
Carrying amount at end of period	**1,249,332**	**133,735**	**15,235**	**20,105,688**	**21,503,990**
October 2019					
Balance at the beginning of the period	**1,249,332**	**133,735**	**15,235**	**20,105,688**	**21,503,990**
Additions at cost	608,645	-	-	424,843	1,033,488
Amounts subsequently transferred to COHT Debtors	(326,422)				(326,422)
Amounts subsequently expensed	(453,918)	-	-	-	(453,918)
Transfers in / transfers out	(501,058)	-	-	501,058	-
Depreciation or amortisation expense	-	(60,746)	(15,235)	(3,372,524)	(3,448,505)
Carrying amount at end of period	**576,579**	**72,989**	**-**	**17,659,065**	**18,308,633**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2019

NOTE 8: FAIR VALUE MEASUREMENT

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. AOSMA categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement. Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 31 October 2019. AOSMA had no valuations categorised into level 1 or 2.

Fair value measurements at 31 October 2019	Note	Level 3 31 Oct 2019	Level 3 31 Oct 2018
		$	$
Plant and equipment	7	17,659,065	20,105,688
Motor vehicles	7	72,989	133,735
Total recurring fair value measurements		**17,732,054**	**20,239,423**

Valuation techniques and inputs

Valuation techniques used to derive level 3 fair values are described at note 1. There were no changes in valuation techniques during 2018-19. The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

Reconciliation of fair value measurements - Level 3

	Motor Vehicles	Plant and Equipment	Total
	$	$	$
Balance at the beginning of the period	162,422	11,165,708	11,328,130
Additions at cost	48,916	624,218	673,134
Transfers in / transfers out	-	11,771,850	11,771,850
Depreciation or amortisation expense	(77,603)	(3,456,088)	(3,533,691)
Closing balances as at October 2018	**133,735**	**20,105,688**	**20,239,423**
Balance at the beginning of the period	**133,735**	**20,105,688**	**20,239,423**
Additions at cost	-	424,843	424,843
Transfers in / transfers out	-	501,058	501,058
Depreciation or amortisation expense	(60,746)	(3,372,524)	(3,433,270)
Closing balances as at October 2019	**72,989**	**17,659,065**	**17,732,054**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2019

NOTE 9: TRADE AND OTHER PAYABLES

	Note	31 Oct 2019	31 Oct 2018
		$	$
Current			
Trade payables		3,933,801	5,816,447
Other current payables		3,204,296	3,330,866
Funds held on behalf of related parties	17	6,208,460	3,720,580
Amounts due to related party – Other	17	221,799	326,130
Total current trade and other payables		**13,568,356**	**13,194,023**

NOTE 10: LOANS AND BORROWINGS

	Note	31 Oct 2019	31 Oct 2018
		$	$
Current			
Bank loans (secured)		763,178	729,731
Finance leases (secured)		102,574	41,876
Total current loans and borrowings		**865,752**	**771,607**
Non-current			
Bank loans (secured)		10,499,271	10,900,000
Finance leases (secured)		-	102,574
Total non-current loans and borrowings		**10,499,271**	**11,002,574**

NOTE 11: PROVISIONS

	31 Oct 2019	31 Oct 2018
	$	$
Current		
Annual Leave	952,157	888,629
Long Service Leave	1,077,574	800,892
Short Term Employee Benefits	720,999	674,205
Total current provisions	**2,750,730**	**2,363,726**
Non-Current		
Long Service Leave	563,879	329,783
Total non current provision	**563,879**	**329,783**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2019

NOTE 12: DEFERRED INCOME

	31 Oct 2019	31 Oct 2018
	$	$
Current		
Other unearned income	3,737,694	3,927,676
Total current deferred income	**3,737,694**	**3,927,676**
Non-current		
Other unearned income	2,791,522	3,334,379
Total non-current deferred income	**2,791,522**	**3,334,379**

NOTE 13: EXPENDITURE COMMITMENTS

Operating lease

The operating lease arrangements in place as at 31 October 2019 include the annual sublease with the Minister in accordance with the *Adelaide Oval Redevelopment and Management Act 2011* valid until 2091, and various equipment leases expiring between 2019 and 2021.

At the end of the financial year, the future minimum lease payments under non-cancellable operating leases are payable as follows:

	31 Oct 2019 $	31 Oct 2018 $
Less than one year	1,050,534	962,811
Between one and five years	5,079,943	5,171,499
More than five years	65,666,667	66,666,667
Total operating lease	**71,797,144**	**72,800,977**

Finance Lease

The finance leases as at 31 October 2019 are for operating equipment. The finance leases for the operating equipment end in 2019.

At the end of the financial year, the future minimum lease payment under finance lease arrangements are payable as follows:

	Note	31 Oct 2019 $	31 Oct 2018 $
Commitments in relation to finance leases are payable as follows:			
Within one year		103,645	47,573
Later than one year but not later than five years		-	103,645
Minimum lease payments		**103,645**	**151,218**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2019

NOTE 13: EXPENDITURE COMMITMENTS (CONT.)

	Note	31 Oct 2019 $	31 Oct 2018 $
Lease liabilities:			
Future finance charges		(1,071)	(6,768)
Recognised as a liability		102,574	144,450
Total lease liabilities		**102,574**	**144,450**
Representing lease liabilities:			
Current	10	102,574	41,876
Non-current	10	-	102,574
Total Lease Liabilities		**102,574**	**144,450**
The present value of finance lease liabilities is as follows:			
Within one year		102,574	41,876
Later than one year but not later than five years		-	102,574
Total Lease Liabilities		**102,574**	**144,450**

Operating Contracts

Various operating and maintenance contracts are in place as at 31 October 2019. At the end of the financial year, the future minimum commitments under non-cancellable operating and maintenance contracts are payable as follows:

	31 Oct 2019 $	31 Oct 2018 $
Less than one year	1,797,572	1,382,114
Between one and five years	2,298,651	1,220,994
Total operating contracts	**4,096,223**	**2,603,108**

NOTE 14: CONTINGENT LIABILITIES AND ASSETS

Contingent Liability

There are no matters in relation to the entity that would give rise to a contingent liability in the financial statements at 31 October 2019.

Contingent Asset

There are no matters in relation to the entity that would give rise to a contingent asset in the financial statements at 31 October 2019.

NOTE 15: EVENTS AFTER REPORTING PERIOD

There are no other significant post balance day events.

NOTE 16: KEY MANAGEMENT PERSONNEL COMPENSATION

The names and positions of those having authority for planning, directing and controlling the company's activities, directly or indirectly (other than Directors, who received nil compensation), are:

Andrew Daniels, Chief Executive Officer
Darren Chandler, General Manager Operations and Commercial
Tommy Pavic, Chief Finance Officer
Adam Vonthethoff, General Manager Hospitality & Portfolio Development
Mia Carrall, Finance Manager
Joanne Evans, People & Culture Manager
Damian Hough, Head Curator
Lucy Johnson, Marketing & Communications Manager
Lesley Magill, Major Events Manager (resigned 1 March 2019)
Matt Omond, Retail Hospitality Manager
Hamish Robertson, Executive Chef Hospitality
Laura Robinson, Tourism Manager
Sharon Stephens, Stadium Manager
Ben Swanson, Venue Hospitality Manager
Bruce Malcolm, ICT Manager
Danny Galanti, Commercial Manager (commenced 6 December 2018, resigned 20 May 2019)
Ashley Ralph, Commercial Manager (commenced 1 July 2019)

The compensation paid to key management personnel noted above is as follows:

	31 Oct 2019	**31 Oct 2018**
	$	**$**
Short-term employee benefits	2,892,742	2,806,723
Post-employment benefits	237,732	237,791
Total compensation	**3,130,474**	**3,044,514**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2019

NOTE 17: RELATED PARTY TRANSACTIONS	31 Oct 2019	31 Oct 2018
	$	$
Included in the Statement of Comprehensive Income are the following related party transactions:		
Service fees paid by or on behalf of SANFL and SACA to AOSMA[1]	12,787,722	10,024,569
Match day costs and contributions paid by or on behalf of SANFL and SACA to AOSMA[2]	4,675,874	3,833,508
Catering commissions paid to or on behalf of SANFL and SACA by AOSMA[3]	(8,078,846)	(9,457,341)
Match day costs and contributions paid to or on behalf of SANFL and SACA by AOSMA[4]	(4,675,874)	(3,833,508)
Licence & Management Fees paid by COT to AOSMA[5]	342,526	354,795

[1] SANFL and SACA contribute financial support to AOSMA to ensure it has sufficient working capital to pay its debts as and when they fall due.

[2] AOSMA recovers from SACA and SANFL various expenses and match day costs for cricket games and football games.

[3] Pursuant to the Promoter's Agreement between AOSMA, SACA and SANFL, AOSMA pays a percentage of food and beverage sales revenue to SANFL and SACA.

[4] AOSMA incurs for or on behalf of SACA and SANFL various expenses and match day costs for domestic cricket games and SANFL football games.

[5] AOSMA has sub licenced the roof climb activities to the Trustee for the Commercial Operations Trust (COT) as at 1 July 2016. COT has contracted AOSMA to provide management and staffing services to operate the Roof Climb and other offsite food and beverage operations.

	Note	31 Oct 2019	31 Oct 2018
		$	$
Included in the Statement of Financial Position are the following related party balances:			
Payables owed to SANFL, SACA and COT	9	221,799	326,130
Receivables owed by SANFL, SACA, COT & COHT[6]	4	5,524,457	6,356,228
Income received on behalf of SANFL and SACA not yet distributed to SANFL and SACA	9	6,208,460	3,720,580
Unearned Income received from COT	12	1,800,000	1,950,000

[6] Receivables owed by SANFL, SACA, COT and COHT include hotel costs incurred for COHT which will be reimbursed by COHT.

	31 Oct 2019	31 Oct 2018
	$	$
Other related party transactions:		
Distributions to SANFL, SACA, COT and COHT from AOSMA as agent[7]	(22,373,253)	(23,595,899)

[7] AOSMA receives and distributes ticketing and other funds as agent of SACA and SANFL, which are not included within the Statement of Comprehensive Income. These distributions are net of servicing fees and replace the funds formerly generated directly by SACA when it held the lease over Adelaide Oval, and for SANFL when AFL football was played at AAMI Stadium.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2019

Note 17: RELATED PARTY TRANSACTIONS (Cont.)

AOSMA receives and distributes ticket funds as agent on behalf of other venue hirers. These amounts are not included within these statements or within this note.

Significant additional revenue is generated by the Adelaide Football Club, Port Adelaide Football Club and other venue hirers at the oval, from sales of corporate hospitality, memberships, sponsorships, merchandising, electronic ribbon board advertising, video replay screen advertising and other revenues. These funds are not collected by AOSMA, and these amounts are not included within these statements or within this note.

The names of each person who has been a director during the year and to the date of this report are:

Directors

Kevin John Scarce AC CSC RAN (Rtd)	
John Wayne Olsen AO	
Andrew William Sinclair	
Philip James Gallagher	
Dean Lloyd Marsh	
Peter John Hurley AO	
Dion McCaffrie	(Retired 4 October 2019)
Rod Phillips	
Louise Small	(Appointed 4 October 2019)
Alternate Directors	
Jake Adam Parkinson	
Keith Bradshaw	
Andrea Slattery	(Retired 30 May 2019)

No Directors fees were paid or payable during the year ended October 2019 (October 2018: $nil).

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Related entity SANFL purchased corporate hospitality products at a cost of $142,450 (October 2018 $118,773). This purchase was on an arm's length basis.

Board Director Dean Marsh was a partner at accounting firm Grant Thornton, until February 2019. This firm did not purchase corporate hospitality and function products in 2019 (October 2018 $16,590). These purchases were on an arm's length basis.

Board Director John Olsen purchased corporate hospitality and function products in 2019 at a cost of $680 (October 2018 $792). These purchases were on an arm's length basis.

Board Director Philip Gallagher purchased corporate hospitality and function products in 2019 at a cost of $5,323 (October 2018 $6,531). These purchases were on an arm's length basis.

Board Director Andrew Sinclair was a partner at law firm Cowell Clarke, until February 2019. This firm provided legal services to AOSMA in 2019 at a cost of $3,985 (October 2018 $1,773). These services were on an arm's length basis. This firm did not purchase corporate hospitality and function products in 2019 (October 2018 $7,486).

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2019

Note 17: RELATED PARTY TRANSACTIONS (Cont.)

Board Director Peter Hurley is the owner and Director of Hurley Hotel Group of Companies. This group provided hospitality products in 2019 at a cost of $1,300 (October 2018 $1,200). These services were on an arm's length basis. This group purchased corporate hospitality products in 2019 at a cost of $3,020 (October 2018 $3,328). These purchases were on an arm's length basis.

Board Director Louise Small's, related party financial consulting firm Poynter Hargraves has purchased hospitality products in 2019 at a cost of $6,899. These purchases were on an arm's length basis.

NOTE 18: CASH FLOW INFORMATION

		Note	31 Oct 2019	31 Oct 2018
			$	$
a.	**Reconciliation of Cash**			
	Cash at bank including sinking fund account		9,626,710	10,498,928
	Other cash		67,348	99,419
	Total Cash	3	**9,694,058**	**10,598,347**
b.	**Reconciliation of Cash Flow from Operating Activities to Total Comprehensive Result**			
	Total Comprehensive Result		660,448	2,873,342
	Non cash flows			
	Depreciation and amortisation		3,448,505	3,574,973
	Asset transfers / adjustments		780,340	-
	Changes in assets and liabilities			
	Increase in provisions		621,100	474,159
	(Increase) / Decrease in trade and other receivables		(4,560,729)	(6,165,824)
	Increase / (Decrease) in inventories		95,368	17,252
	Increase / (Decrease) in trade and other payables		374,333	3,259,233
	(Decrease) / Increase in deferred income		(732,839)	(1,252,355)
	(Increase) / Decrease in prepayments		(17,098)	142,211
	(Decrease) / Increase in other liabilities		(131,071)	120,098
	Cash flow generated from Operating Activities		**538,357**	**3,043,089**

NOTE 19: FINANCIAL RISK MANAGEMENT

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

The totals 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:

	Note	31 Oct 2019	31 Oct 2018
		$	$
Financial Assets			
Cash and cash equivalents	3	9,694,058	10,598,347
Trade and other receivables	4	14,100,420	9,539,691
Total Financial Assets		**23,794,478**	**20,138,038**

Trade and other receivables excludes statutory receivables, as required by *AASB 132 Financial Instruments – Presentation*

	Note	31 Oct 2019	31 Oct 2018
Financial Liabilities			
Financial liabilities at amortised cost			
– Trade and other payables	9	13,329,281	10,783,292
– Borrowings	10	11,365,023	11,774,181
Total Financial Liabilities		**24,694,304**	**22,557,473**

Trade and other payables excludes statutory payables, as required by *AASB 132 Financial Instruments – Presentation*

Financial Risk Management Policies

The Board's overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management exposures are reviewed by the entity on a periodic basis. These include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk.

a. **Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss for AOSMA.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the Statement of Financial Position.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 4.

NOTE 19: FINANCIAL RISK MANAGEMENT

AOSMA considers a range of information when assessing whether the credit risk has increased significantly since initial recognition. This includes such factors as the identification of significant changes in external market indicators of credit risk, significant adverse changes in the financial performance or financial position of the counterparty, significant changes in the value of collateral, and past due information.

Financial assets are regarded as credit impaired when one or more events have occurred that have a detrimental impact on the estimated future cash flows of the financial asset. Indicators that a financial asset is credit impaired include observable data about the following:

- Significant financial difficulty of the issuer or the borrower;
- Breach of contract
- The lender, for economic or contractual reasons relating to the borrower's financial difficulty, has granted concessions to the borrower that the lender would not otherwise consider; or
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

The carrying amount of a financial asset is written off when the counterparty is in severe financial difficulty and AOSMA has no realistic expectation of recovery of the financial asset.

Credit risk related to balances with banks and other financial institutions is managed by the Board. Other than a nominal amount of cash on hand, surplus funds are only invested with major Australian financial institutions.

b. **Liquidity risk**

Liquidity risk arises from the possibility that AOSMA might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. AOSMA manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial liabilities reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2019

NOTE 19: FINANCIAL RISK MANAGEMENT (CONT.)

Financial liability maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	31 Oct 2019	31 Oct 2018	31 Oct 2019	31 Oct 2018	31 Oct 2019	31 Oct 2018	31 Oct 2019	31 Oct 2018
Financial Liability	$	$	$	$	$	$	$	$
Trade and other payables	13,329,281	10,783,292	-	-	-	-	13,329,281	10,783,292
Loans and borrowings	865,752	771,607	10,499,271	11,002,574	-	-	11,365,023	11,774,181
Total expected outflows	**14,195,033**	**11,554,899**	**10,499,271**	**11,002,574**	-	-	**24,694,304**	**22,557,473**

c. **Market Risk**

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

At 31 October 2019 AOSMA has secured loans and leases of $11,365,023 (October 2018: $11,774,181) per note 10. These loans are subject to a variable rate of interest, and therefore are exposed to changes in the variable interest rate.

A sensitivity analysis has not been undertaken as AOSMA is not expected to be exposed to material movements in interest rates.

Net Fair Values

Fair value estimation

The fair values have been determined based on the following methodologies:

Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other receivables and payables exclude amounts that are not considered a financial instrument such as unearned grant revenue.

Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values are equivalent to the carrying values.

NOTE 20: CAPITAL MANAGEMENT

Management controls the capital of the entity to ensure that adequate cash flows are generated to fund its activities. The Board ensures that the overall risk management strategy is in line with this objective.

Risk management exposures are reviewed by the Board on a regular basis. These include credit risk exposures and future cash flow requirements.

The entity's capital consists of financial liabilities, supported by financial assets.

The entity effectively manages the entity's capital by assessing the entity's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

There have been no changes to the strategy adopted by the entity to control the capital of the entity since the previous year.

NOTE 21: ENTITY DETAILS

The registered office of the entity is:

Adelaide Oval
War Memorial Drive,
North Adelaide, S.A., 5006

The principal place of business is:

Adelaide Oval
War Memorial Drive,
North Adelaide, S.A., 5006

NOTE 22: MEMBERS' GUARANTEE

AOSMA is incorporated under the *Corporations Act 2001* and is a non-profit public company limited by guarantee. If AOSMA is wound up, the constitution states that each member is required to contribute a maximum of $10 each towards meeting any outstandings and obligations of AOSMA. At 31 October 2019 the number of members was 8.

Adelaide Oval SMA Limited

ABN 46 141 259 538

DIRECTORS' DECLARATION

The Directors of the entity declare that:

1. The financial statements and notes, as set out on pages 1 to 37 are in accordance with the *Corporations Act 2001*:
   a. comply with Australian Accounting Standards; and
   b. give a true and fair view of the financial position as at 31 October 2019 and of the performance for the year ended on that date of the entity.
2. In the Directors' opinion there are reasonable grounds to believe that the entity 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 and is signed with the authority of and for and on behalf of the Board of Directors by:

Kevin John Scarce AC CSC RAN (Rtd)
Chairman

John Wayne Olsen AO
Deputy Chairman

Dated this 19th day of FEBRUARY 2020