

# Adelaide Oval SMA Limited

Financial report  
for the year ended  
31 October 2018



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 financial year ended 31 October 2018.

### 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 2018 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 2018
- a Statement of Financial Position as at 31 October 2018
- a Statement of Changes in Equity for the year ended 31 October 2018
- a Statement of Cash Flows for the year ended 31 October 2018
- 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 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 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**

25 February 2019



**Adelaide Oval SMA Limited**

**ABN 46 141 259 538**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE 12 MONTHS ENDED 31 OCTOBER 2018**

	Note	31 Oct 2018	31 Oct 2017
		\$	\$
<b>Income from Trading Activities</b>			
Revenues from fees and charges		17,284,250	16,471,670
Revenues from Sales attributable to AOSMA		56,498,362	57,578,143
Interest Revenues		132,984	65,697
Other Revenues		1,693,040	1,786,184
<b>Total Income from Trading Activities</b>	2a	<b>75,608,636</b>	<b>75,901,694</b>
<b>Expenses from Trading Activities</b>			
Employee Benefits Expense		26,973,394	26,383,932
Raw materials and consumables consumed	5b	16,576,880	17,043,117
Supplies and services	2b	10,722,585	11,565,220
Building maintenance costs		5,452,792	5,367,077
Borrowing Costs		260,601	130,859
Audit expenses	2b	140,000	123,600
Other expenses	2b	9,026,770	9,099,311
Loss on Disposal of Property, Plant & Equipment		-	8,601
Depreciation and amortisation expense	7	3,574,973	4,863,119
<b>Total Expenses from Trading Activities</b>		<b>72,727,995</b>	<b>74,584,836</b>
<b>Profit / (Loss) from Trading Activities</b>		<b>2,880,641</b>	<b>1,316,858</b>
<b>Stakeholder Contributions</b>			
Contributions from related parties	17	10,024,569	7,867,374
Contributions to related parties	17	(9,457,341)	(9,114,375)
<b>Total Stakeholder Contributions</b>		<b>567,228</b>	<b>(1,247,001)</b>
<b>Total Trading Result after Stakeholder Contributions</b>		<b>3,447,869</b>	<b>69,857</b>
<b>Income from Government Related Items</b>			
State Government grants and other contributions		833,424	838,445
<b>Total Income from Government Related Items</b>		<b>833,424</b>	<b>838,445</b>
<b>Expenses from Government Related Items</b>			
Acquisition of capital assets funded by the government		807,951	1,027,502
Lease to Minister		600,000	400,000
<b>Total Expenses from Government Related Items</b>		<b>1,407,951</b>	<b>1,427,502</b>
<b>Profit / (Loss) from Government Related Items</b>		<b>(574,527)</b>	<b>(589,057)</b>
<b>Total Comprehensive Result</b>		<b>2,873,342</b>	<b>(519,200)</b>

The Total Comprehensive Result includes an amount of \$2,850,521 (\$2,765,085) 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 2018**

	Note	31 Oct 2018 \$	31 Oct 2017 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	10,598,347	7,690,596
Trade and other receivables	4	9,539,691	3,373,867
Inventories	5a	1,655,380	1,672,632
Other assets	6	14,185	156,397
<b>Total Current Assets</b>		<b>21,807,603</b>	<b>12,893,492</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	7	21,488,755	19,099,338
Software Licences	7	15,235	56,517
<b>Total Non-Current Assets</b>		<b>21,503,990</b>	<b>19,155,855</b>
<b>Total Assets</b>		<b>43,311,593</b>	<b>32,049,347</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	9	13,194,023	9,934,790
Loans and borrowings	10	771,607	904,175
Provisions	11	2,363,726	2,070,513
Deferred income	12	3,927,676	4,453,246
Other liabilities		426,480	306,382
<b>Total Current Liabilities</b>		<b>20,683,512</b>	<b>17,669,106</b>
<b>Non-Current Liabilities</b>			
Loans and borrowings	10	11,002,574	5,082,236
Provisions	11	329,783	148,836
Deferred income	12	3,334,379	4,061,166
<b>Total Non-Current Liabilities</b>		<b>14,666,736</b>	<b>9,292,238</b>
<b>Total Liabilities</b>		<b>35,350,248</b>	<b>26,961,344</b>
<b>Net Assets</b>		<b>7,961,345</b>	<b>5,088,003</b>
<b>Equity</b>			
Retained Earnings		1,222,602	378,638
Sinking Fund Reserve	3	6,738,743	4,709,365
<b>Total Equity</b>		<b>7,961,345</b>	<b>5,088,003</b>

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 2018**

	Note	Retained Earnings \$	Sinking Fund Reserve Account \$	Total \$
<b>Balance at 1<sup>st</sup> November 2016</b>		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	-
<b>Balance at 31<sup>st</sup> October 2017</b>		378,638	4,709,365	5,088,003
<b>Balance at 1<sup>st</sup> November 2017</b>		378,638	4,709,365	5,088,003
Total comprehensive result		2,873,342	-	2,873,342
Transfer (to) / from Reserves	3	(2,029,378)	2,029,378	-
<b>Balance at 31<sup>st</sup> October 2018</b>		1,222,602	6,738,743	7,961,345

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 2018**

	Note	31 Oct 2018 \$	31 Oct 2017 \$
<b>Cash Flow From Operating Activities</b>			
Receipts from customers, grants, other contributions and other income		91,522,370	102,325,104
Payments to suppliers and employees		(88,351,664)	(92,799,725)
Interest received		132,984	65,697
Finance costs		(260,601)	(130,859)
<b>Net cash flow from operating activities</b>	18b	<b>3,043,089</b>	<b>9,460,217</b>
<b>Cash Flow From Investing Activities</b>			
Purchase of property, plant and equipment		(5,923,108)	(8,871,853)
<b>Net cash flow from investing activities</b>		<b>(5,923,108)</b>	<b>(8,871,853)</b>
<b>Cash Flow From Financing Activities</b>			
Increase in loans and borrowings		5,787,770	223,253
<b>Net cash flow from financing activities</b>		<b>5,787,770</b>	<b>223,253</b>
Net increase in cash held		2,907,751	811,617
Cash and cash equivalents at beginning of the financial period		7,690,596	6,878,979
<b>Cash and cash equivalents at the end of the financial period</b>	3	<b>10,598,347</b>	<b>7,690,596</b>

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 2018

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 20<sup>th</sup> February 2019 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 \$2,873,342 (October 2017: (\$519,200)) and has a net working capital surplus of \$1,124,091 (October 2017: net working capital deficiency of \$4,775,614).

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 \$12.96 million (2017: \$14.10 million). At the time of this report, AOSMA had funds available to draw down of \$1.2 million (2017: \$8.9 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.

## Adelaide Oval SMA Limited

ABN 46 141 259 538

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2018

#### 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.

## Adelaide Oval SMA Limited

ABN 46 141 259 538

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2018

#### 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.

# Adelaide Oval SMA Limited

ABN 46 141 259 538

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2018

### 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	4-30 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.

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. 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.

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.

## Adelaide Oval SMA Limited

ABN 46 141 259 538

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2018

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

li *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.

lii *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.

#### **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.

## Adelaide Oval SMA Limited

ABN 46 141 259 538

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2018

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

##### 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. Expected future payments incorporate expected probabilities of staff retention.

Consideration is given to current salary and wage levels and employee on-costs.

##### Change in accounting estimate

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

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

Prior valuation of expected future payments is based on all staff with greater than 5 years of service.

This has the effect of reducing the long service leave liability for the year ended 31 October 2018 by \$178,156.

## Adelaide Oval SMA Limited

ABN 46 141 259 538

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2018

#### 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.

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

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.



**Adelaide Oval SMA Limited**

**ABN 46 141 259 538**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2018**

**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 (2017: \$0.8m).

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

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

**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. Refer to the Statement of Changes in Equity.

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.

**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.

## Adelaide Oval SMA Limited

ABN 46 141 259 538

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2018

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

##### q. 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 2018. AOSMA's assessment of future changes to Australian Accounting Standards that will be relevant is set out below.

##### **AASB9: Financial Instruments (applicable for annual reporting periods commencing on or after 1 January 2018)**

will replace AASB139: Financial Instruments: Recognition and Measurement. The key changes that may affect AOSMA on initial application of AASB9 include

- Simplifying the general classifications of financial assets into those carried at amortised cost and those carried at fair value;
- Permitting entities to irrevocably elect on initial recognition to present gains and losses on an equity instrument that is not held for trading in other comprehensive income;
- Simplifying the requirements for embedded derivatives, including removing the requirements to separate the fair value embedded derivatives for financial assets carried at amortised cost;
- Requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when it would create an 'accounting mismatch'.
- Introducing a new model for hedge accounting that permits greater flexibility in the ability to hedge risk, particularly with respect to non-financial items; and
- Requiring impairment of financial assets carried at amortised cost to be based on an expected loss approach.

Although AOSMA anticipates that the adoption of AASB9 may have an impact on AOSMA's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

##### **AASB15: Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1 January 2019)**

AASB15 will provide (except in relation to some specific exceptions, such as lease contracts and insurance contracts) a single source of accounting requirements for all contracts with customers, thereby replacing all current accounting pronouncements on revenue.

These standards provide a revised principle for recognising and measuring revenue. Under AASB15, revenue is recognised in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the provider of the goods or services expects to be entitled. To give effect to the principle, AASB15 requires the adoption of the following 5-step model:

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

AASB15 also provides additional guidance to assist entities in applying the revised principle to licences of intellectual property, warranties, rights of return, principal/agent considerations and options for additional goods and services.

Although AOSMA anticipates that the adoption of AASB15 may have an impact on AOSMA's reported revenue, it is impracticable at this stage to provide a reasonable estimate of such impact.

## Adelaide Oval SMA Limited

ABN 46 141 259 538

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2018

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

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

AASB16 will replace AASB117: Leases and introduces a single 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. Subsequent to initial recognition:

- Right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:
- Investment property, the lessee applies the fair value model in AASB140: Investment Property to the right-of-use asset; or
- Property, plant or equipment, the lessee can elect to apply the revaluation model in AASB116: Property, Plant and Equipment to all of the right-of-use assets that relate to the class of property, plant and equipment; and
- Lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expenses is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

Although AOSMA anticipates that the adoption of AASB16 may have an impact on AOSMA's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact. Though, AOSMA, at a minimum, will potentially need to recognise a value-in-use asset for the value of the Adelaide Oval Stadium and a lease liability for the life of the Adelaide Oval lease with the Minister. At this time values are yet to be determined.

**Adelaide Oval SMA Limited****ABN 46 141 259 538****NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2018****NOTE 2: REVENUE, OTHER INCOME, AND EXPENSES**

	31 Oct 2018	31 Oct 2017
	\$	\$
<b>a. Income from Trading Activities</b>		
Fees and charges	17,284,250	16,471,670
Sales	56,498,362	57,578,143
Interest received	132,984	65,697
Other Revenue	1,693,040	1,786,184
<b>Total Income from Trading Activities</b>	<b>75,608,636</b>	<b>75,901,694</b>
<b>b. Expenses from trading activities</b>		
Supplies and services expenses		
- Stadium operating	8,897,988	9,095,519
- Servicing costs	1,435,989	1,323,169
- Administration	388,608	1,146,532
<b>Total supplies and services expenses</b>	<b>10,722,585</b>	<b>11,565,220</b>
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	140,000	123,600
<b>Total Auditor's Remuneration</b>	<b>140,000</b>	<b>123,600</b>
Other Expenses		
- Marketing and public relations	522,603	504,303
- Other employee benefits	917,721	932,646
- Laundry, Linen & Uniforms	410,103	411,285
- ICT expenses	774,725	798,125
- Insurance and legal fees	683,155	651,052
- Stadium servicing costs	1,971,189	1,497,806
- General expenses	3,747,274	4,304,094
<b>Total other expense</b>	<b>9,026,770</b>	<b>9,099,311</b>

**Adelaide Oval SMA Limited**

**ABN 46 141 259 538**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2018**

**NOTE 3: CASH AND CASH EQUIVALENTS**

	Note	31 Oct 2018	31 Oct 2017
		\$	\$
<b>Current</b>			
Cash at bank		3,760,185	2,822,245
Sinking Fund Account <sup>1</sup>		6,738,743	4,709,365
Cash on hand		99,419	158,986
<b>Total cash and cash equivalents</b>	18,19	<b>10,598,347</b>	<b>7,690,596</b>

<sup>1</sup> 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 2018	31 Oct 2017
		\$	\$
<b>Sinking Fund Movement Schedule</b>			
Opening Balance		4,709,365	2,684,717
Transfer in – from AOSMA		2,850,521	2,765,085
Interest / Investment Income		97,699	39,348
Capital Replacement Expenditure		(918,842)	(779,785)
Total Transfer to / (from) Reserves		2,029,378	2,024,648
<b>Closing Balance</b>		<b>6,738,743</b>	<b>4,709,365</b>

**NOTE 4: TRADE AND OTHER RECEIVABLES**

	Note	31 Oct 2018	31 Oct 2017
		\$	\$
<b>Current</b>			
Trade and other receivables		3,197,887	3,058,067
Provision for impairment		(14,424)	(16,185)
Due from related party		6,356,228	331,985
<b>Total current trade and other receivables</b>	19	<b>9,539,691</b>	<b>3,373,867</b>

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

## Adelaide Oval SMA Limited

ABN 46 141 259 538

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

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

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

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 2018	31 Oct 2017
	\$	\$
<b>a. Main types of inventories held</b>		
- Beverage	1,359,218	1,387,908
- Food	138,849	157,561
- Consumables	157,313	127,163
<b>Total inventories</b>	<b>1,655,380</b>	<b>1,672,632</b>
	<b>31 Oct 2018</b>	<b>31 Oct 2017</b>
	<b>\$</b>	<b>\$</b>
<b>b. Inventories recognised as expense</b>		
- Beverage	8,432,840	8,740,470
- Food	7,165,139	7,510,997
- Consumables	978,901	791,650
<b>Total inventories recognised as expense</b>	<b>16,576,880</b>	<b>17,043,117</b>

#### NOTE 6: OTHER ASSETS

	31 Oct 2018	31 Oct 2017
	\$	\$
<b>Current</b>		
Prepayments	14,185	134,405
Other	-	21,992
<b>Total current other assets</b>	<b>14,185</b>	<b>156,397</b>

**Adelaide Oval SMA Limited**

**ABN 46 141 259 538**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2018**

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

	31 Oct 2018	31 Oct 2017
	\$	\$
<b>Plant and Equipment</b>		
Plant and equipment at cost	32,530,358	20,134,289
Less accumulated depreciation	(12,424,670)	(8,968,581)
<b>Total plant and equipment</b>	<b>20,105,688</b>	<b>11,165,708</b>
 <b>Motor Vehicles</b>		
Motor Vehicles at cost	393,651	344,735
Less accumulated depreciation	(259,916)	(182,313)
<b>Total motor vehicles</b>	<b>133,735</b>	<b>162,422</b>
 <b>Total Property, plant and equipment</b>	<b>20,239,423</b>	<b>11,328,130</b>
 <b>Software Licences</b>		
Software licences at cost	860,685	860,865
Less accumulated amortisation	(845,450)	(804,348)
<b>Total software licences</b>	<b>15,235</b>	<b>56,517</b>
 Capital works in progress	1,249,332	7,771,208
<b>Total property, plant, equipment and software licences</b>	<b>21,503,990</b>	<b>19,155,855</b>

**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
	\$	\$	\$	\$	\$
<b>October 2017</b>					
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)
<b>Carrying amount at end of period</b>	<b>7,771,208</b>	<b>162,422</b>	<b>56,517</b>	<b>11,165,708</b>	<b>19,155,855</b>
 <b>October 2018</b>					
Balance at the beginning of the period	7,771,208	162,422	56,517	11,165,708	19,155,855
Additions at cost	5,249,974	48,916	-	624,218	5,923,108
Disposals	-	-	-	-	-
Transfers in / adjustments	(11,771,850)	-	-	11,771,850	-
Depreciation or amortisation expense	-	(77,603)	(41,282)	(3,456,088)	(3,574,973)
<b>Carrying amount at end of period</b>	<b>1,249,332</b>	<b>133,735</b>	<b>15,235</b>	<b>20,105,688</b>	<b>21,503,990</b>

## Adelaide Oval SMA Limited

ABN 46 141 259 538

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2018

#### 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 2018. AOSMA had no valuations categorised into level 1 or 2.

Fair value measurements at 31 October 2018	NOTE	Level 3 31 Oct 2018 \$	Level 3 31 Oct 2017 \$
Plant and equipment	7	20,105,688	11,165,708
Motor vehicles	7	133,735	162,422
Software Licences	7	15,235	56,517
Work in progress	7	1,249,332	7,771,208
<b>Total recurring fair value measurements</b>		<b>21,503,990</b>	<b>19,155,855</b>

#### 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 2018. 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	-	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)
<b>Closing balances as at October 2017</b>	<b>7,771,208</b>	<b>162,422</b>	<b>56,517</b>	<b>11,165,708</b>	<b>19,155,855</b>
Balance at the beginning of the period	7,771,208	162,422	56,517	11,165,708	19,155,855
Additions at cost	5,249,974	48,916	-	624,218	5,923,108
Disposals	-	-	-	-	-
Transfers in / adjustments	(11,771,850)	-	-	11,771,850	-
Depreciation or amortisation expense	-	(77,603)	(41,282)	(3,456,088)	(3,574,973)
<b>Closing balances as at October 2018</b>	<b>1,249,332</b>	<b>133,735</b>	<b>15,235</b>	<b>20,105,688</b>	<b>21,503,990</b>



**Adelaide Oval SMA Limited**

**ABN 46 141 259 538**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2018**

**NOTE 9: TRADE AND OTHER PAYABLES**

	Note	31 Oct 2018	31 Oct 2017
		\$	\$
<b>Current</b>			
Trade payables	9a	5,816,447	3,696,316
Other current payables	9a	3,330,866	4,194,180
Funds held on behalf of related parties	17, 9a	3,720,580	1,779,542
Due to related party – Other	17, 9a	326,130	264,752
<b>Total current trade and other payables</b>		<b>13,194,023</b>	<b>9,934,790</b>
a. <b>Financial liabilities at amortised cost classified as trade and other payables</b>			
Trade and other payables			
— Total current		13,194,023	9,934,790
<b>Financial liabilities as trade and other payables</b>		<b>13,194,023</b>	<b>9,934,790</b>

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 2018	31 Oct 2017
		\$	\$
<b>Current</b>			
Bank loans (secured)		729,731	-
Finance leases (secured)		41,876	66,318
Loan to related party (unsecured)	17	-	837,857
<b>Total current loans and borrowings</b>		<b>771,607</b>	<b>904,175</b>
<b>Non-current</b>			
Bank loans (secured)		10,900,000	5,000,000
Finance leases (secured)		102,574	82,236
<b>Total non-current loans and borrowings</b>		<b>11,002,574</b>	<b>5,082,236</b>

**Adelaide Oval SMA Limited**

**ABN 46 141 259 538**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2018**

**NOTE 11: PROVISIONS**

	31 Oct 2018	31 Oct 2017
	\$	\$
<b>Current</b>		
Annual leave	888,629	927,799
Long Service Leave	800,892	821,770
Short Term Employee Benefits	674,205	320,944
<b>Total current provisions</b>	<b>2,363,726</b>	<b>2,070,513</b>
<b>Non-current</b>		
Long Service Leave	329,783	148,836
<b>Total non-current provisions</b>	<b>329,783</b>	<b>148,836</b>

**NOTE 12: DEFERRED INCOME**

	31 Oct 2018	31 Oct 2017
	\$	\$
<b>Current</b>		
Other unearned income	3,927,676	4,453,246
<b>Total current deferred income</b>	<b>3,927,676</b>	<b>4,453,246</b>
<b>Non-current</b>		
Other unearned income	3,334,379	4,061,166
<b>Total non-current deferred income</b>	<b>3,334,379</b>	<b>4,061,166</b>

**NOTE 13: EXPENDITURE COMMITMENTS**

**Operating lease**

The operating lease arrangements in place as at the 31<sup>st</sup> October 2018 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 2018	31 Oct 2017
	\$	\$
Less than one year	962,811	834,959
Between one and five years	5,171,499	5,632,695
More than five years	66,666,667	67,666,667
<b>Total operating lease</b>	<b>72,800,977</b>	<b>74,134,321</b>

**Adelaide Oval SMA Limited**

**ABN 46 141 259 538**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2018**

**NOTE 13: EXPENDITURE COMMITMENTS (CONT.)**

**Finance lease**

The finance leases as at the 31<sup>st</sup> October 2018 are for operating equipment. The finance leases for the operating equipment end between 2018 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 2018 \$	31 Oct 2017 \$
<b>Commitments in relation to finance leases are payable as follows:</b>			
Within one year		47,573	70,762
Later than one year but not later than five years		103,645	86,255
<b>Minimum lease payments</b>		<b>151,218</b>	<b>157,017</b>
Future finance charges		(6,768)	(8,462)
Recognised as a liability		144,450	148,555
<b>Total lease liabilities</b>		<b>144,450</b>	<b>148,555</b>
<b>Representing lease liabilities:</b>			
Current	10	41,876	66,318
Non-current	10	102,574	82,236
		<b>144,450</b>	<b>148,554</b>
<b>The present value of finance lease liabilities is as follow</b>			
Within one year		41,876	66,318
Later than one year but not later than five years		102,574	82,236
		<b>144,450</b>	<b>148,554</b>

## Adelaide Oval SMA Limited

ABN 46 141 259 538

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2018

#### NOTE 14: CONTINGENT LIABILITIES AND ASSETS

##### Contingent Liability

There are no matters in relation to the entity that would give rise to a contingent liability in the financial statements at 31 October 2018.

##### Contingent Asset

There are no matters in relation to the entity that would give rise to a contingent asset in the financial statements at 31 October 2018.

#### NOTE 15: EVENTS AFTER REPORTING PERIOD

On 25<sup>th</sup> November 2018 AOSMA announced an intention to build a hotel on the premises subject to necessary approvals, the securing of funding and confirmation of project pricing. AOSMA is currently in negotiations with loan providers regarding project financing. There are no other significant post balance day events.

#### NOTE 16: KEY MANAGEMENT PERSONNEL COMPENSATION

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

Andrew Daniels, Chief Executive Officer  
Darren Chandler, General Manager Operations and Commercial  
Tommy Pavic, Chief Finance Officer  
Adam Vonthethoff, General Manager Hospitality & Portfolio Development  
Jason Bird, Corporate Sales Manager (resigned 12<sup>th</sup> Oct 2018)  
Mia Carrall, Finance Manager  
Joanne Evans, P&C Manager  
Leona Emeny, Hospitality Strategy & Innovation Manager (resigned 31<sup>st</sup> May 2018)  
Damian Hough, Head Curator  
Lucy Johnson, Marketing & Communications Manager  
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 (resigned 13<sup>th</sup> July 2018)  
Bruce Malcolm, ICT Manager (appointed 3<sup>rd</sup> September 2018)

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

	31 Oct 2018	31 Oct 2017
	\$	\$
Short-term employee benefits	2,806,723	2,893,820
Post-employment benefits	237,791	244,431
<b>Total compensation</b>	<b>3,044,514</b>	<b>3,138,251</b>

## Adelaide Oval SMA Limited

ABN 46 141 259 538

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2018

NOTE 17: RELATED PARTY TRANSACTIONS	31 Oct 2018	31 Oct 2017
	\$	\$
<b>Included in the Statement of Comprehensive Income are the following related party transactions:</b>		
Match day costs, service fees and contributions paid by or on behalf of SANFL and SACA to AOSMA <sup>1</sup>	13,858,077	10,945,228
Match day costs, service costs and contributions paid to or on behalf of SANFL and SACA by AOSMA <sup>2</sup>	(13,290,849)	(12,192,229)
Licence & Management Fees paid by COT to AOSMA <sup>3</sup>	354,795	347,460

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> AOSMA has sub licenced the roof climb activities to the Commercial Operations Trust (COT) as at the 1<sup>st</sup> 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 2018	31 Oct 2017
		\$	\$
<b>Included in the Statement of Financial Position are the following related party balances:</b>			
Payable owed to SANFL, SACA and COT	9	326,130	264,752
Loan owed to SANFL, SACA and COT	10	-	837,857
Receivables owed by SANFL and SACA	4	6,356,228	331,985
Income received on behalf of SANFL and SACA not yet distributed to SANFL and SACA	9	3,720,580	1,779,542
Unearned Income received from COT	12	1,950,000	2,100,000
		31 Oct 2018	31 Oct 2017
		\$	\$

**Other related party transactions:**

Distributions to SANFL, SACA and COT from AOSMA as agent <sup>4</sup>	(23,595,899)	(25,506,738)
---	--------------	--------------

<sup>4</sup> 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.

## Adelaide Oval SMA Limited

ABN 46 141 259 538

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2018

#### 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

Kevin John Scarce AC  
CSC RAN (Rtd)

John Wayne Olsen AO

Andrew William Sinclair

Ian Murray McLachlan AO (Retired 26<sup>th</sup> April 2018)

Philip James Gallagher

Dean Lloyd Marsh

Peter John Hurley AO

Dion McCaffrie

Rod Phillips (Alternative Director until 25<sup>th</sup> April 2018 and appointed as Director 26<sup>th</sup> Apr 2018)

##### Alternate Directors

Jake Adam Parkinson

Keith Bradshaw

Andrea Slattery

Nathan Adcock (Retired 12<sup>th</sup> July 2018)

No Directors fees were paid or payable in October 2018 (October 2017: \$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 2017 \$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 2018 at a cost of \$16,590 (October 2017 \$16,222). These purchases were on an arm's length basis.

Board Director John Olsen purchased corporate hospitality and function products in 2018 at a cost of \$792 (October 2017 \$0). These purchases were on an arm's length basis.

Board Director Philip Gallagher purchased corporate hospitality and function products in 2018 at a cost of \$6,531 (October 2017 \$0). 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 2018 at a cost of \$1,773 (October 2017 \$891). The services were on an arm's length basis. This firm purchased corporate hospitality and function products in 2018 at a cost of \$7,486 (October 2017 \$7,735).

Board Director Peter Hurley is the owner and Director of Hurley Hotel Group of Companies. This group provided hospitality products in 2018 at a cost of \$1,200 (October 2017 \$0). The services were on an arm's length basis. This group purchased corporate hospitality products in 2018 at a cost of \$3,328 (October 2017 \$4,436). These purchases were on an arm's length basis.

## Adelaide Oval SMA Limited

ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2018

### NOTE 18: CASH FLOW INFORMATION

	Note	31 Oct 2018	31 Oct 2017
		\$	\$
<b>a. Reconciliation of Cash</b>			
Cash at bank		10,498,928	7,531,610
Other cash		99,419	158,986
<b>Total Cash</b>	<b>3</b>	<b>10,598,347</b>	<b>7,690,596</b>
<b>b. Reconciliation of Cash flow from Operating Activities to Total Comprehensive Result</b>			
Total Comprehensive Result		2,873,342	(519,200)
Non cash flows			
Depreciation and amortisation		3,574,973	4,863,119
Asset transfers / adjustments		-	8,601
Changes in assets and liabilities			
Increase in provisions		474,159	558,884
(Increase)/ decrease in trade and other receivables		(6,165,824)	5,025,402
Increase / (decrease) in stock		17,252	(836,688)
Increase / (decrease) in trade and other payables		3,259,233	(296,694)
(Decrease)/ Increase in deferred income		(1,252,355)	847,122
Increase in prepayments		142,211	392,287
Increase / (decrease) in other liabilities		120,098	(582,616)
<b>Cash flow generated from Operating Activities</b>		<b>3,043,089</b>	<b>9,460,217</b>

### 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 2018	31 Oct 2017
		\$	\$
<b>Financial Assets</b>			
Cash and cash equivalents	3	10,598,347	7,690,596
Trade and other receivables	4	9,539,691	3,373,867
<b>Total Financial Assets</b>		<b>20,138,038</b>	<b>11,064,463</b>

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

#### Financial Liabilities

Financial liabilities at amortised cost

- Trade and other payables		10,783,292	9,906,766
- Borrowings	10	11,774,181	5,986,411
<b>Total Financial Liabilities</b>		<b>22,557,473</b>	<b>15,893,177</b>

## Adelaide Oval SMA Limited

ABN 46 141 259 538

### 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 2018	31 Oct 2017
Cash and cash equivalents		\$	\$
– Cash on hand		99,419	158,986
– Cash held with a major Australian financial institution		10,498,928	7,531,610
<b>Total cash and cash equivalents</b>	<b>3</b>	<b>10,598,347</b>	<b>7,690,596</b>



## Adelaide Oval SMA Limited

ABN 46 141 259 538

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2018

#### 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 2018	31 Oct 2017	31 Oct 2018	31 Oct 2017	31 Oct 2018	31 Oct 2017	31 Oct 2018	31 Oct 2017
<b>Financial Liability</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade and other payables	10,783,292	9,906,766	-	-	-	-	10,783,292	9,906,766
Loans and borrowings	771,607	904,175	11,002,574	5,082,236	-	-	11,774,181	5,986,411
<b>Total expected outflows</b>	<b>11,554,899</b>	<b>10,810,941</b>	<b>11,002,574</b>	<b>5,082,236</b>	<b>-</b>	<b>-</b>	<b>22,557,473</b>	<b>15,893,177</b>
<b>Financial Assets</b>								
Cash and cash equivalents	10,598,347	7,690,596	-	-	-	-	10,598,347	7,690,596
Trade and other receivables	9,539,691	3,307,228	-	-	-	-	9,539,691	3,307,228
<b>Total expected inflows</b>	<b>20,138,038</b>	<b>10,997,824</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,138,038</b>	<b>10,997,824</b>
<b>Net (outflow)/inflow on financial instruments</b>	<b>8,583,139</b>	<b>186,883</b>	<b>(11,002,574)</b>	<b>(5,082,236)</b>	<b>-</b>	<b>-</b>	<b>(2,419,435)</b>	<b>(4,895,353)</b>

**Adelaide Oval SMA Limited**

**ABN 46 141 259 538**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2018**

**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 2018 AOSMA has secured loans and leases of \$11,774,181 (October 2017: \$5,148,554) 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.

	Footnote	Oct 2018		Oct 2017	
		Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
		\$	\$	\$	\$
<b>Financial assets</b>					
Cash and cash equivalents	(i)	10,598,347	10,598,347	7,690,596	7,690,596
Trade and other receivables	(i)	9,539,691	9,539,691	3,373,867	3,373,867
<b>Total financial assets</b>		<b>20,138,038</b>	<b>20,138,038</b>	<b>11,064,463</b>	<b>11,064,463</b>
<b>Financial liabilities</b>					
Trade and other payables	(i)	13,194,023	13,194,023	9,934,790	9,934,790
Loans and borrowings	(i)	11,774,181	11,774,181	5,986,411	5,986,411
<b>Total financial liabilities</b>		<b>24,968,204</b>	<b>24,968,204</b>	<b>15,921,201</b>	<b>15,921,201</b>

**Adelaide Oval SMA Limited**

**ABN 46 141 259 538**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2018**

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

The fair values disclosed in the above table have been determined based on the following methodologies:

- i 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 2018 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 2018 and of the performance for the year ended on that date of the entity.
2. In the directors' opinion there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed with the authority of and for and on behalf of the Board of Directors by:

  
\_\_\_\_\_  
Kevin John Scarce AC CSC RAN (Rtd)  
Chairman

  
\_\_\_\_\_  
John Wayne Olsen AO  
Deputy Chairman

Dated this 20<sup>TH</sup> day of FEBRUARY 2019