

Adelaide Oval SMA Limited

Financial report
for the year ended
31 October 2020

INDEPENDENT AUDITOR'S REPORT



Government of South Australia
Auditor-General's Department

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To the members 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 2020.

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 Adelaide Oval SMA Limited's financial position as at 31 October 2020 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 2020
- a Statement of Financial Position as at 31 October 2020
- a Statement of Changes in Equity for the year ended 31 October 2020
- a Statement of Cash Flows for the year ended 31 October 2020
- 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 Company 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 Company, 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 Company 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:

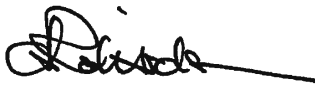
- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material 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

2 March 2021

Adelaide Oval SMA Limited
ABN 46 141 259 538
STATEMENT OF COMPREHENSIVE INCOME
FOR THE 12 MONTHS ENDED 31 OCTOBER 2020

	Note	31 Oct 2020	31 Oct 2019
		\$	\$
Income from Trading Activities			
Revenues from fees and charges		14,506,153	18,639,295
Revenues from sales attributable to AOSMA		23,330,480	46,171,065
Interest revenues		244,654	165,433
Lease revenue		218,526	-
Jobkeeper subsidies		12,902,020	-
Other revenues		1,297,165	2,065,335
Total Income from Trading Activities	2a	52,498,998	67,041,128
Expenses from Trading Activities			
Employee benefits expense		28,463,006	28,102,244
Raw materials and consumables		7,702,929	13,643,372
Supplies and services	2b	6,248,123	10,682,620
Building maintenance costs		4,800,064	5,743,101
Borrowing costs		579,194	275,049
Lease interest expense		862,354	-
Audit expenses	2b	105,100	103,700
Other expenses	2b	8,619,248	8,112,299
Depreciation and amortisation expense	6&8	3,567,871	3,448,505
Total Expenses from Trading Activities		60,947,889	70,110,890
Profit / (Loss) from Trading Activities		(8,448,891)	(3,069,762)
Stakeholder Contributions			
Contributions from related parties	17	7,608,050	12,787,722
Contributions to related parties	17	(6,726,530)	(8,078,846)
Total Stakeholder Contributions		881,520	4,708,876
Total Trading Result after Stakeholder Contributions		(7,567,371)	1,639,114
Income from Government Related Items			
State Government grants and other contributions		1,678,596	70,581
Total Income from Government Related Items		1,678,596	70,581
Expenses from Government Related Items			
Acquisition of capital assets funded by the Government		-	249,247
Lease to minister		-	800,000
Total Expenses from Government Related Items		-	1,049,247
Profit / (Loss) from Government Related Items		1,678,596	(978,666)
Total Comprehensive Result		(5,888,775)	660,448

The Total Comprehensive Result includes an amount of \$0 (\$2,938,581) retained and transferred into a Sinking Fund Account

The accompanying notes form part of these financial statements.

Adelaide Oval SMA Limited

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STATEMENT OF FINANCIAL POSITION

AS AT 31 OCTOBER 2020

	Note	31 Oct 2020	31 Oct 2019
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents	3	6,733,084	9,694,058
Trade and other receivables	4	8,485,886	14,100,420
Inventories	5	1,135,247	1,560,012
Lease Receivable		600,000	-
Loan Receivable		690,019	-
Other assets		12,479	31,283
Total Current Assets		17,656,715	25,385,773
Non-Current Assets			
Property, plant and equipment	6	18,419,199	18,308,633
Right of Use Assets	8	24,306,810	-
Lease Receivable	8	13,588,598	-
Loan Receivable		41,955,851	-
Total Non-Current Assets		98,270,458	18,308,633
Total Assets		115,927,173	43,694,406
Liabilities			
Current Liabilities			
Trade and other payables	9	15,169,963	13,568,356
Loans and borrowings	10	1,083,982	865,752
Lease Liabilities	8	407,971	-
Provisions	11	3,291,879	2,750,730
Unearned income	12	2,722,988	3,737,694
Other liabilities		432,008	295,409
Total Current Liabilities		23,108,791	21,217,941
Non-Current Liabilities			
Loans and borrowings	10	49,137,749	10,499,271
Lease Liabilities	8	24,623,867	-
Provisions	11	411,162	563,879
Unearned income	12	2,252,334	2,791,522
Total Non-Current Liabilities		76,425,112	13,854,672
Total Liabilities		99,533,903	35,072,613
Net Assets		16,393,270	8,621,793
Equity			
(Accumulated losses) / Retained Earnings		9,722,154	(1,004,917)
Sinking Fund Reserve	3	6,671,116	9,626,710
Total Equity		16,393,270	8,621,793

The accompanying notes form part of these financial statements.

Adelaide Oval SMA Limited

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**STATEMENT OF CHANGES IN EQUITY
FOR THE 12 MONTHS ENDED 31 OCTOBER 2020**

	Note	(Accumulated Losses) / Retained Earnings	Sinking Fund Reserve	Total
		\$	\$	\$
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
Balance at 1 November 2019		(1,004,917)	9,626,710	8,621,793
AASB16 pre transition adjustment	1(d)	13,660,252	-	13,660,252
Adjusted Balance		12,655,335	9,626,710	22,282,045
Total comprehensive result 2019-20		(5,888,775)	-	(5,888,775)
Transfer (to) / from Reserves	1(o), 3	2,955,594	(2,955,594)	-
Balance at 31 October 2020		9,722,154	6,671,116	16,393,270

The accompanying notes form part of these financial statements.

Adelaide Oval SMA Limited

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**STATEMENT OF CASH FLOWS
FOR THE 12 MONTHS ENDED 31 OCTOBER 2020**

	Note	31 Oct 2020 \$	31 Oct 2019 \$
Cash Flow From Operating Activities			
Receipts from customers, grants, other contributions and other income		73,623,074	83,834,339
Payments to suppliers and employees		(65,156,461)	(83,186,366)
Interest received		244,654	165,433
Finance costs		(1,441,547)	(275,049)
Net cash flow from operating activities	18b	7,269,720	538,357
Cash Flow From Investing Activities			
Purchase of property, plant and equipment		(3,204,147)	(1,033,488)
Net cash flow from investing activities		(3,204,147)	(1,033,488)
Cash Flow From Financing Activities			
Increase in loans and borrowings		-	362,449
Repayment of loans and borrowings		(4,026,547)	(771,607)
Contribution to AOHT		(3,000,000)	-
Net cash flow from financing activities		(7,026,547)	(409,158)
Net (decrease) / increase in cash held		(2,960,974)	(904,289)
Cash and cash equivalents at beginning of the financial period		9,694,058	10,598,347
Cash and cash equivalents at the end of the financial period	3	6,733,084	9,694,058

The accompanying notes form part of these financial statements.

Adelaide Oval SMA Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2020

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.

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

Member 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 2020 the number of members was 8.

Impact of COVID-19

The ongoing effects of the COVID-19 pandemic continue to create uncertainty for the sporting and hospitality/tourism industries generally and for AOSMA specifically. AOSMA is impacted by ongoing and evolving Government restrictions, with AOSMA constantly assessing and planning for its ability to hold future events, with regard to the nature, format and capacity of proposed events complying with current restrictions.

Key impacts in 2019-20 were:

- Limited crowds allowed for football games, once the season was allowed to continue, have significantly reduced catering revenues.
- Substantial event booking cancellations occurred as a result of the COVID-19 shutdowns, health restrictions and the continued uncertainty surrounding the possible ongoing severity and duration of the pandemic.
- International and domestic border closes have severely limited potential major events, such as concerts, thereby limiting potential revenues for AOSMA.
- The majority of staff were stood down in March, casual staff were informed there would be no further shifts for the foreseeable future. Staff have been slowly brought back to work in line with football games (began in June) and the ability to hold functions at the Oval.

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 Adelaide Oval Hotel Trust (AOHT), an entity which has SACA and SANFL as its beneficiaries.

The hotel wraps around the external façade of the eastern stand and is comprised of 138 rooms. Construction began on site in October 2019, with commencement of hotel operations on 25th September 2020.

Adelaide Oval SMA Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2020

AOSMA has granted a sub-sublease of the Hotel Area to AOHT for the operation of a hotel, for a period expiring 15 November 2091. This term mirrors that of the AOSMA Sublease. AOHT will pay an annual rental to AOSMA. AOSMA granted a licence to AOHT 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. AOHT has contracted AOSMA to run the hotel operations.

The Treasurer of South Australia granted a loan of \$42.6m to AOSMA to fund the construction of the hotel including consultancies. As COVID-19 relief, on 31 March the Treasurer deferred the payment of interest on the loan for the period of construction. Deferred interest will be capitalised over the life of the loan. A back to back loan has been established between AOSMA and AOHT, under the same terms and conditions as the loan between AOSMA and the Treasurer. Through this arrangement AOHT will ultimately fund the construction of the hotel. As at 31 October 2020 funds have been fully drawn down, with the first loan repayment occurring in December 2020. The loan is repayable over a ten year term.

AOSMA made a \$3m contribution to its stakeholders, with the funds utilised to purchase fixtures, furniture and equipment for the Hotel. This contribution is not repayable by AOHT or the stakeholders to AOSMA.

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 24 February 2021 by the Directors of AOSMA.

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.

The continuity of normal business activities is deemed probable 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 \$17.67 million (2019: \$17.23 million). At the time of this report, AOSMA had funds available to draw down of \$14.0 million (2019: \$9.5 million).

Accounting Policies

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 2019, including *AASB15: Revenue from Contracts with Customers*, *AASB16: Leases* and *AASB1058: Income of Not-for-Profit Entities*.

Adelaide Oval SMA Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

a. **Revenues**

AASB 1058: Income for not for profit entities and AASB 15: Revenue from contracts with customers

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.

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 arrangement is 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, which in most cases requires the asset to be initially measured at its fair value;
- b) any related amounts (such as contributions from owners, financial liabilities, contract liabilities, lease liabilities and provisions) to be accounted for in accordance with the applicable Australian Accounting Standard; and
- c) 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, amending standard 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. This enables not for profits entities to elect to initially measure such right of use assets at cost rather than a fair value, which has the corresponding effect of reducing the amount of income recognised under AASB1058.

In accordance with the transition requirements of AASB 1058 and AASB 15, AOSMA has elected to apply AASB 1058 and AASB 15 under the modified approach, accordingly comparative information has not been restated.

Revenue from trading operations carried out during the period is recognised over time, as performance obligations are satisfied, consistent with the manner in which services are provided in the period in which the events are held. These services are provided under contractual arrangements that contain enforceable and sufficiently specific performance obligations.

Interest revenue is measured on an effective interest rate basis taking into account the interest rates applicable to the financial assets.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

Jobkeeper subsidy is recognised when the right to receive the subsidy has been established.

Catering revenue is recognised on the day of the event and licensed or contracted revenue is recognised as performance obligations are satisfied.

Grant monies are recorded as revenue as they are spent. 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 COVID-19 relief of \$1m and for safety, security and stadium operations totalling \$0.7m (2019: \$0.1m).

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 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.

Adelaide Oval SMA Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

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 revalues 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 valuation of AOSMA's plant and equipment was performed by independent valuer, Martin Burns of Liquid Pacific as at 31 October 2020. A review of the carrying amounts of the assets was undertaken as at 31 October 2020 and it was determined that, as there was no material change between the fair value of the assets as at 31 October 2020, no revaluation adjustment was required at this time. 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.

All AOSMA assets are categorised into level 3. 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.

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
Right of Use Assets	72 years

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

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. Leases

AASB 16: Leases

AASB16 replaces 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.

The adoption of AASB 16 from 1 November 2019 resulted in the following adjustments to the amounts recognised from a lessee perspective in the financial statements.

- AASB117 only required the recognition of an asset and lease liability in relation to finance leases. AASB 16 results in leases previously classified as operating leases having right of use assets and leases liabilities being recognise in the Statement of Financial Position
- AASB 117 resulted in operating lease payments being recognised as an expense. Applying AASB 16 replaces this with depreciation expenses that represent the use of the right to use assets and borrowing costs (lease interest expenses) for the cost associated with financing the right of use asset.

AOSMA has adopted the following accounting policies on transition with regards to AASB 16:

- To apply AASB 16 retrospectively. The cumulative effect of initially applying AASB 16 was recognised at 1 November 2019. Comparatives were not restated.
- On 1 November 2019 AASB 16 was only applied to contracts that were previously identified as having a lease under AASB 117 and related interpretations.
- To not recognise a right of use asset and lease liability for leases for which the underlying asset is of low value or where the lease term ends within 12 months of the date of initial application.
- The initial measurement of right of use assets has been calculated as an amount equal to the lease liability on transition.
- The initial measurement of lease liabilities and right of use assets excludes all leases that ended by 31 October 2020.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

AOSMA has adopted the following ongoing accounting policies:

- AASB 16 is not applied to lease of intangible assets.
- In its capacity as lessee, AOSMA does not include non-lease components in lease amounts.
- Right of use assets are not measured at fair value on initial recognition for leases that have significantly below-market terms and conditions principally to enable AOSMA to further its objectives.
- Right of use assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset.
- Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

e. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when AOSMA becomes a party to the contractual provisions of the instrument.

Classification of financial assets

All recognised financial assets that are within the scope of AASB 9 are measured at 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 and the contractual cash flow characteristics of the financial assets.

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 are now recognised as debt instruments at amortised cost.

All financial instruments held by AOSMA are recognised at amortised cost.

f. 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.

g. 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 are expected to be settled within 12 months. Both liabilities are measured at the amounts expected to be paid when the liabilities are settled.

Adelaide Oval SMA Limited

ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

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.

h. 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.

i. 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.

j. 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.

k. 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.

l. 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.

m. 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.

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2020

NOTE 2: REVENUE, OTHER INCOME, AND EXPENSES

	31 Oct 2020	31 Oct 2019
	\$	\$
a. Income from Trading Activities		
Fees and charges	14,506,153	18,639,295
Sales	23,330,480	46,171,065
Interest received	244,654	165,433
Lease revenue	218,526	-
Jobkeeper subsidy	12,902,020	-
Other revenue	1,297,165	2,065,335
Total Income from Trading Activities	52,498,998	67,041,128
b. Expenses from trading activities		
Supplies and services expenses		
- Stadium operating expenses	4,837,431	8,921,787
- Servicing costs	1,110,590	1,473,753
- Administration	300,102	287,080
Total supplies and services expenses	6,248,123	10,682,620
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	105,100	103,700
Total Auditor's Remuneration	105,100	103,700
Other Expenses		
- Marketing and public relations	332,327	502,295
- Other employee benefits	490,101	882,000
- Laundry, Linen & Uniforms	206,713	358,486
- ICT expenses	802,714	783,195
- Insurance and legal fees	951,485	979,953
- Stadium servicing costs	1,073,201	1,806,792
- General expenses	4,762,707	2,799,578
Total other expense	8,619,248	8,112,299

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2020

Adelaide Oval SMA Limited

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NOTE 3: CASH AND CASH EQUIVALENTS

	31 Oct 2020	31 Oct 2019
	\$	\$
Current		
Sinking Fund Account ¹	6,671,116	9,626,710
Cash on hand	61,968	67,348
Total cash and cash equivalents	6,733,084	9,694,058

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)

	31 Oct 2020	31 Oct 2019
	\$	\$
Sinking Fund Movement Schedule		
Opening Balance	9,626,710	6,738,743
Transfer in – from AOSMA	-	2,938,581
Interest / Investment Income	113,571	161,717
Capital Replacement Expenditure	(3,069,165)	(212,331)
Total Transfer to/ (from) Reserves	(2,955,594)	2,887,967
Closing Balance	6,671,116	9,626,710

NOTE 4: TRADE AND OTHER RECEIVABLES

	31 Oct 2020	31 Oct 2019
	\$	\$
Current		
Trade receivables	1,920,491	3,197,349
Other receivables	2,793,681	676,600
Due from related parties	3,781,660	10,237,368
Provision for impairment	(9,946)	(10,897)
Total current trade and other receivables	8,485,886	14,100,420
 Allowance for impairment loss on receivables		
Carrying amount at the beginning of the period	(10,897)	(14,424)
Amounts written off	951	3,527
Increase / (decrease) in allowance recognised in profit or loss	(9,946)	(10,897)

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2020

NOTE 4: TRADE AND OTHER RECEIVABLES (CONT)

Impairment of financial assets

AOSMA accounts 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. The expected credit loss (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.

NOTE 5: INVENTORIES

	31 Oct 2020	31 Oct 2019
	\$	\$
Main types of inventories held		
- Beverage	799,533	1,322,541
- Food	139,071	64,306
- Consumables	196,643	173,165
Total inventories	1,135,247	1,560,012

Note 6: PLANT, EQUIPMENT AND COMPUTER SOFTWARE

	31 Oct 2020	31 Oct 2019
	\$	\$
Plant and Equipment		
Plant and equipment at cost (deemed at fair value)	36,180,575	33,456,259
Less accumulated depreciation	(18,882,520)	(15,797,194)
Total plant and equipment	17,298,055	17,659,065
Motor Vehicles		
Motor Vehicles at cost (deemed at fair value)	393,651	393,651
Less accumulated depreciation	(369,142)	(320,662)
Total motor vehicles	24,509	72,989
Total plant and equipment and motor vehicles	17,322,564	17,732,054

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2020

NOTE 6: PLANT, EQUIPMENT AND COMPUTER SOFTWARE (CONT)

	31 Oct 2020	31 Oct 2019
	\$	\$
Computer Software		
Computer Software at cost	860,685	860,685
Less accumulated depreciation	(860,685)	(860,685)
Total computer software	-	-
Capital works in progress at cost	1,096,635	576,579
Total plant, equipment and computer software	18,419,199	18,308,633

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 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 AOHT 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

	Capital works in progress	Motor Vehicles	Computer Software	Plant and Equipment	Total
October 2020	\$	\$	\$	\$	\$
Balance at the beginning of the period	576,579	72,989	-	17,659,065	18,308,633
Additions at cost	3,153,034	-	-	91,938	3,244,972
Amounts subsequently transferred to AOHT Debtors	(600)	-	-	-	(600)
Transfers in / transfers out	(2,632,378)	-	-	2,632,378	-
Depreciation or amortisation expense	-	(48,480)	-	(3,085,326)	(3,133,806)
Carrying amount at end of period	1,096,635	24,509	-	17,298,055	18,419,199

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2020

NOTE 7: 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 2020. AOSMA had no valuations categorised into level 1 or 2.

Fair value measurements at 31 October 2020	Level 3 31 Oct 2020	Level 3 31 Oct 2019
	\$	\$
Plant and equipment	17,298,055	17,659,065
Motor vehicles	24,509	72,989
Total recurring fair value measurements	17,322,564	17,732,054

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 2019-20. 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	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

	Motor Vehicles	Plant and Equipment	Total
	\$	\$	\$
Balance at the beginning of the period	72,989	17,659,065	17,732,054
Additions at cost	-	91,938	91,938
Transfers in / transfers out	-	2,632,378	2,632,378
Depreciation or amortisation expense	(48,480)	(3,085,326)	(3,133,806)
Closing balances as at October 2020	24,509	17,298,055	17,322,564

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2020

NOTE 8: RIGHT OF USE ASSETS, LEASE LIABILITIES AND LEASE RECEIVABLES

Right of use assets and lease liabilities

The adoption of AASB 16 Leases from 1 July 2019 has resulted in significant adjustment to the financial report. AASB 16 replaces AASB 117 Leases and introduces a lessee accounting model that requires a lessee to recognise right of use assets and lease liabilities for all leases with a term greater than 12 months unless the underlying asset is of low value.

Applying AASB 16 resulted in AOSMA recognising:

- right of use assets and lease liabilities for leases previously classified as operating leases.
- depreciation expense for the use of the right of use asset for the period, and lease interest expense as the cost associated with financing the right of use asset.

AOSMA holds a concessionary lease with the Minister for Infrastructure and Transport over the licence area for a remaining period of 72 years.

Right of use assets are measured at cost, comprising the amount of the initial measurement of the lease liability.

Lease liabilities are initially recognised as the present value of the remaining lease payments, discounted using AOSMA's weighted average incremental borrowing rate of 3.75%.

	31 Oct 2020
	\$
Right of use assets	
Adelaide oval core area	24,393,899
Other	346,977
Accumulated depreciation	(434,066)
Total carrying amount of right of use assets	24,306,810
Lease liabilities	
Current lease liability	407,971
Non-current lease liability	24,623,867
Total carrying amount of lease liabilities	25,031,838

Lease commitments

For the year ended 31 October 2019 AOSMA disclosed total undiscounted operating lease commitments of \$71,797,144 (refer note 13). A reconciliation of these lease commitments and the value of lease liabilities recognised on 1 November 2019 is provided as follows:

	1 Nov 2019
	\$
Operating lease commitments at 31 October 2019	71,797,144
Adelaide oval core area subject to sublease	(528,346)
Operating lease commitments discounted	(45,999,576)
Lease liabilities recognised on 1 November 2019	25,269,222

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2020

NOTE 8: RIGHT OF USE ASSETS, LEASE LIABILITIES AND LEASE RECEIVABLES (CONT)

Lease receivables

AOSMA has subleased a portion of the Adelaide Oval core area to the Adelaide Oval Hotel Trust (AOHT). Amounts owed under this arrangement are recognised in the Statement of Financial Position as finance lease receivables and measured at the present value of future lease payments.

The following table sets out the maturity analysis of lease receivables, showing the discounted lease payments to be received after the reporting date.

Finance lease receivables contracted for at the reporting date are as follows:

	31 Oct 2020
	\$
Within one year	600,000
Later than one year but no longer than five years	2,400,000
Later than five years	39,450,000
Total minimum lease payments	42,450,000
Lease receivables discounted	(28,261,402)
Total finance lease receivables	14,188,598
Represented by:	
Current lease receivable	600,000
Non-current lease receivable	13,588,598
Total finance lease receivables	14,188,598

Impact of adopting AASB 16

Right of use assets have been recognised at the date of initial application of AASB 16 at an amount equal to the lease liability.

The portion of the right of use asset for the Adelaide Oval core area subject to a sublease with AOHT was derecognised on initial application of AASB 16, resulting in a \$13,660,252 increase in equity (retained earnings).

This increase in retained earnings represents the difference between the present value of lease payments receivable by AOSMA as part of the sublease to AOHT, and value of right of use assets derecognised.

This increase in retained earnings was recognised as a direct adjustment to retained earnings in the Statement of Changes in Equity.

NOTE 9: TRADE AND OTHER PAYABLES

	31 Oct 2020	31 Oct 2019
	\$	\$
Current		
Trade payables	2,326,937	3,933,801
Other current payables	7,320,417	3,204,296
Funds held on behalf of related parties	4,400,957	6,208,460
Amounts due to related party – Other	1,121,652	221,799
Total current trade and other payables	15,169,963	13,568,356

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2020

NOTE 10: LOANS AND BORROWINGS

	31 Oct 2020	31 Oct 2019
	\$	\$
Current		
Bank loans	393,963	763,178
Loan from Treasurer	690,019	-
Finance leases	-	102,574
Total current loans and borrowings	1,083,982	865,752
Non-current		
Bank loans	7,181,898	10,499,271
Loan from Treasurer	41,955,851	-
Total non-current loans and borrowings	49,137,749	10,499,271
Total loans and borrowings	50,221,731	11,365,023

NOTE 11: PROVISIONS

	31 Oct 2020	31 Oct 2019
	\$	\$
Current		
Annual leave	944,487	952,157
Long service leave	1,447,969	1,077,574
Short term employee benefits	899,423	720,999
Total current provisions	3,291,879	2,750,730
Non-Current		
Long service leave	411,162	563,879
Total non current provision	411,162	563,879
Total provision	3,703,041	3,314,609

NOTE 12: UNEARNED INCOME

	31 Oct 2020	31 Oct 2019
	\$	\$
Current:		
Other unearned income	2,722,988	3,737,694
Total current unearned income	2,722,988	3,737,694
Non-current		
Other unearned income	2,252,334	2,791,522
Total non-current unearned income	2,252,334	2,791,522
Total unearned income	4,975,322	6,529,216

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2020

NOTE 12: UNEARNED INCOME (CONT)

Service agreement receipts are initially recognised as Contract liabilities (current and non-current liability) and represent service contract payments received in advance. The contract liabilities are then transferred to income and recognised as performance obligations are met.

NOTE 13: EXPENDITURE COMMITMENTS

Operating Lease

Various operating and maintenance contracts are in place as at 31 October 2020. At the end of the financial year, the future minimum lease payments (undiscounted) under non-cancellable operating leases are payable as follows:

	31 Oct 2020	31 Oct 2019
	\$	\$
Less than one year	1,515,789	1,797,572
Between one and five years	1,197,019	2,298,651
Total operating contracts	2,712,808	4,096,223

Non-cancellable lease arrangements (31 October 2019)

The following information relates to non-cancellable lease arrangements of the prior reporting period only, and is presented in accordance with the predecessor accounting standards *AASB 17 Leases*.

Finance and Operating lease commitments is provided for the comparative year only as *AASB 16 Leases* does not distinguish between operating and finance leases for the lessee.

Operating lease

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

	31 Oct 2019
	\$
Less than one year	1,050,534
Between one and five years	5,079,943
More than five years	65,666,667
Total operating contracts	71,797,144

Finance Lease

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2020

NOTE 13: EXPENDITURE COMMITMENTS (CONT)

	31 Oct 2019
	\$
Lease Liabilities:	
Future finance charges	(1,071)
Recognised as a liability	102,574
Total lease liabilities	102,574

NOTE 14: CONTINGENT LIABILITIES AND ASSETS

There are no matters in relation to the entity that would give rise to a contingent asset or liability in the financial statements as at 31 October 2020

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), throughout the year 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 (resigned 28th August 2020)
Damian Hough, Head Curator
Lucy Johnson, Marketing & Communications Manager
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 (resigned 11th September 2020)
Ashley Ralph, Commercial Manager (resigned 14th July 2020)

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

	31 Oct 2020	31 Oct 2019
	\$	\$
Short-term employee benefits	2,575,110	2,892,742
Post-employment benefits	228,964	237,732
Total compensation	2,804,074	3,130,474

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2020

NOTE 17: RELATED PARTY TRANSACTIONS	31 Oct 2020	31 Oct 2019
	\$	\$
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	7,608,050	12,787,722
Match day costs and contributions paid by or on behalf of SANFL and SACA to AOSMA ²	3,386,607	4,675,874
Catering commissions paid to or on behalf of SANFL and SACA by AOSMA ³	(3,726,530)	(8,078,846)
Contribution to AOHT for Hotel fittings, furniture and equipment	(3,000,000)	-
Match day costs and contributions paid to or on behalf of SANFL and SACA by AOSMA ⁴	(3,386,607)	(4,675,874)
Licence & Management Fees paid by COT to AOSMA ⁵	306,340	342,526

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 2020	31 Oct 2019
		\$	\$
Included in the Statement of Financial Position are the following related party balances:			
Payables owed to SANFL, SACA and COT	9	1,121,652	221,799
Receivables owed by SANFL, SACA, COT & AOHT ⁶	4	3,781,660	5,524,457
Income received on behalf of SANFL and SACA not yet distributed to SANFL and SACA	9	4,400,957	6,208,460
Unearned Income received from COT	12	1,650,000	1,800,000

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

	31 Oct 2020	31 Oct 2019
	\$	\$
Other related party transactions:		
Distributions to SANFL, SACA, COT and AOHT from AOSMA as agent ⁷	(11,896,953)	(22,373,253)

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2020

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

Rod Phillips

Louise Small

Alternate Directors

Jake Adam Parkinson

Keith Bradshaw

No Directors fees were paid or payable during the year ended October 2020 (October 2019: \$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 \$0 (October 2019 \$142,450).

Other related party transactions for the purchase of hospitality products in 2020 at a cost of \$4,532 (October 2019 \$17,222).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2020

NOTE 18: CASH FLOW INFORMATION

	31 Oct 2020	31 Oct 2019
	\$	\$
a. Reconciliation of Cash		
Cash at bank including sinking fund account	6,671,116	9,626,710
Other cash	61,968	67,348
Total Cash	6,733,084	9,694,058
b. Reconciliation of Cash Flow from Operating Activities to Total Comprehensive Result		
Total Comprehensive Result	(2,888,775)	660,448
Non cash flows		
Depreciation and amortisation	3,567,871	3,448,505
Asset transfers / adjustments	600	780,340
Changes in assets and liabilities		
Increase in provisions	388,433	621,100
(Increase) / Decrease in trade and other receivables	5,614,535	(4,560,729)
Increase in inventories	424,766	95,368
Increase in trade and other payables	1,560,784	374,333
(Decrease) in unearned income	(1,553,898)	(732,839)
(Increase) / Decrease in prepayments	18,804	(17,098)
(Decrease) / Increase in other liabilities	136,600	(131,071)
Cash flow generated from Operating Activities	7,269,720	538,357

Note 19: FINANCIAL RISK MANAGEMENT

AOSMA'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 2020	31 Oct 2019
		\$	\$
Financial Assets			
Cash and cash equivalents	3	6,733,084	9,694,058
Trade and other receivables	4	8,485,886	14,100,420
Total Financial Assets		15,218,970	23,794,478

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2020

Note 19: FINANCIAL RISK MANAGEMENT (CONT)

Financial Liabilities

Financial liabilities at amortised cost

– Trade and other payables	9	15,005,092	13,329,281
– Borrowings	10	50,221,731	11,365,023
Total Financial Liabilities		65,226,823	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 AOSMA 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 to AOSMA 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.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2020

NOTE 19: FINANCIAL RISK MANAGEMENT (CONT)

- 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.

Financial liability maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	31 Oct 2020	31 Oct 2019	31 Oct 2020	31 Oct 2019	31 Oct 2020	31 Oct 2019	31 Oct 2020	31 Oct 2019
Financial Liability	\$	\$	\$	\$	\$	\$	\$	\$
Trade and other payables	15,005,092	13,329,281	-	-	-	-	15,005,092	13,329,281
Loans and borrowings	1,083,982	865,752	9,650,144	10,499,271	39,487,605	-	50,221,731	11,365,023
Total expected outflows	16,089,074	14,195,033	9,650,144	10,499,271	39,487,605	-	65,226,823	24,694,304

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2020

NOTE 19: FINANCIAL RISK MANAGEMENT (CONT)

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 2020 AOSMA has secured loans of \$50,221,731 (October 2019: \$11,365,023) per note 10. The loan is at a fixed rate with back to back loan arrangement with AOHT.

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.

Adelaide Oval SMA Limited

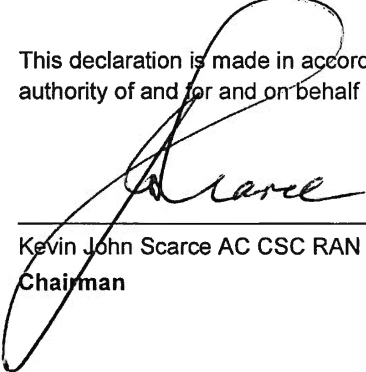
ABN 46 141 259 538

DIRECTORS' DECLARATION

The Directors of the entity declare that:

1. The financial statements and notes, as set out on pages 1 to 40 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 2020 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



Phillip James Gallagher
Director, Chairman of Finance, Audit & Risk Committee

Dated this 24th day of FEBRUARY 2021