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To the members of the Adelaide Oval SMA Limited

Opinion

I have audited the financial report of the Adelaide Oval SMA Limited (the Company) for the financial year ended 31 October 2021.

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

- a) giving a true and fair view of the Adelaide Oval SMA Limited's financial position as at 31 October 2021 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 2021
- a Statement of Financial Position for the 12 months ended 31 October 2021
- a Statement of Changes in Equity for the 12 months ended 31 October 2021
- a Statement of Cash Flows for the 12 months ended 31 October 2021
- notes, comprising significant accounting policies and other explanatory information
- a Directors' Declaration.

Basis for opinion

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

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

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

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

As required by section 9(3) of the *Adelaide Oval Redevelopment and Management Act 2011*, I have audited the financial report of the Adelaide Oval SMA Limited (the Company) for the financial year ended 31 October 2021.

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

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

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



Andrew Richardson

Auditor-General

25 February 2022

Adelaide Oval SMA Ltd
ABN 46 141 259 538

Statement of Comprehensive Income
For the 12 months ended 31 October 2021

	Note	31 October 2021	31 October 2020
		\$	\$
Income from trading activities			
Revenues from fees and charges		16,669,183	14,506,153
Revenues from sales attributable to AOSMA		27,156,345	23,330,480
Interest revenues		2,052,490	244,654
Lease revenues		740,761	218,526
Jobkeeper subsidies		5,185,242	16,091,692
Other revenues		1,355,315	1,297,165
Total income from Trading Activities	2a	53,159,336	55,688,670
Expenses from Trading Activities			
Employee benefits expense		23,559,160	31,652,678
Raw materials and consumables		9,116,837	7,702,929
Supplies and services	2b	7,038,281	6,248,123
Building and maintenance costs		3,911,033	4,800,064
Borrowing costs		2,494,771	579,194
Lease interest expense		943,222	862,354
Audit expenses	2b	135,000	105,100
Other expenses	2b	9,218,695	8,619,248
Depreciation and amortisation expense	6&8	3,215,333	3,567,871
Total Expenses from Trading Activities		59,632,332	64,137,561
Profit / (Loss) from Trading Activities		(6,472,996)	(8,448,891)
Stakeholder Contributions			
Contributions from related parties	17	9,072,380	7,608,050
Contributions to related parties	17	(5,264,758)	(6,726,530)
Total Stakeholder Contributions		3,807,622	881,520
Total Trading Result after stakeholder contributions		(2,665,374)	(7,567,371)
Income from Government Related Items			
State Government grants and other contributions		3,148,000	1,678,596
Total income from Government Related Items		3,148,000	1,678,596
Gains / (losses) from lease receivable remeasurement			
Gains / (losses) from lease receivable remeasurement	8	354,708	-
Total Gains from lease receivable remeasurement		354,708	-
Total comprehensive result		837,334	(5,888,775)

The Total Comprehensive Result includes \$3.249m (2020: \$0) retained and transferred into the 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
For the 12 months ended 31 October 2021

	Note	31 October 2021 \$	31 October 2020 \$
Assets			
Current Assets			
Cash and cash equivalents	3	9,271,799	6,733,084
Trade and other receivables	4	4,784,102	8,485,886
Inventories	5	852,429	1,135,247
Lease receivable	8	615,039	600,000
Loan receivable		721,598	690,019
Other assets		12,411	12,479
Total Current Assets		16,257,378	17,656,715
Non-Current Assets			
Property, plant and equipment	6	16,563,521	18,419,199
Right of use asset	8	24,464,108	24,306,810
Lease receivable	8	13,891,347	13,588,598
Loan receivable		41,234,254	41,955,851
Total Non-Current Assets		96,153,230	98,270,458
Total Assets		112,410,608	115,927,173
Liabilities			
Current Liabilities			
Trade and other payables	9	7,519,670	15,169,963
Loans and borrowings	10	1,130,610	1,083,982
Lease liabilities	8	1,101,222	1,100,668
Provisions	11	3,133,696	3,291,879
Unearned income	12	3,344,281	2,722,988
Other liabilities		458,810	432,008
Total Current Liabilities		16,688,289	23,801,488
Non-Current Liabilities			
Loans and borrowings	10	51,973,566	49,137,749
Lease liabilities	8	24,360,159	23,931,170
Provisions	11	326,312	411,162
Unearned income	12	1,831,678	2,252,334
Total Non-Current Liabilities		78,491,715	75,732,415
Total Liabilities		95,180,004	99,533,903
Net Assets		17,230,604	16,393,270
Equity			
(Accumulated losses) / Retained earnings		8,028,945	9,722,154
Sinking fund reserve	3	9,201,659	6,671,116
Total Equity		17,230,604	16,393,270

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 2021

	Note	(Accumulated Losses) / Retained Earnings	Sinking Fund Reserve	Total
		\$	\$	\$
Balance at 1st November 2019		(1,004,917)	9,626,710	8,621,793
AASB16 adjustment		13,660,252	-	13,660,252
Adjusted balance		12,655,335	9,626,710	22,282,045
Total Comprehensive result 2019-20		(5,888,775)	-	(5,888,775)
Transfers (to) / from Reserves	1(o)&3	2,955,594	(2,955,594)	-
Balance at 31st October 2020		9,722,154	6,671,116	16,393,270
Balance at 1st November 2020		9,722,154	6,671,116	16,393,270
Total Comprehensive result 2020-21		837,334	-	837,334
Transfers (to) / from Reserves	1(o)&3	(2,530,543)	2,530,543	-
Balance at 31st October 2021		8,028,945	9,201,659	17,230,604

Adelaide Oval SMA Limited
ABN 46 141 259 538

Statement of Cash Flows
For the 12 months ended 31 October 2021

	Note	31 October 2021	31 October 2020
		\$	\$
Cash Flow from Operating Activities			
Receipts from customers, grants, other contributions and other income		72,457,912	73,623,074
Payments to suppliers and employees		(71,361,335)	(65,156,461)
Interest received		2,615,570	244,654
Finance costs		(3,437,993)	(1,441,547)
Contribution to AOHT		-	(3,000,000)
Net cash flow from Operating Activities	18b	274,154	4,269,720
Cash Flow from Investing Activities			
Purchase of property, plant and equipment		(1,198,851)	(3,204,147)
Disposal of property, plant and equipment		19,746	-
Net cash flow from Investing Activities		(1,179,105)	(3,204,147)
Cash Flow from Financing Activities			
Increase in loans and borrowings		3,966,538	-
Repayment of loans and borrowings		(1,083,982)	(4,026,547)
Repayment of loan receivable (AOHT)		690,018	-
Repayment of lease assets		36,920	-
Repayment of lease liabilities		(165,828)	-
Net cash flow from Financing Activities		3,443,666	(4,026,547)
Net (decrease) / increase in cash held		2,538,715	(2,960,974)
Cash and Cash Equivalents at beginning of the financial period		6,733,084	9,694,058
Cash and Cash Equivalents at end of the financial period	3	9,271,799	6,733,084

Adelaide Oval SMA Limited
ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2021

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

The registered office of the entity is:

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

The principal place of business is:

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

Member Guarantee

AOSMA is incorporated under the *Corporations Act 2001* and is a non-profit public company limited by guarantee. If AOSMA is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards any outstandings and obligations of AOSMA. At 31 October 2021 the number of members was 8.

Impact of COVID-19

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

Key impacts in 2020-21 were:

- Limited crowds allowed throughout the year and significantly reduced catering revenues as a direct result of capacity limits.
- Substantial event booking cancellations occurred as a result of the COVID-19 shutdowns, health restrictions and the continued uncertainty surrounding possible ongoing severity and duration of the pandemic.
- International and domestic border closures have severely limited potential major events, such as concerts, thereby limiting potential revenues for AOSMA.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

Adelaide Oval SMA Limited
ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

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 23 February 2022 by the Directors of AOSMA.

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

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

- The Promoters' Agreement is an agreement between 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 a funding facility agreement with Commonwealth Bank of Australia. This facility provides funding up to \$17.28 million (2020: \$17.67 million). At the time of this report, AOSMA has funds available to draw down of \$11.86 million (2020: \$14.0 million)

Accounting policies

New and Revised Accounting Standards effective for the current year

AASB 2018-7: Amendments to Australian Accounting Standards - Definition of Material

AASB 2018-7 principally amends AASB101: *Presentation of Financial Statements* and AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. Adoption of this standard has no material impact to AOSMA's 2021 Financial report.

AASB 2020-1: Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current (applicable for annual reporting periods commencing on or after 1 January 2023)

AASB 2020-1 amends AASB 101 *Presentation of Financial Statements* to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. This is applicable for reporting periods commencing on or after 1 January 2023 and will be first applied by AOSMA in the financial year commencing 1 November 2023. AOSMA have not yet determined the likely impact of the initial application of this standard on the financial statements.

AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments (applicable for annual reporting periods commencing on or after 1 January 2022)

AASB 2020-3 amends AASB 9 *Financial Instruments*, and AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* as a consequence of the recent issuance by IASB of the following IFRS: *Annual Improvements to IFRS Standards 2018-2020, Reference to the Conceptual Framework, Property, Plant and Equipment: Proceeds before intended use and Onerous Contracts - Cost of Fulfilling a Contract*. This is applicable for reporting periods commencing on or after 1 January 2022 and will be first applied by AOSMA in the financial year commencing 1 November 2022. AOSMA have not yet determined the likely impact of the initial application of this standard on the financial statements.

Adelaide Oval SMA Limited
ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates (applicable to annual reporting periods commencing on or after 1 January 2023)

AASB 2021-2 amends AASB 7 *Financial Instruments: Disclosures*, AASB 101 *Presentation of Financial Statements*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, and AASB practice Statement 2 - *Making Materiality Judgements*. This is applicable for reporting periods commencing on or after 1 January 2023 and will be first applied by AOSMA in the financial year commencing 1 November 2023. AOSMA have not yet determined the likely impact of the initial application of this standard on the financial statements.

Accounting Policies

(a) Revenues

AOSMA recognises revenue in accordance with AASB 15 - *Revenue from Contracts with customers* and AASB 1058 - *Income for not-for-profit entities*.

Income from trading activities include revenue from food and beverage sales, functions and events, licence fees and service agreements and is recognised as performance obligations are satisfied. These services are provided under contractual arrangements that contain enforceable and sufficiently specific performance obligations.

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

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

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

Grant monies are recorded as revenue when their obligations have been met. Grant monies expended are either recorded as a fixed asset or expensed, depending on the nature of each transaction.

During the year, AOSMA received Government grant funding relating to COVID-19 relief of \$3.148 million (2020: \$1.0 million) and for safety, security and stadium operations totalling \$0 (2020: \$0.7 million).

(b) Inventories

Inventories include goods and other property held for sale in ordinary course of business. It excludes depreciating assets. Inventories include food and beverage stock plus merchandise held for resale.

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.

Adelaide Oval SMA Limited
ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(c) Plant, Equipment and Computer Software

Non-current tangible assets are initially recorded at cost or at the value of any liabilities assumed, plus any cost involved with the acquisition.

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

Plant and equipment, other than right of use assets, are subsequently measured at fair value after allowing for accumulated depreciation. Right of use assets are held at cost.

Non-current tangible assets are valued at fair value and revaluation of non-current assets or group of assets is only performed when the fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than 3 years.

Revaluation of non-current assets

Every five years, AOSMA revalues its non-current tangible assets. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

A valuation of AOSMA's plant and equipment was performed by an independent valuer as at 31 October 2020. No revaluation adjustment was required at this time. Non-current tangible assets that are acquired are held at cost until the next valuation where they are revalued to fair value.

Fair value measurement

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

AASB13 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.

In determining fair value of the characteristic of the asset (e.g. condition and location of the asset and any restrictions on the sale or use of the asset); and the assets' highest and best use (that is physically possible, legal permissible and financially feasible) has been taken into account.

Adelaide Oval SMA Limited
ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Depreciation and Amortisation

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

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

Class of fixed asset	Useful life
Plant and Equipment	4-30 years
Computer Software	2-5 years
Motor Vehicles	5 years
Right of Use Assets	72 years

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

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Comprehensive Income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(d) Leases

AOSMA accounts for leases under AASB 16, requiring a lessee to recognise a lease asset (representing a right to use the underlying asset) and a lease liability (representing its obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying asset is of low value.

Right-of-Use Assets

Right-of-Use Assets are initially recognised at cost, comprising the amount of initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, and initial direct costs incurred by AOSMA, and an estimate of costs to be incurred by AOSMA in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Right-of-use assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset.

AOSMA's right-of-use assets includes the lease with the Minister for the Adelaide Oval core area, for which AOSMA sub-leases a portion of this to the Adelaide Oval Hotel Trust. In addition to this lease, AOSMA holds smaller leases with several other companies for equipment hire.

Lease liabilities

Lease liabilities are initially recognised at the present value of the future lease payments. These lease payments are discounted using the interest rate implicit in the lease.

Adelaide Oval SMA Limited
ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments. Interest expense on lease liabilities is recognised in profit or loss. Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments are not included in the measurement of lease liabilities, they are recognised as an expense when incurred.

(e) Financial Instruments

Initial recognition and measurement

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

Classification of financial assets

All recognised financial assets that are within the scope of AASB 9 are measured at amortised cost or fair value through profit and loss on the basis of AOSMA's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Specifically:

- Debt investments that are held by AOSMA to collect contractual cash flows and whose contractual cash flows are solely payments of principal and interest on the principal amount outstanding are measured at amortised cost. Trade receivables are recognised as debt instruments at amortised cost.

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

(f) Impairment of Assets

At the end of each reporting period, AOSMA 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 assets fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

(g) Employee Benefits

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

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

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

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, and deposits held at-call with banks with original maturities of three months or less.

Adelaide Oval SMA Limited
ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST. Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows from investing and financing activities is classified as part of operating cash flows.

(j) Income Tax

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

(k) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(l) Comparative Figures

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

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

(m) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by AOSMA during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(n) Funds held of behalf of related parties

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

(o) Sinking Fund Reserve

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

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

Adelaide Oval SMA Limited
ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2021

NOTE 2: REVENUE, OTHER INCOME AND EXPENSES

	31-Oct-21	31-Oct-20
	\$	\$
a. Income from Trading Activities		
Fees and charges	16,669,183	14,506,153
Sales	27,156,345	23,330,480
Interest received	2,052,490	244,654
Lease revenue	740,761	218,526
Jobkeeper subsidy	5,185,242	16,091,692
Other revenue	1,355,315	1,297,165
Total Income from Trading Activities	53,159,336	55,688,670
B. Expenses from Trading Activities		
Supplies and services expenses		
- Stadium operating expenses	5,389,643	4,837,431
- Servicing costs	1,115,423	1,110,590
- Administration	533,215	300,102
Total supplies and services expenses	7,038,281	6,248,123
Auditor's Remuneration		
- Audit fees paid/payable to the Auditor-General Department relating to the audit of the financial statements and the sinking fund	135,000	105,100
Total Auditor's Remuneration	135,000	105,100
Other Expenses		
- Marketing and Public Relations	294,488	332,327
- Other Employee Benefits	392,353	490,101
- Laundry, Linen & Uniforms	249,284	206,713
- ICT Expenses	1,467,517	802,714
- Insurance and Legal Fees	940,629	951,485
- Stadium Servicing Costs	1,217,553	743,045
- Utilities	2,657,942	2,490,813
- General Expenses	1,998,929	2,602,050
Total other expenses	9,218,695	8,619,248

Adelaide Oval SMA Limited
ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2021

NOTE 3: CASH AND CASH EQUIVALENTS

	31-Oct-21	31-Oct-20
	\$	\$
Current		
Sinking Fund Account ₁	9,201,659	6,671,116
Cash on Hand	70,140	61,968
Total Cash and cash equivalents	9,271,799	6,733,084

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 to Note 1(o).

	31-Oct-21	31-Oct-20
	\$	\$
Sinking Fund Movement Schedule		
Opening Balance	6,671,116	9,626,710
Interest / Investment Income	197,160	113,571
Capital Replacement Expenditure	(915,956)	(3,069,165)
Contribution In	3,249,339	-
Total Transfer to/(from) Reserves	2,530,543	(2,955,594)
Closing balance	9,201,659	6,671,116

NOTE 4: TRADE AND OTHER RECEIVABLES

	31-Oct-21	31-Oct-20
	\$	\$
Current		
Trade Receivables	1,521,660	1,920,491
Other Receivables	326,602	2,793,681
Due from related parties	2,945,786	3,781,660
Provision for impairment	(9,946)	(9,946)
Total current trade and other receivables	4,784,102	8,485,886
Allowance for impairment loss on receivables		
Carrying amount at the beginning of the period	(9,946)	(10,897)
Amounts written off	-	951
Increase / (decrease) in allowance recognised in profit or loss	(9,946)	(9,946)

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

Adelaide Oval SMA Limited
ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2021

NOTE 4: TRADE AND OTHER RECEIVABLES (CONT)

Impairment of financial assets

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

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

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

NOTE 5: INVENTORIES

	31-Oct-21	31-Oct-20
	\$	\$
Main types of inventories held		
- Beverages	579,151	799,533
- Food	85,629	139,071
- Consumables	187,649	196,643
Total inventories	852,429	1,135,247

NOTE 6: PLANT, EQUIPMENT AND COMPUTER SOFTWARE

	31-Oct-21	31-Oct-20
	\$	\$
Plant and Equipment		
Plant and equipment at cost (deemed at fair value)	37,429,397	36,180,575
Less Accumulated depreciation	(21,577,413)	(18,882,520)
Total plant and equipment	15,851,984	17,298,055
Motor Vehicles		
Motor Vehicles at cost (deemed at fair value)	463,314	393,651
Less Accumulated depreciation	(277,468)	(369,142)
Total motor vehicles	185,846	24,509
Total plant and equipment and motor vehicles	16,037,830	17,322,564

Adelaide Oval SMA Limited
ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2021

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

	31-Oct-21	31-Oct-20
	\$	\$
Computer Software		
Computer Software at cost (deemed at fair value)	860,685	860,685
Less Accumulated depreciation	(860,685)	(860,685)
Total computer software	-	-
Capital works in progress at cost	525,691	1,096,635
Total plant and equipment and computer software	16,563,521	18,419,199

Movements in Carrying Amounts

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

	Capital works in progress	Motor Vehicles	Computer Software	Plant and Equipment	Total
	\$	\$	\$	\$	\$
October 2020					
Balance at the beginning of the period	576,579	72,989	-	17,659,065	18,308,633
Additions at cost	3,153,034	-	-	91,938	3,244,972
AOHT Debtors	(600)	-	-	-	(600)
Transfers in / (Transfers out)	(2,632,378)	-	-	2,632,378	-
Depreciation or Amortisation expense	-	(48,480)	-	(3,085,326)	(3,133,806)
Carrying amount at the end of the period	1,096,635	24,509	-	17,298,055	18,419,199
October 2021					
Balance at the beginning of the period	1,096,635	24,509	-	17,298,055	18,419,199
Additions at cost	763,957	181,484	-	195,140	1,140,581
Expensed as SaaS ₁	(199,142)	-	-	-	(199,142)
Transfers in / (Transfers out)	(1,135,759)	-	-	1,135,759	-
Disposals	-	-	-	(19,746)	(19,746)
Depreciation or Amortisation expense	-	(20,147)	-	(2,757,224)	(2,777,371)
Carrying amount at the end of the period	525,691	185,846	-	15,851,984	16,563,521

₁ Expensed as SaaS represents costs for cloud computing arrangements recognised in Capital works in progress that are now being expensed after the IFRIC decision was published.

NOTE 7: FAIR VALUE MEASUREMENT

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. AOSMA categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement. Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 31 October 2021.

Adelaide Oval SMA Limited
ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2021

NOTE 7: FAIR VALUE MEASUREMENT (CONT)

	Level 2 & 3 31-Oct-21	Level 2 & 3 31-Oct-20
Fair value measurements at 31 October 2021	\$	\$
Plant and equipment	15,851,984	17,298,055
Motor vehicles	185,846	24,509
Computer Software	-	-
Total recurring fair value measurements	16,037,830	17,322,564

Valuation techniques and inputs

Valuation techniques used to derive fair values are described at note 1. The following table is a reconciliation of fair value measurements.

Reconciliation of fair value measurements

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

	Motor Vehicles (Level 2)	Plant and Equipment (Level 3)	Computer Software (Level 3)	Total
October 2021	\$	\$	\$	\$
Balance at the beginning of the period	24,509	17,298,055	-	17,322,564
Additions at cost	181,484	195,140	-	376,624
Disposal	-	(19,746)	-	(19,746)
Transfers in / (Transfers out)	-	1,135,759	-	1,135,759
Depreciation or Amortisation	(20,147)	(2,757,224)	-	(2,777,371)
Closing balances at October 2021	185,846	15,851,984	-	16,037,830

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

Right of use assets and lease liabilities

AOSMA holds a concessionary lease with the Minister for Infrastructure and Transport over the licence area for a further 71 years, to 2091.

Right of use assets are measured at cost, comprising the amount of the initial measurement of the lease liability, and subsequently adjusted for any CPI increases.

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

Adelaide Oval SMA Limited
ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2021

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

	31-Oct-21	31-Oct-20
	\$	\$
Right of use assets		
Adelaide oval core and licensed area	24,987,347	24,393,899
Other	348,787	346,977
Amortisation	(872,026)	(434,066)
Total carrying amount of the right of use assets	24,464,108	24,306,810

Movements in Right-of-Use Assets Carrying Amounts

Movement in the carrying amounts for the right-of-use assets between the beginning and the end of the financial year:

	Adelaide Oval Core & Licensed Area	Other	Total
	\$	\$	\$
October 2020			
Right of use assets	24,393,899	346,977	24,740,876
Amortisation	(340,381)	(93,685)	(434,066)
Closing balances at October 2020	24,053,518	253,292	24,306,810

	Adelaide Oval Core & Licensed Area	Other	Total
	\$	\$	\$
October 2021			
Right of use assets	24,393,899	346,977	24,740,876
Remeasurement	593,448	1,810	595,258
Total right of use assets after remeasurement	24,987,347	348,787	25,336,134
Accumulated Amortisation	(683,587)	(188,439)	(872,026)
Closing balances at October 2021	24,303,760	160,348	24,464,108

	31-Oct-21	31-Oct-20
	\$	\$
Lease Liabilities		
Current lease liability	1,101,222	1,100,668
Non-current lease liability	24,360,159	23,931,170
Total carrying amount of lease liability	25,461,381	25,031,838

Lease receivables

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

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

Adelaide Oval SMA Limited
ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2021

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

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

	31-Oct-21	31-Oct-20
	\$	\$
Within one year	615,039	600,000
Later than one year but no longer than five years	2,460,156	2,400,000
Later than five years	39,823,768	39,450,000
Total minimum receivables	42,898,963	42,450,000
Lease receivables discounted	(28,392,577)	(28,261,402)
Total finance lease receivables	14,506,386	14,188,598
Represented by:		
Current lease receivable	615,039	600,000
Non-current lease receivable	13,891,347	13,588,598
Total finance lease receivable	14,506,386	14,188,598

AOSMA has recognised a gain in accordance with AASB 9. The gain of \$354,708 (2020: nil) is for the remeasurement of the CPI rent review for the Adelaide Oval Hotel Trust lease.

NOTE 9: TRADE AND OTHER PAYABLES

	31-Oct-21	31-Oct-20
	\$	\$
Current		
Trade Payables	2,723,133	2,326,937
Other current payables	2,963,550	7,320,417
Funds held on behalf of related parties	1,532,964	4,400,957
Amounts due to related party - Other	300,023	1,121,652
Total current trade and other payables	7,519,670	15,169,963

NOTE 10: LOANS AND BORROWINGS

	31-Oct-21	31-Oct-20
	\$	\$
Current		
Bank loans	409,012	393,963
Loan from Treasurer	721,598	690,019
Total current loans and borrowings	1,130,610	1,083,982
Non-Current		
Bank loans	10,739,312	7,181,898
Loan from Treasurer	41,234,254	41,955,851
Total non-current loans and borrowings	51,973,566	49,137,749
Total loans and borrowings	53,104,176	50,221,731

NOTE 11: PROVISIONS

	31-Oct-21	31-Oct-20
	\$	\$
Current		
Annual leave	859,432	944,487
Long service leave	1,436,379	1,447,969
Short term employee benefits	837,885	899,423
Total current provisions	3,133,696	3,291,879

Adelaide Oval SMA Limited
ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2021

NOTE 11: PROVISIONS (CONT)

Non-Current		
Long service leave	326,312	411,162
Total non-current provisions	326,312	411,162
Total provisions	3,460,008	3,703,041

NOTE 12: UNEARNED INCOME

	31-Oct-21	31-Oct-20
Current	\$	\$
Other unearned income	3,344,281	2,722,988
Total current unearned income	3,344,281	2,722,988
Non-current		
Other unearned income	1,831,678	2,252,334
Total non-current unearned income	1,831,678	2,252,334
Total unearned income	5,175,959	4,975,322

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

NOTE 13: EXPENDITURE COMMITMENTS

Various operating and maintenance contracts are in place as at 31 October 2021. At the end of the financial year, the future minimum payments (undiscounted) under non-cancellable operating contracts are payable as follows:

	31-Oct-21	31-Oct-20
	\$	\$
Less than one year	1,411,419	1,515,789
Between one and five years	1,200,241	1,197,019
Above five years	165,794	-
Total operating contracts	2,777,454	2,712,808

NOTE 14: CONTINGENT LIABILITIES AND ASSETS

There are no matters in relation to the entity that would give rise to a contingent asset or liability in the financial statements as at 31 October 2021

NOTE 15: EVENTS AFTER REPORTING PERIOD

There are no other significant post balance day events.

Adelaide Oval SMA Limited
ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2021

NOTE 16: KEY MANAGEMENT PERSONNEL COMPENSATION

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

Andrew Daniels, Chief Executive Officer
Darren Chandler, General Manager Operations and Commercial (Resigned 6 November 2020)
Tommy Pavic, Chief Finance and Commercial Officer
Adam Vonthethoff, Chief Operating Officer
Mia Carrall, General Manager of Finance
Damian Hough, Head Curator
Lucy Johnson, Marketing & Communications Manager (Resigned 27 November 2020)
Matthew Omond, General Manager Food & Beverage
Hamish Robertson, Executive Chef Hospitality (Resigned 9 September 2021)
Laura Robinson, Major Event & Tourism Manager
Sharon Stephens, Stadium Manager (Resigned 12 February 2021)
Ben Swanson, General Manager Special Projects & Analytics
Jo Thomson, General Manager Sales and Marketing
Yolanda Sulser, Head of Brand & Communications
Jemma Sayers, People and Culture Manager
Joshua Anderson, General Manager Stadium Operations (Resigned 24 December 2021)
Stacey Williams-Bambrick, Facilities Manager

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

	31-Oct-21	31-Oct-20
	\$	\$
Short-term benefits	2,993,764	2,575,110
Post-employment benefits	214,836	228,964
Total compensation	3,208,600	2,804,074

NOTE 17: RELATED PARTY TRANSACTIONS

	31-Oct-21	31-Oct-20
Included in the Statement of Comprehensive Income are the following related party transactions:	\$	\$
Service fees paid by or on behalf of SANFL and SACA to AOSMA ₁	9,072,380	7,608,050
Match day costs and contributions paid by or on behalf of SANFL and SACA to AOSMA ₂	4,521,354	3,386,607
Catering commissions paid to or on behalf of SANFL and SACA by AOSMA ₃	(5,264,758)	(3,726,530)
Contribution to AOHT for Hotel fittings, furniture and Equipment	-	(3,000,000)
Match day costs and contributions paid to or on behalf of SANFL and SACA by AOSMA ₄	(4,521,354)	(3,386,607)
Licence & Management Fees paid by COT to AOSMA ₅	941,977	306,340
Interest paid from AOHT for the back to back hotel loan	(1,907,529)	-

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

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

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

Adelaide Oval SMA Limited
ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2021

NOTE 17: RELATED PARTY TRANSACTIONS (CONT)

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

⁵ AOSMA has sub licenced the roof climb activities to the Trustee for the Commercial Operations Trust (COT) as at 1 July 2016. COT has contracted AOSMA to provide management and staffing services to operate the Roof Climb and other offsite food and beverage operations. Additionally, AOSMA has sub-leased a portion of the Adelaide Oval space to the Adelaide Oval Hotel Trust (AOHT). AOHT pay an annual lease payment to AOSMA for this space.

Included in the Statement of Financial Position are the following related party balances:	31-Oct-21	31-Oct-20
	\$	\$
Payables owed to SANFL and SACA	300,023	1,121,652
Receivables owed by SANFL, SACA, COT & AOHT	2,945,786	3,781,660
Income received on behalf of SANFL and SACA not yet distributed to SANFL and SACA	1,532,964	4,400,957
Unearned Income received from COT	1,500,000	1,650,000
Loan Receivable owed by AOHT	41,955,852	42,645,870
	31-Oct-21	31-Oct-20
	\$	\$
Other related party transactions:		
Distributions to SANFL, SACA, COT and AOHT from AOSMA as agent ⁶	(18,602,567)	(11,896,953)

⁶ 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 Adelaide Oval, from sales of corporate hospitality, memberships, sponsorships, merchandising, electronic ribbon board advertising, video replay screen advertising and other revenues. These funds are not collected by AOSMA, and these amounts are not included within these statements or within this note.

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

Directors

Kevin John Scarce AC CSC RAN (Rtd)
John Wayne Olsen AO (Resigned January 2021)
Robert Gerard Kerin (Appointed January 2021)
Andrew William Sinclair
Philip James Gallagher
Dean Lloyd Marsh (Resigned December 2021)
Peter John Hurley AO
Rod Phillips
Louise Small (Resigned December 2021)
Janet May Hunter Finlay (Appointed December 2021)
William Rayner (Appointed December 2021)

Alternate Directors

Keith Bradshaw (Deceased November 2021)
James Orchard (Appointed December 2021)
Darren Chandler (Appointed November 2020)

Adelaide Oval SMA Limited
ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2021

NOTE 17: RELATED PARTY TRANSACTIONS (CONT)

No Directors fees were paid or payable during the year ended October 2021 (October 2020: \$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 occurred at a cost of \$69,500 (October 2020: \$0)

Other related party transactions for the purchase of hospitality products in 2021 at a cost of \$6,084 (October 2020: \$4,532)

NOTE 18: CASH FLOW INFORMATION

	31-Oct-21	31-Oct-20
a. Reconciliation of Cash	\$	\$
Cash at bank including sinking fund account	9,201,659	6,671,116
Other cash	70,140	61,968
Total cash	9,271,799	6,733,084
b. Reconciliation of Cash Flow from Operating Activities to Total Comprehensive	837,334	(5,888,775)
Non cash flows		
Depreciation and amortisation	3,215,333	3,567,871
Asset transfers / adjustments	199,142	600
Gain on receivable	(354,708)	-
Changes in assets and liabilities		
Increase / (Decrease) in provisions	(243,033)	388,433
(Increase) / Decrease in trade and other receivables	3,701,784	5,614,535
Increase / (Decrease) in inventories	282,818	424,766
Increase / (Decrease) in trade and other payables	(7,592,023)	1,560,784
Increase (Decrease) in unearned income	200,637	(1,553,898)
(Increase) / Decrease in prepayments	68	18,804
Increase / (Decrease) in other liabilities	26,802	136,600
Cash flow generated from operating activities	274,154	4,269,720

NOTE 19: FINANCIAL RISK MANAGEMENT

AOSMA's financial instruments consist mainly of deposits with banks, accounts receivable, accounts payables and borrowings.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	31-Oct-21	31-Oct-20
Financial Assets	\$	\$
Cash and cash equivalents	9,271,799	6,733,084
Trade and other receivables	4,784,102	8,485,886
Loan receivables	41,955,852	42,645,870
Finance lease receivables	42,898,963	42,450,000
Total Financial Assets	98,910,716	100,314,840

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

Adelaide Oval SMA Limited
ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2021

NOTE 19: FINANCIAL RISK MANAGEMENT (CONT)

Financial Liabilities

Financial liabilities at amortised cost

Trade and other payables	7,271,979	15,005,092
Borrowings	53,104,176	50,221,731
Total Financial Liabilities	60,376,155	65,226,823

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

Financial Risk Management Policies

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

Specific Financial Risk Exposures and Management

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

a. Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to 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 nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 4.

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

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

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

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

Credit risk related to balances with banks and other financial institutions is managed by the Board.

Other than a nominal amount of cash on hand, surplus funds are only invested with major Australian financial institutions.

Adelaide Oval SMA Limited
ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2021

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 institutions; and
- Comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

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

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

Financial liability maturity analysis

	Within one year	1 - 5 years	Over five years	Total
October 2020				
Financial Assets				
Cash and Cash Equivalent	6,733,084	-	-	6,733,084
Trade and Other Receivables	8,485,886	-	-	8,485,886
Loan Receivables	690,019	3,090,650	38,865,201	42,645,870
Finance Lease Receivables	600,000	2,400,000	39,450,000	42,450,000
Total expected inflows	16,508,989	5,490,650	78,315,201	100,314,840
Financial Liabilities				
Trade and Other Payables	15,005,092	-	-	15,005,092
Loans and Borrowings	1,083,982	9,650,144	39,487,605	50,221,731
Total expected outflows	16,089,074	9,650,144	39,487,605	65,226,823
Net (Outflow)/Inflow on Financial Instruments	419,915	(4,159,494)	38,827,596	35,088,017
October 2021				
Financial Assets				
Cash and Cash Equivalent	9,271,799	-	-	9,271,799
Trade and Other Receivables	4,784,102	-	-	4,784,102
Loan Receivables	721,598	3,232,094	38,002,160	41,955,852
Finance Lease Receivable	615,039	2,460,156	39,823,768	42,898,963
Total expected inflows	15,392,538	5,692,250	77,825,928	98,910,716
Financial Liabilities				
Trade and Other Payables	7,271,979	-	-	7,271,979
Loans and Borrowings	1,130,610	13,971,406	38,002,160	53,104,176
Total expected outflows	8,402,589	13,971,406	38,002,160	60,376,155
Net (Outflow)/Inflow on Financial Instruments	6,989,949	(8,279,156)	39,823,768	38,534,561

Adelaide Oval SMA Limited
ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2021

NOTE 19: FINANCIAL RISK MANAGEMENT (CONT)

c. Market Risk

Interest rate risk

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

At 31 October 2021 AOSMA has secured loans of \$53,104,176 (October 2020: \$50,221,731) per note 10. The Majority of this balance is a back to back loan agreement with AOHT which is at a fixed rate.

NOTE 20: CAPITAL MANAGEMENT

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

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

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

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

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

Adelaide Oval SMA Limited
ABN 46 141 259 538

DIRECTORS' DECLARATION

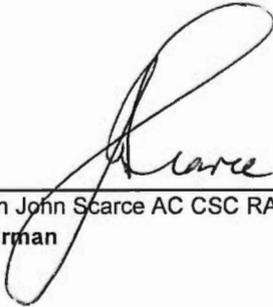
The Directors of the entity declare that:

1. The financial statements and notes, as set out on pages 9 to 33 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 2021, and of the performance for the year ended on that date of the entity.

2. In the Directors' opinion there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

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



Kevin John Scarce AC CSC RAN (Rtd)
Chairman



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

Dates this

23rd

day of

February

2022