# Adelaide Oval SMA Limited

Financial report
for the year ended
31 October 2017

# 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 for the 12 months ended 31 October 2017.

## 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 2017 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 12 months ended 31 October 2017
- a Statement of Financial Position as at 31 October 2017
- a Statement of Changes in Equity for the 12 months ended 31 October 2017
- a Statement of Cash Flows for the 12 months ended 31 October 2017
- notes, comprising significant accounting policies and other explanatory information, and
- 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.

The directors are responsible for overseeing the entity's financial reporting process.

## 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

- 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 Adelaide Oval SMA Limited 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 regarding, 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**
22 February 2018

## Adelaide Oval SMA Limited

## ABN 46 141 259 538

### STATEMENT OF COMPREHENSIVE INCOME
### FOR THE 12 MONTHS ENDED 31 OCTOBER 2017

| | Note | 31 Oct 2017 | 31 Oct 2016 |
|---|---|---|---|
| | | **$** | **$** |
| **Income from Trading Activities** | | | |
| Revenues from fees and charges | | 16,471,670 | 14,115,653 |
| Revenues from Sales attributable to AOSMA | | 57,578,143 | 51,035,474 |
| Interest Revenues | | 65,697 | 5,788 |
| Other Revenues | | 1,786,184 | 1,778,667 |
| **Total Income from Trading Activities** | 2a | **75,901,694** | **66,935,582** |
| | | | |
| **Expenses from Trading Activities** | | | |
| Employee Benefits Expense | | 26,383,932 | 24,576,564 |
| Raw materials and consumables consumed | 5b | 17,043,117 | 14,795,060 |
| Supplies and services | 2b | 11,565,220 | 10,681,768 |
| Building maintenance costs | | 5,367,077 | 4,497,065 |
| Borrowing Costs | | 130,859 | 217,514 |
| Audit expenses | 2b | 123,600 | 90,000 |
| Other expenses | 2b | 9,099,311 | 7,062,708 |
| Loss on Disposal of Property, Plant & Equipment | | 8,601 | 5,211 |
| Depreciation and amortisation expense | 7 | 4,863,119 | 2,898,045 |
| **Total Expenses from Trading Activities** | | **74,584,836** | **64,823,935** |
| **Profit / (Loss) from Trading Activities** | | **1,316,858** | **2,111,647** |
| | | | |
| **Stakeholder Contributions** | | | |
| Contributions from related parties | 17 | 7,867,374 | 8,918,797 |
| Contributions to related parties | 17 | (9,114,375) | (8,378,670) |
| **Total Stakeholder Contributions** | | **(1,247,001)** | **540,127** |
| **Total Trading Result after Stakeholder Contributions** | | **69,857** | **2,651,774** |
| | | | |
| **Income from Government Related Items** | | | |
| State Government grants and other contributions | | 838,445 | 219,459 |
| **Total Income from Government Related Items** | | **838,445** | **219,459** |
| | | | |
| **Expenses from Government Related Items** | | | |
| Acquisition of capital assets funded by the government | | 1,027,502 | 254,571 |
| Lease to Minister | | 400,000 | 200,000 |
| **Total Expenses from Government Related Items** | | **1,427,502** | **454,571** |
| **Profit / (Loss) from Government Related Items** | | **(589,057)** | **(235,112)** |
| | | | |
| **Total Comprehensive Result** | | **(519,200)** | **2,416,662** |

The Total Comprehensive Result includes an amount of $2,765,085 ($2,684,717) 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 2017

| | Note | 31 Oct 2017 | 31 Oct 2016 |
|---|---|---|---|
| | | $ | $ |
| **Assets** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | 3 | 7,690,596 | 6,878,979 |
| Trade and other receivables | 4 | 3,373,867 | 8,399,268 |
| Inventories | 5a | 1,672,632 | 835,944 |
| Other assets | 6 | 156,397 | 548,684 |
| **Total Current Assets** | | **12,893,492** | **16,662,875** |
| **Non-Current Assets** | | | |
| Property, plant and equipment | 7 | 19,099,338 | 14,974,795 |
| Software Licences | 7 | 56,517 | 180,927 |
| **Total Non-Current Assets** | | **19,155,855** | **15,155,722** |
| **Total Assets** | | **32,049,347** | **31,818,597** |
| | | | |
| **Liabilities** | | | |
| **Current Liabilities** | | | |
| Trade and other payables | 9 | 10,255,734 | 10,231,482 |
| Loans and borrowings | 10 | 904,175 | 556,354 |
| Provisions | 11 | 1,749,569 | 1,533,150 |
| Deferred income | 12 | 4,453,246 | 3,044,081 |
| Other liabilities | | 306,382 | 888,998 |
| **Total Current Liabilities** | | **17,669,106** | **16,254,065** |
| **Non-Current Liabilities** | | | |
| Loans and borrowings | 10 | 5,082,236 | 5,206,804 |
| Provision | 11 | 148,836 | 127,316 |
| Deferred income | 12 | 4,061,166 | 4,623,209 |
| **Total Non-Current Liabilities** | | **9,292,238** | **9,957,329** |
| **Total Liabilities** | | **26,961,344** | **26,211,394** |
| **Net Assets** | | **5,088,003** | **5,607,203** |
| | | | |
| **Equity** | | | |
| Retained Earnings | | 378,638 | 2,922,486 |
| Sinking Fund Reserve | 3 | 4,709,365 | 2,684,717 |
| **Total Equity** | | **5,088,003** | **5,607,203** |

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 2017

| | Note | (Accumulated Losses)/ Retained Earnings | Sinking Fund Reserve Account | Total |
|---|---|---|---|---|
| | | $ | $ | $ |
| **Balance at 1st November 2015** | | **3,190,541** | | **3,190,541** |
| Total comprehensive result | | 2,416,662 | | 2,416,662 |
| Transfer (to) / from Reserves | 3 | (2,684,717) | 2,684,717 | |
| **Balance at 31st October 2016** | | **2,922,486** | **2,684,717** | **5,607,203** |
| | | | | |
| **Balance at 1st November 2016** | | **2,922,486** | **2,684,717** | **5,607,203** |
| Total comprehensive result | | (519,200) | | (519,200) |
| Transfer (to) / from Reserves | 3 | (2,024,648) | 2,024,648 | |
| **Balance at 31st October 2017** | | **378,638** | **4,709,365** | **5,088,003** |

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 2017

| | Note | 31 Oct 2017 | 31 Oct 2016 |
|---|---|---|---|
| | | $ | $ |
| **Cash Flow From Operating Activities** | | | |
| Receipts from customers, grants, other contributions and other income | | 102,325,104 | 84,796,097 |
| Payments to suppliers and employees | | (92,799,725) | (76,913,917) |
| Interest received | | 65,697 | 5,788 |
| Finance costs | | (130,859) | (217,514) |
| **Net cash flow from operating activities** | 18b | **9,460,217** | **7,670,454** |
| | | | |
| **Cash Flow From Investing Activities** | | | |
| Purchase of property, plant and equipment | | (8,871,853) | (3,261,002) |
| **Net cash flow from investing activities** | | **(8,871,853)** | **(3,261,002)** |
| | | | |
| **Cash Flow From Financing Activities** | | | |
| Increase in loans and borrowings | | 223,253 | 146,207 |
| **Net cash flow from financing activities** | | **223,253** | **146,207** |
| | | | |
| Net increase in cash held | | 811,617 | 4,555,659 |
| Cash and cash equivalents at beginning of the financial period | | 6,878,979 | 2,323,320 |
| **Cash and cash equivalents at the end of the financial period** | 3 | **7,690,596** | **6,878,979** |

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 2017

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.

### 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 21st February 2018 by the Directors of the company.

**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 ($519,200) (October 2016: $2,416,662) and has a net working capital deficiency of ($4,775,614) (October 2016: net working capital surplus of $408,810).

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 $14.10 million (2016: $10.15 million). At the time of this report, AOSMA had funds available to draw down of $8.9 million (2016: $5.7 million).

**Accounting Policies**

a. **Revenue**

Grant revenue is recognised in the Statement of Comprehensive Income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity 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 the entity 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.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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.

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. **Property, Plant, Equipment and Software Licences**

Each class of property, plant, equipment and software licences is stated at fair value and is carried at cost, less, where applicable, accumulated depreciation or amortisation and impairment losses.

**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.

**Software Licences**

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 Software Licences 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.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Any revaluation increment is credited to the revaluation surplus, except to the extent that it reverses a revaluation decrement of the same asset class previously recognised in the Statement of Comprehensive Income, in which case the increase is recognised in the Statement of Comprehensive Income.

Any revaluation decrease is recognised in the Statement of Comprehensive Income, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the revaluation surplus to the extent of the credit balance existing in revaluation surplus for that asset class.

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

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

### Fair value measurement

All assets acquired, including property, plant, equipment and software licences, are stated at cost less accumulated depreciation or amortisation and accumulated impairment losses, which is 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.

AOSMA had no valuations 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.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Depreciation**

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 | 3-30 years |
| Software licences | 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.

Change in accounting estimate

A review of the useful lives of some plant and equipment assets was carried out during the financial year, resulting in the following amendments to useful lives:

| Class of Fixed Asset | Revised Useful Life | Prior Useful Life |
|---|---|---|
| Plant and Equipment | 3-30 years | 4-30 years |

This has the effect of increasing the depreciation expense for the year ended 31 October 2017 by $1.43 million.

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 reserve relating to that asset are transferred to retained earnings.

d. **Financial Instruments**

*Initial recognition and measurement*

*Amortised cost* is calculated as:

i. the amount at which the financial asset or financial liability is measured at initial recognition;

ii.C less principal repayments;

iii. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and

iv. less any reduction for impairment.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability.

Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

i *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Ii *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

Iii *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

iv *Available-for-sale financial assets*

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

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

v *Financial liabilities*

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

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Impairment**

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

**Derecognition**

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

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 other payables 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 for all staff with greater than 5 years' service. Consideration is given to current salary and wage levels and employee on-costs.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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.

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**

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

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 $0.8m (2016: $0.2m).

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.

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 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. Refer to the Statement of Changes in Equity.

p. **Critical Accounting Estimates and Judgments**

The directors evaluate 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. **Economic Dependence**

The operations of AOSMA are dependent on SANFL and SACA pursuant to clause 14.4 of the Promoters Agreement.

r. **New Accounting Standards for Application in Future Periods**

Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by AOSMA for the period ending 31 October 2017. AOSMA has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the entity.

## Adelaide Oval SMA Limited

## ABN 46 141 259 538

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2017

### NOTE 2: REVENUE, OTHER INCOME, AND EXPENSES

| | 31 Oct2017 $ | 31 Oct 2016 $ |
|---|---|---|
| **a. Income from Trading Activities** | | |
| Fees and charges | 16,471,670 | 14,115,653 |
| Sales | 57,578,143 | 51,035,474 |
| Interest received | 65,697 | 5,788 |
| Other Revenue | 1,786,184 | 1,778,667 |
| **Total Income from Trading Activities** | **75,901,694** | **66,935,582** |
| | | |
| **b. Expenses from trading activities** | | |
| Supplies and services expenses | | |
| Stadium operating | 9,095,519 | 8,351,999 |
| Servicing costs | 1,323,169 | 1,430,368 |
| Administration | 1,146,532 | 899,401 |
| **Total supplies and services expenses** | **11,565,220** | **10,681,768** |
| | | |
| Auditor's Remuneration | | |
| Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements | 123,600 | 90,000 |
| **Total Auditor's Remuneration** | **123,600** | **90,000** |
| | | |
| Other Expenses | | |
| Marketing and public relations | 504,303 | 530,386 |
| Other employee benefits | 932,646 | 806,435 |
| Laundry, Linen & Uniforms | 411,285 | 412,303 |
| ICT expenses | 798,125 | 704,955 |
| Insurance and legal fees | 651,052 | 595,545 |
| Stadium servicing costs | 1,497,806 | 1,279,198 |
| General expenses | 4,304,094 | 2,733,886 |
| **Total other expense** | **9,099,311** | **7,062,708** |

## NOTE 3: CASH AND CASH EQUIVALENTS

| | Note | 31 Oct 2017 | 31 Oct 2016 |
|---|---|---|---|
| | | $ | $ |
| **Current** | | | |
| Cash at bank | | 2,822,245 | 4,054,977 |
| Sinking Fund Account[1] | | 4,709,365 | 2,684,717 |
| Cash on hand | | 158,986 | 139,285 |
| **Total cash and cash equivalents** | 18,19 | **7,690,596** | **6,878,979** |

[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 2017 | 31 Oct 2016 |
|---|---|---|---|
| | | $ | $ |
| **Sinking Fund Movement Schedule** | | | |
| **Opening Balance** | | **2,684,717** | |
| Transfer in – from AOSMA | | 2,765,085 | 2,684,717 |
| Interest / Investment Income | | 39,348 | |
| Capital Replacement Expenditure | | (779,785) | |
| Total Transfer to / (from) Reserves | | **2,024,648** | **2,684,717** |
| **Closing Balance** | | **4,709,365** | **2,684,717** |

## NOTE 4: TRADE AND OTHER RECEIVABLES

| | Note | 31 Oct 2017 | 31 Oct 2016 |
|---|---|---|---|
| | | $ | $ |
| **Current** | | | |
| Trade and other receivables | | 3,058,067 | 2,594,400 |
| Provision for impairment | | (16,185) | (18,799) |
| Due from related party | | 331,985 | 5,823,667 |
| **Total current trade and other receivables** | 19 | **3,373,867** | **8,399,268** |

| | | | Past due but not impaired (days overdue) | | | |
|---|---|---|---|---|---|---|
| | Gross amount | Past due and impaired | < 30 | 30–60 | 61–90 | > 90 |
| | $ | $ | $ | $ | $ | $ |
| **October 2017** | | | | | | |
| Trade and term receivables | 2,916,332 | 16,185 | 2,600,923 | 246,229 | 39,417 | 13,578 |
| Other receivables | 473,720 | | 473,720 | | | |
| **Total** | **3,390,052** | **16,185** | **3,074,643** | **246,229** | **39,417** | **13,578** |

## NOTE 4: TRADE AND OTHER RECEIVABLES (CONT.)

| | | | Past due but not impaired (days overdue) | | | |
|---|---|---|---|---|---|---|
| | Gross amount | Past due and impaired | < 30 | 30–60 | 61–90 | > 90 |
| | $ | $ | $ | $ | $ | $ |
| **October 2016** | | | | | | |
| Trade and term receivables | 1,837,869 | 18,799 | 822,445 | 205,823 | 296,094 | 494,708 |
| Other receivables | 6,580,198 | - | 6,580,198 | | | |
| **Total** | **8,418,067** | **18,799** | **7,402,643** | **205,823** | **296,094** | **494,708** |

The company 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 2017 | 31 Oct 2016 |
|---|---|---|
| | $ | $ |
| **a. Main types of inventories held** | | |
| Beverage | 1,387,908 | 653,687 |
| Food | 157,561 | 84,028 |
| Consumables | 127,163 | 98,229 |
| **Total inventories** | **1,672,632** | **835,944** |

| | 31 Oct 2017 | 31 Oct 2016 |
|---|---|---|
| | $ | $ |
| **b. Inventories recognised as expense** | | |
| Beverage | 8,740,470 | 7,619,860 |
| Food | 7,510,997 | 6,202,729 |
| Consumable | 791,650 | 972,471 |
| **Total inventories recognised as expense** | **17,043,117** | **14,795,060** |

## NOTE 6: OTHER ASSETS

| | 31 Oct 2017 | 31 Oct 2016 |
|---|---|---|
| | $ | $ |
| **Current** | | |
| Prepayments | 134,405 | 510,535 |
| Other | 21,992 | 38,149 |
| **Total current other assets** | **156,397** | **548,684** |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2017

### NOTE 7: PROPERTY, PLANT, EQUIPMENT AND SOFTWARE LICENCES

| | 31 Oct 2017<br>$ | 31 Oct 2016<br>$ |
|---|---|---|
| **Plant and Equipment** | | |
| Plant and equipment at cost | 20,134,289 | 22,006,846 |
| Less accumulated depreciation | (8,968,581) | (7,263,420) |
| **Total plant and equipment** | **11,165,708** | **14,743,426** |
| | | |
| **Motor Vehicles** | | |
| Motor Vehicles at cost | 344,735 | 344,735 |
| Less accumulated depreciation | (182,313) | (113,366) |
| **Total motor vehicles** | **162,422** | **231,369** |
| | | |
| **Total Property, plant and equipment** | **11,328,130** | **14,974,795** |
| | | |
| **Software Licences** | | |
| Software licences at cost | 860,865 | 860,685 |
| Less accumulated amortisation | (804,348) | (679,758) |
| **Total software licences** | **56,517** | **180,927** |
| | | |
| Capital works in progress | 7,771,208 | |
| **Total property, plant, equipment and software licences** | **19,155,855** | **15,155,722** |

**Movements in Carrying Amounts**

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

| | Capital works in progress | Motor Vehicles | Software Licences | Plant and Equipment | Total |
|---|---|---|---|---|---|
| **October 2016** | $ | $ | $ | $ | $ |
| Balance at the beginning of the period | 97,160 | 103,016 | 382,127 | 14,455,729 | 15,038,032 |
| Additions at cost | 2,417,347 | 193,485 | 46,594 | 603,576 | 3,261,002 |
| Disposals | (235,675) | | | (9,592) | (245,267) |
| Transfers in / adjustments | (2,278,832) | | | 2,278,832 | |
| Depreciation or amortisation expense | | (65,132) | (247,794) | (2,585,119) | (2,898,045) |
| **Carrying amount at end of period** | | **231,369** | **180,927** | **14,743,426** | **15,155,722** |
| **October 2017** | | | | | |
| Balance at the beginning of the period | | 231,369 | 180,927 | 14,743,426 | 15,155,722 |
| Additions at cost | 8,354,816 | | | 517,037 | 8,871,853 |
| Disposals | | | | (8,601) | (8,601) |
| Transfers in / adjustments | (583,608) | | | 583,608 | |
| Depreciation or amortisation expense | | (68,947) | (124,410) | (4,669,762) | (4,863,119) |
| **Carrying amount at end of period** | **7,771,208** | **162,422** | **56,517** | **11,165,708** | **19,155,855** |

# Adelaide Oval SMA Limited

## ABN 46 141 259 538

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2017

### 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 balance sheet are categorised into the following levels at 31 October 2017. AOSMA had no valuations categorised into level 1 or 2.

| **Fair value measurements at 31 October 2017** | **NOTE** | **Level 3 31 Oct 2017** | **Level 3 31 Oct 2016** |
|---|---|---|---|
| | | **$** | **$** |
| Plant and equipment | 7 | 11,165,708 | 14,743,426 |
| Motor vehicles | 7 | 162,422 | 231,369 |
| Software Licences | 7 | 56,517 | 180,927 |
| Work in progress | 7 | 7,771,208 | |
| **Total recurring fair value measurements** | | **19,155,855** | **15,155,722** |

**Valuation techniques and inputs**

Valuation techniques used to derive level 3 fair values are at note 1. There were no changes in valuation techniques during 2017. The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

**Reconciliation of fair value measurements - Level 3**

| | **Capital works in progress** | **Motor Vehicles** | **Software Licences** | **Plant and Equipment** | **Total** |
|---|---|---|---|---|---|
| | **$** | **$** | **$** | **$** | **$** |
| Balance at the beginning of the period | 97,160 | 103,016 | 382,127 | 14,455,729 | 15,038,032 |
| Additions at cost | 2,417,347 | 193,485 | 46,594 | 603,576 | 3,261,002 |
| Disposals | (235,675) | | | (9,592) | (245,267) |
| Transfers in / adjustments | (2,278,832) | | | 2,278,832 | |
| Depreciation or amortisation expense | | (65,132) | (247,794) | (2,585,119) | (2,898,045) |
| **Closing balances as at October 2016** | | **231,369** | **180,927** | **14,743,426** | **15,155,722** |
| Balance at the beginning of the period | | 231,369 | 180,927 | 14,743,426 | 15,155,722 |
| Additions at cost | 8,354,816 | | | 517,037 | 8,871,853 |
| Disposals | | | | (8,601) | (8,601) |
| Transfers in / adjustments | (583,608) | | | 583,608 | |
| Depreciation or amortisation expense | | (68,947) | (124,410) | (4,669,762) | (4,863,119) |
| **Closing balances as October 2017** | **7,771,208** | **162,422** | **56,517** | **11,165,708** | **19,155,855** |

## NOTE 9: TRADE AND OTHER PAYABLES

| | Note | 31 Oct 2017 | 31 Oct 2016 |
|---|---|---|---|
| | | $ | $ |
| **Current** | | | |
| Trade payables | 9a | 3,696,316 | 5,767,908 |
| Other current payables | 9a | 4,515,124 | 2,352,534 |
| Funds held on behalf of related parties | 17, 9a | 1,779,542 | 1,502,514 |
| Due to related party – Other | 17, 9a | 264,752 | 608,526 |
| **Total current trade and other payables** | | **10,255,734** | **10,231,482** |

a. **Financial liabilities at amortised cost classified as trade and other payables**

| | | 31 Oct 2017 | 31 Oct 2016 |
|---|---|---|---|
| Trade and other payables | | | |
| — Total current | | 10,255,734 | 10,231,482 |
| **Financial liabilities as trade and other payables** | | **10,255,734** | **10,231,482** |

Trade and other payables exclude amounts which are not considered a financial instrument such as unearned grant revenue.

## NOTE 10: LOANS AND BORROWINGS

| | Note | 31 Oct 2017 | 31 Oct 2016 |
|---|---|---|---|
| | | $ | $ |
| **Current** | | | |
| Finance leases (secured) | | 66,318 | 206,354 |
| Loan to related party (unsecured) | 17 | 837,857 | 350,000 |
| **Total current loans and borrowings** | | **904,175** | **556,354** |
| **Non-current** | | | |
| Loan to related party (unsecured) | 17 | - | 957,603 |
| Bank loans (secured) | | 5,000,000 | 3,500,000 |
| Finance leases (secured) | | 82,236 | 749,201 |
| **Total non-current loans and borrowings** | | **5,082,236** | **5,206,804** |

## NOTE 11: PROVISIONS

| | 31 Oct 2017 | 31 Oct 2016 |
|---|---|---|
| | $ | $ |
| **Current** | | |
| Annual leave | 927,799 | 912,064 |
| Long Service Leave | 821,770 | 621,086 |
| **Total current provisions** | **1,749,569** | **1,533,150** |
| | | |
| **Non-current** | | |
| Long Service Leave | 148,836 | 127,314 |
| **Total non-current deferred income** | **148,836** | **127,314** |

## NOTE 12: DEFERRED INCOME

| | 31 Oct 2017 | 31 Oct 2016 |
|---|---|---|
| | $ | $ |
| **Current** | | |
| Other unearned income | 4,453,246 | 3,044,081 |
| **Total current deferred income** | **4,453,246** | **3,044,081** |
| | | |
| **Non-current** | | |
| Other unearned income | 4,061,166 | 4,623,209 |
| **Total non-current deferred income** | **4,061,166** | **4,623,209** |

## NOTE 13: EXPENDITURE COMMITMENTS

**Operating lease**

The operating lease arrangements in place as at the 31st October 2017 include the annual sublease with the Minister of Transport in accordance with the Adelaide Oval Redevelopment and Management Act 2011 valid until 2091, and various equipment leases expiring between 2018 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 2017 | 31 Oct 2016 |
|---|---|---|
| | $ | $ |
| Less than one year | 834,959 | 638,668 |
| Between one and five years | 5,632,695 | 4,121,158 |
| More than five years | 67,666,667 | 69,666,802 |
| **Total operating lease** | **74,134,321** | **74,426,628** |

## NOTE 13: EXPENDITURE COMMITMENTS (CONT.)

### Finance lease

The finance leases as at the 31st October 2017 are for operating equipment. The finance leases for the operating equipment end between 2017 and 2020.

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

| | NOTE | 31 Oct 2017 $ | 31 Oct 2016 $ |
|---|---|---|---|
| **Commitments in relation to finance leases are payable as follows:** | | | |
| Within one year | | 70,762 | 257,021 |
| Later than one year but not later than five years | | 86,255 | 797,997 |
| **Minimum lease payments** | | **157,017** | **1,055,018** |
| Future finance charges | | (8,462) | (99,463) |
| Recognised as a liability | | 148,554 | 955,555 |
| **Total lease liabilities** | | **148,554** | **955,555** |
| **Representing lease liabilities:** | | | |
| Current | 10 | 66,318 | 206,354 |
| Non-current | 10 | 82,236 | 749,201 |
| | | **148,554** | **955,555** |
| **The present value of finance lease liabilities is as follow** | | | |
| Within one year | | 66,318 | 206,354 |
| Later than one year but not later than fiive years | | 82,236 | 749,201 |
| | | **148,554** | **955,555** |

## NOTE 14: CONTINGENT LIABILITIES AND ASSETS

**Contingent Liability**
The Adelaide Oval Redevelopment and Management Act requires AOSMA to contribute funds each year into a sinking fund. AOSMA has established this fund and has commenced paying into this fund from October 2016. The balance of this fund as at 31st October 2017 was $4,709,365 (2016: $2,684,717).

**Contingent Asset**
There are no other matters in relation to the entity that would give rise to a contingent asset in the financial statements at 31 October 2017.

## NOTE 15: EVENTS AFTER REPORTING PERIOD

There are no 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
Jason Bird, Corporate Sales Manager
Mia Carrall, Finance Manager
Fiona Rossi, P&C Manager (resigned)
Joanne Evans, P&C Manager
Leona Emeny, Hospitality Strategy & Innovation Manager
Damian Hough, Head Curator
Lucy Johnson, Marketing & Communications Manager
Dennis Leslie, Executive Manager & Chef Hill Of Grace (resigned)
Lesley Magill, Major Events Manager
Matt Omond, Retail Hospitality Manager
Hamish Robertson, Executive Chef Hospitality
Laura Robinson, Tourism Manager
Sharon Stephens, Stadium Manager
Ben Swanson, Venue Hospitality Manager
Matt Wissell, ICT Manager

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

| | 31 Oct 2017 | 31 Oct 2016 |
|---|---|---|
| | $ | $ |
| Short-term employee benefits | 2,893,820 | 2,777,492 |
| Post-employment benefits | 244,431 | 243,903 |
| **Total compensation** | **3,138,251** | **3,021,395** |

| **NOTE 17: RELATED PARTY TRANSACTIONS** | **31 Oct 2017** | **31 Oct 2016** |
|---|---|---|
| | **$** | **$** |
| **Included in the Statement of Comprehensive Income are the following related party transactions:** | | |
| Match day costs, service fees and contributions paid by or on behalf of SANFL and SACA to AOSMA[1] | 10,945,228 | 12,443,919 |
| Match day costs, service costs and contributions paid to or on behalf of SANFL and SACA by AOSMA[2] | (12,192,229) | (11,508,679) |
| Licence & Management Fees paid by COT to AOSMA[3] | 347,460 | 96,105 |

[1] AOSMA recovers from SACA and SANFL various expenses and match day costs for cricket games and football games. SANFL and SACA contribute financial support to AOSMA to ensure it has sufficient working capital to pay its debts as and when they fell due.

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

[3] AOSMA has sub licenced the roof climb activities to the Commercial Operations Trust (COT) as at the 1st 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 2017** | **31 Oct 2016** |
|---|---|---|---|
| | | **$** | **$** |
| **Included in the Statement of Financial Position are the following related party balances:** | | | |
| Payable owed to SANFL, SACA and COT | 9 | 264,752 | 608,526 |
| Loan owed to SANFL, SACA and COT | 10 | 837,857 | 1,307,603 |
| Receivables owed by SANFL and SACA | 4 | 331,985 | 5,823,667 |
| Income received on behalf of SANFL and SACA not yet distributed to SANFL and SACA | 9 | 1,779,542 | 1,502,514 |
| Unearned Income received from COT | 12 | 2,100,000 | 2,250,000 |

| | **31 Oct 2017** | **31 Oct 2016** |
|---|---|---|
| | **$** | **$** |
| **Other related party transactions:** | | |
| Distributions to SANFL, SACA and COT from AOSMA as agent[4] | (25,506,738) | (23,830,997) |

[4] 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.

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.

**Note 17: RELATED PARTY TRANSACTIONS (Cont.)**

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

**Directors**

| | |
|---|---|
| John Wayne Olsen AO | |
| Andrew William Sinclair | |
| Ian Murray McLachlan AO | |
| Philip James Gallagher | |
| Dion McCaffrie | |
| Peter John Hurley AO | |
| Dean Lloyd Marsh | (Alternate Director until 16th November 2016 and appointed as Director 17th November 2016) |
| Kevin John Scarce AC CSC RAN (Rtd) | |
| Keith Bradshaw | (Resigned as Director 17th November 2016 and appointed as Alternate Director 17th March 2017) |

**Alternate Directors**

| | |
|---|---|
| Jake Adam Parkinson | |
| Andrea Slattery | |
| Nathan Adcock | (Appointed 26th July 2016) |
| Rod Phillips | (Appointed 20th March 2017) |

No Directors fees were paid or payable in October 2017 (October 2016: $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 $118,773 (October 2016 $118,773). This purchase was on an arm's length basis.

Board Director Dean Marsh is a partner at accounting firm Grant Thornton. This firm purchased corporate hospitality and function products in 2017 at a cost of $16,222 (October 2016 $51,023). These purchases were on an arm's length basis.

Board Director Andrew Sinclair is a partner at law firm Cowell Clarke. This firm provided legal services to AOSMA in 2017 at a cost of $891 (October 2016 $5,420). The services were on an arm's length basis. This firm purchased corporate hospitality and function products in 2017 at a cost of $7,735 (October 2016 nil).

Board Director Peter Hurley is the owner and Director of Hurley Hotel Group of Companies. This group purchased corporate hospitality products in 2017 at a cost of $4,436 (October 2016 $3,954). These purchases were on an arm's length basis.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2017

### NOTE 18: CASH FLOW INFORMATION

| | | Note | 31 Oct 2017 | 31 Oct 2016 |
|---|---|---|---|---|
| | | | $ | $ |
| a. | **Reconciliation of Cash** | | | |
| | Cash at bank | | 7,531,610 | 6,739,694 |
| | Other cash | | 158,986 | 139,285 |
| | **Total Cash** | 3 | **7,690,596** | **6,878,979** |
| b. | **Reconciliation of Cash flow from Operating Activities to Total Comprehensive Result** | | | |
| | Total Comprehensive Result | | (519,200) | 2,416,662 |
| | Non cash flows | | | |
| | Depreciation and amortisation | | 4,863,119 | 2,898,045 |
| | Asset transfers / adjustments | | 8,601 | 245,267 |
| | Changes in assets and liabilities | | | |
| | Increase in provisions | | 237,939 | 256,510 |
| | Decrease/ (increase) in trade and other receivables | | 5,025,402 | (1,197,680) |
| | Decrease/ (increase) in stock | | (836,688) | 389,790 |
| | Increase in trade and other payables | | 24,251 | 940,283 |
| | Increase in deferred income | | 847,122 | 1,529,536 |
| | Decrease/ (increase) in prepayments | | 392,287 | (295,489) |
| | (Decrease)/ increase in other liabilities | | (582,616) | 487,530 |
| | **Cash flow generated from Operating Activities** | | **9,460,217** | **7,670,454** |

### NOTE 19: FINANCIAL RISK MANAGEMENT

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

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

| | Note | 31 Oct 2017 | 31 Oct 2016 |
|---|---|---|---|
| | | $ | $ |
| **Financial Assets** | | | |
| Cash and cash equivalents | 3 | 7,690,596 | 6,878,979 |
| Trade and other receivables | 4 | 3,373,867 | 7,982,046 |
| **Total Financial Assets** | | **11,064,463** | **14,861,025** |
| Trade and other receivables excludes statutory payables, as required by AASB 132 Financial Instruments - Presentation | | | |
| **Financial Liabilities** | | | |
| Financial liabilities at amortised cost | | | |
| – Trade and other payables | | 10,197,418 | 8,415,812 |
| – Borrowings | 10 | 5,986,411 | 5,763,158 |
| **Total Financial Liabilities** | | **16,183,829** | **14,178,970** |

**NOTE 19: FINANCIAL RISK MANAGEMENT**

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 Board 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 as detailed at Note 4.

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. The following table provides information regarding the credit risk relating to cash and cash equivalents.

| | Note | 31 Oct 2017 | 31 Oct 2016 |
|---|---|---|---|
| Cash and cash equivalents | | $ | $ |
| Cash on hand | | 158,986 | 139,285 |
| Cash held with a major Australian financial institution | | 7,531,610 | 6,739,694 |
| **Total cash and cash equivalents** | 3 | **7,690,596** | **6,878,979** |

### NOTE 19: FINANCIAL RISK MANAGEMENT (CONT.)

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 assets 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 and financial asset maturity analysis***

| | Within 1 Year | | 1 to 5 Years | | Over 5 Years | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 31 Oct 2017 | 31 Oct 2016 | 31 Oct 2017 | 31 Oct 2016 | 31 Oct 2017 | 31 Oct 2016 | 31 Oct 2017 | 31 Oct 2016 |
| **Financial Liability** | $ | $ | $ | $ | $ | $ | $ | $ |
| Trade and other payables | 10,197,418 | 8,415,812 | | | | | 10,197,418 | 8,415,812 |
| Loans and borrowings | 904,175 | 556,354 | 5,082,236 | 5,206,804 | | | 5,986,411 | 5,763,158 |
| **Total expected outflows** | **11,101,593** | **8,972,166** | **5,082,236** | **5,206,804** | | | **16,183,829** | **14,178,970** |
| **Financial Assets** | | | | | | | | |
| Cash and cash equivalents | 7,690,596 | 6,878,979 | | | | | 7,690,596 | 6,878,979 |
| Trade and other receivables | 3,307,228 | 7,982,046 | | | | | 3,307,228 | 7,982,046 |
| Total expected inflows | 10,997,824 | 14,861,025 | | | | | 10,997,824 | 14,861,025 |
| **Net (outflow)/inflow on financial instruments** | **(103,769)** | **5,888,859** | **(5,082,236)** | **(5,206,804)** | | | **(5,186,005)** | **682,055** |

## NOTE 19: FINANCIAL RISK MANAGEMENT (CONT.)

c. **Market Risk**

i. 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 2017 AOSMA has secured loans and leases of $5,148,554 (October 2016: $4,455,555) per note 10. These loans are subject to a variable rate of interest, and therefore are exposed to changes in the variable interest rate.

ii. ***Price risk***

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held.

The company is not exposed to securities price risk as it has no investments held for trading or for medium to longer terms.

**Net Fair Values**

**Fair value estimation**

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the Statement of Financial Position. 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 derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

| | | Oct 2017 | | Oct 2016 | |
|---|---|---|---|---|---|
| | Footnote | Net Carrying Value | Net Fair Value | Net Carrying Value | Net Fair Value |
| | | $ | $ | $ | $ |
| **Financial assets** | | | | | |
| Cash and cash equivalents | (i) | 7,690,596 | 7,690,596 | 6,878,979 | 6,878,979 |
| Trade and other receivables | (i) | 3,373,867 | 3,373,867 | 8,399,268 | 8,399,268 |
| **Total financial assets** | | **11,064,463** | **11,064,463** | **15,278,247** | **15,278,247** |
| **Financial liabilities** | | | | | |
| Trade and other payables | (i) | 10,255,734 | 10,255,734 | 10,231,482 | 10,231,482 |
| Loans and borrowings | (i) | 5,986,411 | 5,986,411 | 5,763,158 | 5,763,158 |
| **Total financial liabilities** | | **16,242,145** | **16,242,145** | **15,994,640** | **15,994,640** |

**NOTE 19: FINANCIAL RISK MANAGEMENT (CONT.)**

The fair values disclosed in the above table 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, which are not considered a financial instrument such as unearned grant revenue.

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

**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.

Management 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 management 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**

The entity is incorporated under the *Corporations Act 2001* and is an entity limited by guarantee. If the entity 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 the entity. At 31 October 2017 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 38, 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 2017 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:

John Wayne Olsen AO
**Chairman**

Andrew William S[illegible]
**Deputy Chairman**

Dated this 21ST day of FEBRUARY 2018