

# Adelaide Venue Management Corporation

Financial report  
for the year ended  
30 June 2020



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## To the Chairman of the Board Adelaide Venue Management Corporation

### Opinion

I have audited the financial report of Adelaide Venue Management Corporation for the financial year ended 30 June 2020.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Adelaide Venue Management Corporation as at 30 June 2020, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2020
- a Statement of Financial Position as at 30 June 2020
- a Statement of Changes in Equity for the year ended 30 June 2020
- a Statement of Cash Flows for the year ended 30 June 2020
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chairman, the Chief Executive Officer and the Chief Financial Officer.

### Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and 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 Venue Management Corporation. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. 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 I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Responsibilities of the Chief Executive and the Board for the financial report**

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

The members of the Board are responsible for overseeing the entity's financial reporting process.

## **Auditor's responsibilities for the audit of the financial report**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and schedule 13(3) of the *Public Corporations Act 1993*, I have audited the financial report of Adelaide Venue Management Corporation for the financial year ended 30 June 2020.

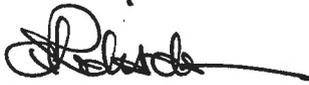
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an 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 Adelaide Venue Management Corporation's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- 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 Chief Executive and the Board 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.

A handwritten signature in black ink, appearing to read 'Andrew Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson

**Auditor-General**

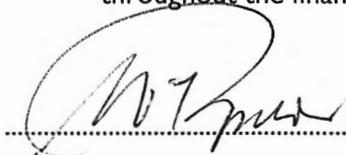
14 September 2020

Adelaide Venue Management Corporation  
ABN 50 676 936 954

## Certification of the Financial Statements

We certify that the:

- financial statements of the Adelaide Venue Management Corporation:
  - are in accordance with the accounts and records of the Corporation; and
  - comply with relevant Treasurer's instructions; and
  - comply with relevant accounting standards; and
  - present a true and fair view of the financial position of the Adelaide Venue Management Corporation at the end of the financial year and the result of its operations and cash flows for the financial year.
- Internal controls employed by the Adelaide Venue Management Corporation over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.



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**William Spurr AO**

CHAIRMAN

Adelaide Venue Management Corporation

Date: 27 AUGUST 2020.....



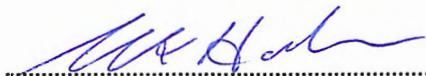
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**Anthony Kirchner**

CHIEF EXECUTIVE OFFICER

Adelaide Venue Management Corporation

Date: 27 AUGUST 2020.....



.....

**Marie Hannaford**

CHIEF FINANCIAL OFFICER

Adelaide Venue Management Corporation

Date: 27 AUGUST 2020.....

**Statement of Comprehensive Income**  
for the year ended 30 June 2020

|   | Note No. | 2020<br>\$'000  | 2019<br>\$'000  |
|---|----------|-----------------|-----------------|
| <b>Income from trading activities</b>                       |          |                 |                 |
| Facility charges  | 3.1      | 49 124          | 63 493          |
| Interest  |          | 177             | 512             |
| Other income  | 3.2      | 1 932           | 2 038           |
| <b>Total income from trading activities</b>                 |          | <b>51 233</b>   | <b>66 043</b>   |
| <b>Expenses from trading activities</b>                     |          |                 |                 |
| Employee benefits expenses                                  | 2.3      | 28 432          | 32 585          |
| Supplies and services                                       | 4.1      | 13 671          | 16 832          |
| Depreciation and amortisation                               | 4.2      | 5 667           | 4 684           |
| Net loss from the disposal of property, plant and equipment | 4.3      | 45              | 18              |
| <b>Total expenses from trading activities</b>               |          | <b>47 815</b>   | <b>54 119</b>   |
| <b>Profit from trading activities</b>                       |          | <b>3 418</b>    | <b>11 924</b>   |
| <b>Income from property management activities</b>           |          |                 |                 |
| Interest  |          | 87              | 193             |
| Appropriation   | 3.3      | 5 294           | 5 165           |
| SA Government grant   | 3.4      | 19 146          | 19 134          |
| Other income  | 3.2      | 658             | 721             |
| <b>Total income from property management activities</b>     |          | <b>25 185</b>   | <b>25 213</b>   |
| <b>Expenses from property management activities</b>         |          |                 |                 |
| Employee benefits expenses                                  | 2.3      | 3 151           | 3 536           |
| Supplies and services                                       | 4.1      | 9 155           | 10 550          |
| Depreciation and amortisation                               | 4.2      | 29 450          | 28 853          |
| Borrowing costs   | 4.4      | 19 548          | 19 134          |
| <b>Total expenses from property management activities</b>   |          | <b>61 304</b>   | <b>62 073</b>   |
| <b>Loss from property management activities</b>             |          | <b>(36 119)</b> | <b>(36 860)</b> |
| <b>Net profit / (loss)</b>                                  |          | <b>(32 701)</b> | <b>(24 936)</b> |
| <b>Total comprehensive result</b>                           |          | <b>(32 701)</b> | <b>(24 936)</b> |

The accompanying notes form part of these financial statements. The net profit / (loss) and total comprehensive result are attributable to the SA Government as owner.

**Statement of Financial Position**  
as at 30 June 2020

|                                      | Note<br>No. | 2020<br>\$'000 | 2019<br>\$'000 |
|--------------------------------------|-------------|----------------|----------------|
| <b>Current assets</b>                |             |                |                |
| Cash and cash equivalents            | 6.1, 8.2    | 18 769         | 29 968         |
| Receivables                          | 6.3         | 3 078          | 5 211          |
| Inventories                          | 5.4         | 385            | 451            |
| <b>Total current assets</b>          |             | <b>22 232</b>  | <b>35 630</b>  |
| <b>Non-current assets</b>            |             |                |                |
| Specific purpose deposits            | 6.2, 8.2    | 15 208         | 13 453         |
| Property, plant and equipment        | 5.1         | 596 970        | 615 197        |
| <b>Total non-current assets</b>      |             | <b>612 178</b> | <b>628 650</b> |
| <b>Total assets</b>                  |             | <b>634 410</b> | <b>664 280</b> |
| <b>Current liabilities</b>           |             |                |                |
| Payables                             | 7.1         | 3 584          | 6 877          |
| Financial liabilities                | 7.2         | 48             | -              |
| Employee benefits                    | 2.4         | 3 292          | 3 886          |
| Contract liabilities                 | 7.3         | 4 448          | -              |
| Other current liabilities            | 7.4         | 117            | 10 025         |
| <b>Total current liabilities</b>     |             | <b>11 489</b>  | <b>20 788</b>  |
| <b>Non-current liabilities</b>       |             |                |                |
| Payables                             | 7.1         | 84             | 111            |
| Financial liabilities                | 7.2         | 393 547        | 382 321        |
| Employee benefits                    | 2.4         | 910            | 1 223          |
| Contract liabilities                 | 7.3         | 2 904          | -              |
| Other non-current liabilities        | 7.4         | 4 842          | 4 899          |
| <b>Total non-current liabilities</b> |             | <b>402 287</b> | <b>388 554</b> |
| <b>Total liabilities</b>             |             | <b>413 776</b> | <b>409 342</b> |
| <b>Net assets</b>                    |             | <b>220 634</b> | <b>254 938</b> |
| <b>Equity</b>                        |             |                |                |
| Contributed capital                  |             | 133 840        | 133 840        |
| Asset revaluation surplus            | 8.1         | 63 481         | 63 481         |
| Accumulated surplus                  |             | 23 313         | 57 617         |
| <b>Total equity</b>                  |             | <b>220 634</b> | <b>254 938</b> |

The accompanying notes form part of these financial statements. The total equity is attributable to the SA Government as owner.

**Statement of Changes in Equity**  
for the year ended 30 June 2020

|  | Note<br>No. | Contributed<br>capital<br>\$'000 | Asset<br>revaluation<br>surplus<br>\$'000 | Accumulated<br>surplus<br>\$'000 | Total<br>\$'000 |
|--|-------------|----------------------------------|---|----------------------------------|-----------------|
| <b>Balance at 1 July 2018</b>          |             | <b>133 840</b>                   | <b>63 481</b>                             | <b>84 150</b>                    | <b>281 471</b>  |
| Net profit / (loss) for 2018-19        |             | -                                | -   | (24 936)                         | <b>(24 936)</b> |
| Total comprehensive result for 2018-19 |             | -                                | -   | (24 936)                         | <b>(24 936)</b> |
| Dividends paid                         |             | -                                | -   | (1 600)                          | <b>(1 600)</b>  |
| <b>Balance at 30 June 2019</b>         |             | <b>133 840</b>                   | <b>63 481</b>                             | <b>57 614</b>                    | <b>254 935</b>  |
| Net profit / (loss) for 2019-20        |             | -                                | -   | (32 701)                         | <b>(32 701)</b> |
| Total comprehensive result for 2019-20 |             | -                                | -   | (32 701)                         | <b>(32 701)</b> |
| Dividends paid                         | 8.4         | -                                | -   | (1 600)                          | <b>(1 600)</b>  |
| <b>Balance at 30 June 2020</b>         |             | <b>133 840</b>                   | <b>63 481</b>                             | <b>23 313</b>                    | <b>220 634</b>  |

The accompanying notes form part of these financial statements. All changes in equity are attributable to the SA Government as owner.

**Statement of Cash Flows**  
for the year ended 30 June 2020

|   | Note<br>No. | 2020<br>\$'000 | 2019<br>\$'000 |
|---|-------------|----------------|----------------|
| <b>Cash flows from operating activities</b>                       |             |                |                |
| <b>Cash inflows</b>   |             |                |                |
| Receipts from the sale of goods and services                      |             | 56 069         | 72 974         |
| Appropriation   |             | 5 294          | 5 165          |
| SA Government grant   |             | 19 146         | 19 093         |
| Interest received   |             | 311            | 711            |
| <b>Cash generated from operations</b>                             |             | <b>80 820</b>  | <b>97 943</b>  |
| <b>Cash outflows</b>  |             |                |                |
| Employee benefit payments   |             | 32 605         | 36 032         |
| Supplies and services   |             | 25 697         | 30 156         |
| Borrowing costs   |             | 19 548         | 19 093         |
| GST remitted to the ATO   |             | 2 731          | 3 667          |
| <b>Cash used in operations</b>                                    |             | <b>80 581</b>  | <b>88 948</b>  |
| <b>Net cash provided by operating activities</b>                  | 8.2         | <b>239</b>     | <b>8 995</b>   |
| <b>Cash flows from investing activities</b>                       |             |                |                |
| <b>Cash inflows</b>   |             |                |                |
| Proceeds from the sale of property, plant and equipment           |             | 74             | 68             |
| <b>Cash generated from investing activities</b>                   |             | <b>74</b>      | <b>68</b>      |
| <b>Cash outflows</b>  |             |                |                |
| Purchase of property, plant and equipment                         |             | 8 115          | 7 230          |
| <b>Cash used in investing activities</b>                          |             | <b>8 115</b>   | <b>7 230</b>   |
| <b>Net cash (used in) / provided by investing activities</b>      |             | <b>(8 041)</b> | <b>(7 162)</b> |
| <b>Cash flows from financing activities</b>                       |             |                |                |
| <b>Cash outflows</b>  |             |                |                |
| Dividends paid to SA Government                                   |             | 1 600          | 1 600          |
| Repayment of leases   |             | 42             | -              |
| <b>Cash used in financing activities</b>                          |             | <b>1 642</b>   | <b>1 600</b>   |
| <b>Net cash (used in) / provided by financing activities</b>      |             | <b>(1 642)</b> | <b>(1 600)</b> |
| <b>Net increase / (decrease) in cash and cash equivalents</b>     |             | <b>(9 444)</b> | <b>233</b>     |
| Cash and cash equivalents at the beginning of the financial year  |             | 43 421         | 43 188         |
| <b>Cash and cash equivalents at the end of the financial year</b> | 8.2         | <b>33 977</b>  | <b>43 421</b>  |

The accompanying notes form part of these financial statements.

## **Notes to the Financial Statements**

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- 10.3. Contingent assets and liabilities
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- 10.6. Events after the reporting date

**11. Measurement and risk**

- 11.1. Long service leave liability - measurement
- 11.2. Fair value
- 11.3. Financial Instruments

## **1. About Adelaide Venue Management Corporation**

Adelaide Venue Management Corporation, (the Corporation), is a not-for-profit statutory authority of the State of South Australia, established on 4 February 1999 as a subsidiary of the Minister for Tourism by Regulations under the *Public Corporations Act 1993*.

The Corporation is governed by a Board of Directors and operates under a charter approved pursuant to the provisions of the *Public Corporations Act 1993*.

The Corporation does not control any other entity and has no interests in unconsolidated structured entities. The financial statements and accompanying notes include all the controlled activities of the Corporation.

### **1.1. Basis of preparation**

The financial statements are general purpose financial statements prepared in accordance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards.

For the 2019-20 financial statements the Corporation adopted *AASB 15 – Revenue from Contracts with Customers*, *AASB 16 – Leases* and *AASB 1058 – Income of Not-for-Profit Entities*. Further information is provided in note 9.

The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the Corporation has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

### **1.2. Objectives and activities**

The objectives of the Corporation are to:

1. manage and operate the Corporation's sites/venues;
2. manage, promote and sponsor events at the Corporation's sites/venues or elsewhere;
3. foster and assist the commercial development of the Corporation's sites/venues in order to complement and enhance the commercial potential; and
4. carry out any other functions conferred on the Corporation by the Minister.

The principal activities of the Corporation are to manage and operate the Adelaide Convention Centre, Adelaide Entertainment Centre and Coopers Stadium.

### 1.3. Impact of COVID-19 pandemic on the Corporation

The COVID-19 pandemic has impacted on the operations of the Corporation and the impacts are included under the relevant disclosure notes. The key impacts in 2019-20 were:

- the Corporation has incurred substantial event booking cancellations as a result of COVID-19 and the uncertainty surrounding the possible ongoing severity and duration of the pandemic;
- the Corporation has activated its Downturn Plan to minimise its financial loss, with key strategies implemented which include ceasing non-essential expenditure, staff drawing down on leave entitlements and the significant majority of casual employees not being utilised;
- the Corporation repurposed its venues when restrictions were initially enforced, to supply community catering organisations who provide meals to vulnerable South Australians. During this period, the Corporation supplied in excess of 250,000 meals to these community organisations who were facing unprecedented demand for their services;
- the Corporation continues to be impacted by ongoing and evolving Government restrictions, with the Corporation 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; and
- the Corporation has Business Interruption insurance coverage with its captive insurer SAicorp, and has a claim for lost profits under this policy. The indemnity period will cover a reasonable period, which is to be determined, for which the Corporation's profits continue to be impacted.

### 1.4. Significant transactions with government related entities

The Corporation does not have any significant transactions with government related entities which are not disclosed elsewhere in the financial statements.

## 2. Board and employees

### 2.1. Key management personnel

Key management personnel of the Corporation include the Minister, the Board, the Chief Executive Officer and the Executive Team. Total compensation for key management personnel was \$1 751 000 in 2019-20 and \$2 016 000 in 2018-19.

The compensation disclosed in this note excludes salaries and other benefits the Minister for Tourism receives. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 of the *Parliamentary Remuneration Act 1990*.

|   | 2020         | 2019         |
|---|--------------|--------------|
| Compensation                                    | \$'000       | \$'000       |
| Salaries and other short-term employee benefits | 1 692        | 2 016        |
| Termination benefits                            | 59           | -            |
| <b>Total</b>                                    | <b>1 751</b> | <b>2 016</b> |

### *Transactions with key management personnel and other related parties*

Unless otherwise disclosed, transactions between key management personnel and other related parties are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

## 2.2. Board members

The following persons held the position of governing board member during the financial year:

William Spurr (Chair)  
Gay Wallace (Deputy Chair)  
Shaun Allan (commenced 1st January 2020)  
Pauline Denley  
Fiona Hele  
Catherine King (concluded 31st July 2019)  
Jim Kouts  
Philip MacDonald (commenced 1st August 2019)  
Leah Manuel\* (concluded 31st July 2019)  
Denise Von Wald

\*In accordance with the Premier and Cabinet Circular No. 016, government employees do not receive any remuneration for board/committee duties during the financial year.

### **Board remuneration**

The number of governing board members whose remuneration received or receivable falls within the following bands:

|  | 2020      | 2019     |
|--|-----------|----------|
| \$0 to \$19 999                                | 3         | 2        |
| \$20 000 to \$39 999                           | 6         | 6        |
| \$40 000 to \$59 999                           | 1         | 1        |
| <b>Total number of governing board members</b> | <b>10</b> | <b>9</b> |

The total remuneration received or receivable by Board members was \$217 000 (\$203 000). Remuneration of Board members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

### 2.3. Employee benefits expenses

|   | 2020          | 2019          |
|---|---------------|---------------|
|   | \$'000        | \$'000        |
| <b>Trading activities</b>   |               |               |
| Salaries and wages  | 22 776        | 26 041        |
| Long service leave  | 427           | 816           |
| Annual leave  | 973           | 980           |
| Skills and experience retention leave (SERL)                                | 58            | 65            |
| Employment on-costs - superannuation  | 2 305         | 2 628         |
| Employment on-costs - other   | 1 695         | 1 869         |
| Board fees  | 198           | 186           |
| <b>Total employee benefits expenses from trading activities</b>             | <b>28 432</b> | <b>32 585</b> |
| <b>Property management activities</b>                                       |               |               |
| Salaries and wages  | 2 580         | 2 831         |
| Long service leave  | 25            | 97            |
| Annual leave  | 138           | 147           |
| Skills and experience retention leave (SERL)                                | 2             | 6             |
| Employment on-costs - superannuation  | 256           | 289           |
| Employment on-costs - other   | 150           | 166           |
| <b>Total employee benefits expenses from property management activities</b> | <b>3 151</b>  | <b>3 536</b>  |
| <b>Total employee benefits expenses</b>                                     | <b>31 583</b> | <b>36 121</b> |

#### **Employment on-costs - superannuation**

The superannuation employment on-cost charge represents the Corporation's contributions to superannuation plans in respect of current services of current employees.

#### **Executive remuneration**

The number of employees whose remuneration received or receivable falls within the following bands:

|                                  | 2020     | 2019      |
|----------------------------------|----------|-----------|
| \$154 001 to \$174 000           | 4        | 5         |
| \$174 001 to \$194 000           | -        | 1         |
| \$194 001 to \$214 000           | 1        | 1         |
| \$214 001 to \$234 000           | 2        | 1         |
| \$234 001 to \$254 000           | -        | 1         |
| \$414 001 to \$434 000           | 1        | -         |
| \$474 001 to \$494 000           | -        | 1         |
| <b>Total number of employees</b> | <b>8</b> | <b>10</b> |

The total remuneration received by those employees for the year was \$1 736 000 (\$2 136 000).

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits.

## 2.4. Employee benefits liability

|  | 2020         | 2019         |
|--|--------------|--------------|
|  | \$'000       | \$'000       |
| <b>Current</b>                               |              |              |
| Annual leave                                 | 443          | 878          |
| Long service leave                           | 2 354        | 2 353        |
| Skills and experience retention leave (SERL) | 51           | 69           |
| Accrued salaries and wages                   | 444          | 586          |
| <b>Total current employee benefits</b>       | <b>3 292</b> | <b>3 886</b> |
| <b>Non-current</b>                           |              |              |
| Long service leave                           | 910          | 1 223        |
| <b>Total non-current employee benefits</b>   | <b>910</b>   | <b>1 223</b> |
| <b>Total employee benefits</b>               | <b>4 202</b> | <b>5 109</b> |

Employee benefits accrue as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

### **Salaries and wages, annual leave, time off in lieu, SERL and sick leave**

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability (including time off in lieu) and the SERL liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement of sick leave.

### **Long Service Leave**

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided as note 11.1.

### 3. Income

#### 3.1. Facility charges

|                               | 2020          | 2019          |
|-------------------------------|---------------|---------------|
|                               | \$'000        | \$'000        |
| Car park                      | 5 465         | 6 409         |
| Catering                      | 25 297        | 31 985        |
| Corporate                     | 1 513         | 2 147         |
| Recoveries                    | 4 709         | 6 519         |
| Technical services            | 4 059         | 4 609         |
| Venue hire                    | 8 081         | 11 824        |
| <b>Total facility charges</b> | <b>49 124</b> | <b>63 493</b> |

Revenues from facility charges are derived under contracts for the provision of goods and services to the public and other SA Government agencies. Revenue is recognised in the period in which the goods and services are provided.

Some contracts include a number of deliverables. In such cases, the transaction price is allocated to each deliverable to determine when revenue is recognised. Other contracts require ongoing provisions of services, for which revenue is recognised over the time services are provided. This is because the Corporation's obligations are satisfied over time and the customer receives and uses the benefits simultaneously.

Payments are largely due in advance or at the time of delivery, for contracted provision of goods and services. For the majority of its contracts, the Corporation expects at contract inception, that the period of time between when a customer pays for goods and services in advance and when the Corporation transfers those goods and services to the customer is less than 1 year. For the minority of contracts where the Corporation expects the transfer of goods and services to be greater than 1 year after contract inception, only the initial deposit is paid greater than 1 year in advance, which would result in any financing component being immaterial. The Corporation has applied the practical expedient per AASB 15 *Revenue from Contracts with Customers* para 63, whereby the consideration has not been adjusted for the effects of any financing component.

In the comparative period, revenue from facility charges was also recognised in the accounting period in which the Corporation provided the goods and services.

#### 3.2. Other income

|   | 2020          | 2019          |
|---|---------------|---------------|
|   | \$'000        | \$'000        |
| <b>Trading activities</b>                                     | <b>\$'000</b> | <b>\$'000</b> |
| Merchandise commission  | 217           | 427           |
| Ticketing   | 587           | 822           |
| Other   | 1 128         | 789           |
| <b>Total other income from trading activities</b>             | <b>1 932</b>  | <b>2 038</b>  |
| <b>Property management activities</b>                         |               |               |
| Leased properties   | 483           | 482           |
| Other   | 175           | 239           |
| <b>Total other income from property management activities</b> | <b>658</b>    | <b>721</b>    |
| <b>Total other income</b>                                     | <b>2 590</b>  | <b>2 759</b>  |

### 3.3. Appropriation

|                            | 2020         | 2019         |
|----------------------------|--------------|--------------|
|                            | \$'000       | \$'000       |
| Appropriation              | 5 294        | 5 165        |
| <b>Total appropriation</b> | <b>5 294</b> | <b>5 165</b> |

Appropriations are recognised on receipt.

This table does not show appropriations in the form of a loan or an equity contribution. Where money has been appropriated in the form of a loan, the Corporation has recorded borrowings. Refer to note 7.2. Where money has been appropriated in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of the Corporation and the appropriation is recorded as contributed equity. Refer to the Statement of Changes in Equity.

Total appropriation revenues from the Government (through the Minister for Tourism) provide funding to the Corporation for expenses relating to the Adelaide Convention Centre site maintenance of the Common Areas and the Riverbank Precinct, Exhibition Hall land rent and for replacement of Corporation assets.

The funding for asset replacement is transferred by the Department of Treasury and Finance into an interest bearing Special Deposit Account titled 'Adelaide Venue Management Future Asset Replacement Account'. With the approval of the Treasurer, these funds are available for the replacement and upgrade of assets and minor works.

### 3.4. SA Government grant

|                                  | 2020          | 2019          |
|----------------------------------|---------------|---------------|
|                                  | \$'000        | \$'000        |
| SA Government grant              | 19 146        | 19 134        |
| <b>Total SA Government grant</b> | <b>19 146</b> | <b>19 134</b> |

The Department of Treasury and Finance provide grant payments to the Corporation for interest and guarantee fees associated with borrowings sourced for the extension and redevelopment of the Adelaide Convention Centre. Refer note 4.4.

#### 4. Expenses

Employee benefits expenses are disclosed in note 2.3.

##### 4.1. Supplies and services

|  | 2020          | 2019          |
|--|---------------|---------------|
|  | \$'000        | \$'000        |
| <b>Trading activities</b>  |               |               |
| Administration expenses and sundries                                   | 3 169         | 3 643         |
| Direct materials   | 8 505         | 10 766        |
| Building services costs  | 51            | 54            |
| Repairs and maintenance  | 159           | 137           |
| Marketing and promotions   | 1 787         | 2 232         |
| <b>Total supplies and services from trading activities</b>             | <b>13 671</b> | <b>16 832</b> |
| <b>Property management activities</b>                                  |               |               |
| Administration expenses and sundries                                   | 108           | 108           |
| Direct materials   | 82            | 765           |
| Building services costs  | 6 345         | 7 001         |
| Repairs and maintenance  | 2 620         | 2 676         |
| <b>Total supplies and services from property management activities</b> | <b>9 155</b>  | <b>10 550</b> |
| <b>Total supplies and services</b>                                     | <b>22 826</b> | <b>27 382</b> |

##### Operating leases payments

Operating lease payments are recognised on a straight-line basis over the lease term. This information is provided for 2018-19 only, as AASB 16 Leases does not distinguish between operating and finance leases for lessees. These payments totalled \$432 600 in 2018-19.

##### Consultants

The number of consultancies and the dollar amount paid/payable (included in supplies and services expense) to consultants that fell within the following bands:

|                   | 2020     |           | 2019     |           |
|-------------------|----------|-----------|----------|-----------|
|                   | No       | \$'000    | No       | \$'000    |
| \$10 000 or above | 1        | 65        | 1        | 25        |
| <b>Total</b>      | <b>1</b> | <b>65</b> | <b>1</b> | <b>25</b> |

##### Audit Fees

Audit fees paid / payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* were \$85 200 (\$80 700). No other services were provided by the Auditor-General's Department.

#### 4.2. Depreciation and amortisation

|   | 2020          | 2019          |
|---|---------------|---------------|
|   | \$'000        | \$'000        |
| <b>Trading activities</b>   |               |               |
| Plant and equipment   | 5 667         | 4 684         |
| <b>Total depreciation and amortisation for trading activities</b>             | <b>5 667</b>  | <b>4 684</b>  |
| <b>Property management activities</b>   |               |               |
| Buildings   | 28 944        | 28 566        |
| Leasehold improvements  | 329           | 287           |
| Right-of-use land   | 177           | -             |
| <b>Total depreciation and amortisation for property management activities</b> | <b>29 450</b> | <b>28 853</b> |
| <b>Total depreciation and amortisation</b>                                    | <b>35 117</b> | <b>33 537</b> |

All non-current assets with a limited useful life are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

#### Useful Life

Depreciation/amortisation is calculated over the estimated useful life of the following classes of assets as follows:

| Class of asset           | Depreciation method               | Useful life (years) |
|--------------------------|-----------------------------------|---------------------|
| Buildings & Improvements | Straight Line & Diminishing Value | 5-147               |
| Leasehold Improvements   | Straight Line                     | 3-15                |
| Right-of-use land        | Straight Line                     | Lease term          |
| Plant and Equipment      | Straight Line                     | 1-30                |

#### Review of accounting estimates

Assets' residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, on an annual basis. Changes in the expected life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate.

#### 4.3. Net loss from the disposal of property, plant and equipment

|  | 2020        | 2019        |
|--|-------------|-------------|
|  | \$'000      | \$'000      |
| <b>Plant and equipment</b>   |             |             |
| Proceeds from disposal   | 74          | 68          |
| Less carrying amount of assets disposed                                  | (119)       | (86)        |
| Net loss from the disposal of plant and equipment                        | (45)        | (18)        |
| <b>Total net loss from the disposal of property, plant and equipment</b> | <b>(45)</b> | <b>(18)</b> |

#### 4.4. Borrowing costs

|  | 2020          | 2019          |
|--|---------------|---------------|
|  | \$'000        | \$'000        |
| Interest expense on lease liabilities    | 402           | -             |
| Guarantee fees on long term borrowings   | 6 107         | 6 103         |
| Interest expense on long term borrowings | 13 039        | 13 031        |
| <b>Total borrowing costs</b>             | <b>19 548</b> | <b>19 134</b> |

#### **Borrowings**

The Corporation has an agreement with the South Australian Financing Authority (SAFA) to source debt funding for the extension and redevelopment of the Adelaide Convention Centre.

Treasury and Finance provide grant payments to the Corporation for interest and guarantee fees associated with the borrowings. Refer note 3.4.

#### 5. Non-financial assets

##### 5.1. Property, plant and equipment by asset class

Property, plant and equipment comprises owned and right-of-use (leased) tangible assets.

|  | 2020           | 2019           |
|--|----------------|----------------|
|  | \$'000         | \$'000         |
| <b>Land and buildings</b>                  |                |                |
| Land at fair value                         | 32 630         | 32 630         |
| Buildings at fair value                    | 584 803        | 584 803        |
| Improvements at cost                       | 4 919          | 4 128          |
| Accumulated depreciation                   | (57 511)       | (28 567)       |
| <b>Total land and buildings</b>            | <b>564 841</b> | <b>592 994</b> |
| <b>Right-of-use land</b>                   |                |                |
| Right-of-use land at cost                  | 11 316         | -              |
| Accumulated depreciation                   | ( 177)         | -              |
| <b>Total right-of-use land</b>             | <b>11 139</b>  | <b>-</b>       |
| <b>Leasehold improvements</b>              |                |                |
| Leasehold improvements at cost             | 4 339          | 3 853          |
| Accumulated amortisation                   | (1 626)        | (1 297)        |
| <b>Total leasehold improvements</b>        | <b>2 713</b>   | <b>2 556</b>   |
| <b>Work in progress</b>                    | <b>111</b>     | <b>-</b>       |
| <b>Total work in progress</b>              | <b>111</b>     | <b>-</b>       |
| <b>Plant and equipment</b>                 |                |                |
| Plant and equipment at cost                | 52 592         | 49 766         |
| Accumulated depreciation                   | (34 426)       | (30 119)       |
| <b>Total plant and equipment</b>           | <b>18 166</b>  | <b>19 647</b>  |
| <b>Total property, plant and equipment</b> | <b>596 970</b> | <b>615 197</b> |

## 5.2. Property, plant and equipment owned by the Corporation

Property, plant and equipment owned by the Corporation with a value equal to or in excess of \$3 000 is capitalised, otherwise it is expensed. Property, plant and equipment owned by the Corporation is recorded at fair value. Detail about the Corporation's approach to fair value is set out in note 11.2.

The Corporation capitalises costs associated with projects to work in progress. On completion of a project the capitalised costs are transferred to the relevant non-current asset account. The balance of work in progress reflects costs for projects which are at various stages of completion as at 30 June.

### Impairment

Property, plant and equipment owned by the Corporation have not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continual use of their service capacity and are subject to regular revaluation.

### Reconciliation 2019-20

|  | Land<br>\$'000 | Buildings and<br>improvements<br>\$'000 | Leasehold<br>improvements<br>\$'000 | Work in<br>Progress<br>\$'000 | Plant &<br>equipment<br>\$'000 | Total<br>\$'000 |
|--|----------------|---|-------------------------------------|-------------------------------|--------------------------------|-----------------|
| <b>Carrying amount<br/>1 July 2019</b>     | <b>32 630</b>  | <b>560 364</b>                          | <b>2 556</b>                        | <b>-</b>                      | <b>19 647</b>                  | <b>615 197</b>  |
| Additions                                  | -              | -                                       | -                                   | 5 693                         | -                              | 5 693           |
| Transfers in / (out)                       | -              | 791                                     | 486                                 | (5 582)                       | 4 305                          | -               |
| Disposals e.g. sales,<br>write off         | -              | -                                       | -                                   | -                             | (119)                          | (119)           |
| Depreciation and<br>amortisation           | -              | (28 944)                                | (329)                               | -                             | (5 667)                        | (34 940)        |
| <b>Carrying amount at<br/>30 June 2020</b> | <b>32 630</b>  | <b>532 211</b>                          | <b>2 713</b>                        | <b>111</b>                    | <b>18 166</b>                  | <b>585 831</b>  |

### Reconciliation 2018-19

|  | Land<br>\$'000 | Buildings and<br>improvements<br>\$'000 | Leasehold<br>improvements<br>\$'000 | Work in<br>Progress<br>\$'000 | Plant &<br>equipment<br>\$'000 | Total<br>\$'000 |
|--|----------------|---|-------------------------------------|-------------------------------|--------------------------------|-----------------|
| <b>Carrying amount<br/>1 July 2018</b>     | <b>32 630</b>  | <b>584 803</b>                          | <b>2 711</b>                        | <b>40</b>                     | <b>20 724</b>                  | <b>640 908</b>  |
| Additions                                  | -              | -                                       | -                                   | 7 912                         | -                              | 7 912           |
| Transfers in / (out)                       | -              | 4 128                                   | 132                                 | (7 952)                       | 3 692                          | -               |
| Disposals e.g. sales,<br>write off         | -              | -                                       | -                                   | -                             | (86)                           | (86)            |
| Depreciation and<br>amortisation           | -              | (28 567)                                | (287)                               | -                             | (4 683)                        | (33 537)        |
| <b>Carrying amount at<br/>30 June 2019</b> | <b>32 630</b>  | <b>560 364</b>                          | <b>2 556</b>                        | <b>-</b>                      | <b>19 647</b>                  | <b>615 197</b>  |

### 5.3. Property, plant and equipment leased by the Corporation

Property, plant and equipment leased by the Corporation is recorded at cost.

Short-term leases of 12 months or less and low value leases where the underlying asset value is less than \$15 000 are not recognised as right-of-use assets. The associated lease payments are recognised as an expense and have not been separately disclosed in the financial statements as they are immaterial.

The Corporation has a limited number of leases:

- The Corporation has entered into a long term operating lease with Renewal SA for part of the land on which the Adelaide Convention Centre buildings are situated. Rental payments are made monthly, and subject to annual Consumer Price Index (CPI) review. There are no contingent rental provisions within the lease agreement. The initial lease term is 93 years, expiring 30 June 2083. The lease contains an option to renew the lease for a further 20 years at the end of the lease term.
- The Corporation has a concessionary lease with the Minister for Recreation and Sport for Coopers Stadium. Under the terms of the lease the Corporation is responsible for managing and maintaining the premises. The annual lease payment is \$1. The lease expires 30 June 2028, with provision for extension of this lease being for an additional period as agreed in writing by the parties. As required by *Treasurer's Instructions (Accounting Policy Statements)*, the Corporation has exercised the exemption to not measure this right-of-use asset at fair value on initial recognition as the lease is significantly below-market terms and conditions principally to enable the Corporation to further its objectives.

The lease liabilities related to the right-of-use assets are disclosed in note 7.2. Expenses related to leases, including depreciation and interest expenses, are disclosed in note 4. Cash outflows related to leases are disclosed in note 8.2.

#### **Impairment**

Property, plant and equipment leased by the Corporation has been assessed for impairment. There was no indication of impairment. No impairment loss or reversal of impairment loss was recognised.

### 5.4. Inventories

|  | 2020       | 2019       |
|--|------------|------------|
|  | \$'000     | \$'000     |
| <b>Current - Inventories held for resale</b> |            |            |
| Beverages                                    | 249        | 293        |
| Food   | 136        | 158        |
| <b>Total inventories held for resale</b>     | <b>385</b> | <b>451</b> |

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

#### **Cost of inventories**

The Corporation recognised an expense for raw materials and consumables of \$6 529 000 (\$8 076 000).

## 6. Financial assets

### 6.1. Cash and cash equivalents

|   | 2020          | 2019          |
|---|---------------|---------------|
|   | \$'000        | \$'000        |
| <b>Deposits with the Treasurer (Special deposit accounts)</b>     |               |               |
| Operating Account   | 18 504        | 29 664        |
| <b>Total cash and cash equivalent deposits with the Treasurer</b> | <b>18 504</b> | <b>29 664</b> |
| Cash on hand  | 265           | 304           |
| <b>Total cash and cash equivalents</b>                            | <b>18 769</b> | <b>29 968</b> |

#### ***Deposits with the Treasurer***

Special deposit accounts are established under section 8 of the *Public Finance and Audit Act 1987*. Special deposit accounts must be used in accordance with their approved purpose.

The Operating Account is comprised of funds held in an operating account at a commercial banking institution. Cash at bank deposits are on-call and carry an average variable interest rate of 0.51% (1.35%). Interest is accrued daily and distributed monthly.

### 6.2. Specific purpose deposits

|   | 2020          | 2019          |
|---|---------------|---------------|
|   | \$'000        | \$'000        |
| <b>Deposits with the Treasurer (Special deposit accounts)</b> |               |               |
| Future Asset Replacement Account                              | 12 327        | 10 602        |
| <b>Total specific purpose deposits with the Treasurer</b>     | <b>12 327</b> | <b>10 602</b> |
| Investment with SA Financing Authority                        | 2 881         | 2 851         |
| <b>Total specific purpose deposits</b>                        | <b>15 208</b> | <b>13 453</b> |

#### ***Deposits with the Treasurer***

Special deposit accounts are established under section 8 of the *Public Finance and Audit Act 1987*. Special deposit accounts must be used in accordance with their approved purpose.

Although the Corporation controls the money reported above in the Future Asset Replacement Account, its use must be approved by the Treasurer.

The Future Asset Replacement Account is lodged with SAFA in a Deposit Account. The Future Asset Replacement Account funds carry an average variable interest rate of 0.51% (1.35%). Interest is accrued daily and distributed monthly.

#### ***Investment with SA Financing Authority***

The Investment with the SA Financing Authority is held in a Cash Management Facility. The SAFA Cash Management Funds carry an average variable interest rate of 0.88% (1.90%). Interest is accrued daily and distributed monthly.

### 6.3. Receivables

|  | 2020         | 2019         |
|--|--------------|--------------|
|  | \$'000       | \$'000       |
| <b>Current</b>                                 |              |              |
| Trade receivables from government entities     | 37           | 229          |
| Trade receivables from non-government entities | 379          | 2 214        |
| Accrued revenues                               | 2 133        | 2 254        |
| GST input tax recoverable                      | 66           | -            |
| Prepayments                                    | 463          | 514          |
| <b>Total current receivables</b>               | <b>3 078</b> | <b>5 211</b> |

Trade receivables arise in the normal course of selling goods and services to other government agencies and to the public. Trade receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

Other than as recognised in the allowance for impairment loss on receivables, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Refer to note 11.3 for further information on risk management.

Receivables, prepayments and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

The net amount of GST recoverable from the ATO is included as part of receivables.

#### ***Allowance for impairment loss on receivables***

The Corporation has provided a nil (2019 nil) loss allowance for trade receivables. Refer to note 11.3 for details regarding credit risk and the methodology for determining impairment.

| <b>Contract balances</b>   | <b>30 June 2020</b> | <b>1 July 2019</b> |
|--|---------------------|--------------------|
| Receivables from contracts with customers, included in 'Receivables' | 2 549               | 4 697              |

## 7. Liabilities

Employee benefits liabilities are disclosed in note 2.4.

### 7.1. Payables

|                                   | 2020         | 2019         |
|-----------------------------------|--------------|--------------|
|                                   | \$'000       | \$'000       |
| <b>Current</b>                    |              |              |
| Trade payables                    | 698          | 3 881        |
| Accrued expenses                  | 1 070        | 1 068        |
| GST payable                       | -            | 24           |
| Employment on-costs               | 355          | 443          |
| Interest accrued                  | 1 461        | 1 461        |
| <b>Total current payables</b>     | <b>3 584</b> | <b>6 877</b> |
| <b>Non-current</b>                |              |              |
| Employment on-costs               | 84           | 111          |
| <b>Total non-current payables</b> | <b>84</b>    | <b>111</b>   |
| <b>Total payables</b>             | <b>3 668</b> | <b>6 988</b> |

Payables and accruals are raised for all amounts owing but unpaid. Payables are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short-term nature.

The net amount of GST payable to the ATO is included as part of payables.

#### **Employment on-costs**

Employment on-costs include payroll tax, Return to Work SA levy and superannuation contributions, and are settled when the respective employee benefit that they relate to is discharged.

The Corporation contributes to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at balance date relates to any contributions due but not yet paid.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has changed from the 2019 rate (41%) to 42%. This rate is used in the employment on-cost calculation. The net financial effect of the change in the current financial year is an increase in the employment on-cost and employee benefits expense of \$3 000. The estimated impact on future periods is immaterial.

## 7.2. Financial liabilities

|  | 2020           | 2019           |
|--|----------------|----------------|
| Current  | \$'000         | \$'000         |
| Lease liabilities                              | 48             | -              |
| <b>Total current financial liabilities</b>     | <b>48</b>      | <b>-</b>       |
| <b>Non-current</b>                             |                |                |
| Borrowings from SA Government                  | 382 321        | 382 321        |
| Lease liabilities                              | 11 226         | -              |
| <b>Total non-current financial liabilities</b> | <b>393 547</b> | <b>382 321</b> |
| <b>Total financial liabilities</b>             | <b>393 595</b> | <b>382 321</b> |

The Corporation measures financial liabilities including borrowings at amortised cost.

All material cash outflows are reflected in the lease liabilities disclosed above. For 2018-19 the lease liabilities reflect only finance leases recognised in accordance with AASB 117.

### *Borrowings from SA Government*

The Corporation has a Client Services Agreement with SAFA for the Adelaide Convention Centre extension and redevelopment project. Under the arrangement, the Corporation has fully drawn down the approved borrowings limit of \$382.321 million from SA Government. The interest rates were in the range of 2.33% and 4.35%.

## 7.3. Contract liabilities

|   | 2020         | 2019     |
|---|--------------|----------|
|   | \$'000       | \$'000   |
| <b>Current</b>                                |              |          |
| Contract liabilities                          | 4 448        | -        |
| <b>Total current contract liabilities</b>     | <b>4 448</b> | <b>-</b> |
| <b>Non-current</b>                            |              |          |
| Contract liabilities                          | 2 904        | -        |
| <b>Total non-current contract liabilities</b> | <b>2 904</b> | <b>-</b> |
| <b>Total contract liabilities</b>             | <b>7 352</b> | <b>-</b> |

Contract liabilities relate to monies received in advance for goods and services, for which revenue is recognised when the goods and services are provided. It includes amounts invoiced in relation to events and car parking which relate to future periods and amounts invoiced under Corporate Suite Licensing and Advertising Agreements. In the prior year this balance was classified as Income received in advance. Refer notes 7.4 and 9.2.

| Contract liabilities               | 30 June 2020 | 1 July 2019 |
|------------------------------------|--------------|-------------|
| Contract liabilities - current     | 4 448        | 9 473       |
| Contract liabilities - non-current | 2 904        | 437         |

Contract liabilities have decreased during the financial year, predominantly due to the cancellation of existing events due to COVID-19, a deferral of invoicing by the Corporation for future events due to the uncertainty of whether the event could be held under current Government restrictions and a significant reduction in new short lead event bookings. This has resulted in significantly fewer instalment payments on future events being raised prior to end of financial year in comparison to the same time period in the prior financial year.

Revenue totalling \$9 124 000 was recognised in 2019-20 that was included in contract liabilities at 1 July 2019. No revenue related to adjustments to prices for performance obligations satisfied or partially satisfied in prior periods.

## 7.4. Other liabilities

|  | 2020         | 2019          |
|--|--------------|---------------|
|  | \$'000       | \$'000        |
| <b>Current</b>                             |              |               |
| Income received in advance                 | -            | 9 910         |
| Unearned lease revenue                     | 58           | 58            |
| Security deposits                          | 59           | 57            |
| <b>Total current other liabilities</b>     | <b>117</b>   | <b>10 025</b> |
| <b>Non-current</b>                         |              |               |
| Unearned lease revenue                     | 4 842        | 4 899         |
| <b>Total non-current other liabilities</b> | <b>4 842</b> | <b>4 899</b>  |
| <b>Total other liabilities</b>             | <b>4 959</b> | <b>14 924</b> |

Income received in advance includes amounts invoiced in relation to events and car parking which relate to future periods and amounts invoiced under Corporate Suite Licensing and Advertising Agreements. Revenue is recognised when the goods and services are provided.

On adoption of AASB 15 *Revenue from Contracts with Customers*, Income received in advance has been reclassified to Contract liabilities. Refer note 9.2.

Unearned lease revenue represents payment received for a section of land leased on a 99 year lease agreement during 2007. The payments received for the lease are being recognised as income over the life of the lease.

## 7.5. Provisions

### *Workers Compensation*

The Corporation is deemed to be an exempt employer by virtue of the *Return To Work Act 2014* and as such is liable for all medical, income and other day to day type expenses associated with a claim. The Corporation is also liable for any lump sum, redemption or permanent disability type payments for claims. Given the immaterial nature of the claims existing as at 30 June 2020, no provision has been recognised in the Statement of Financial Position.

## 8. Other disclosures

### 8.1. Equity

The asset revaluation surplus is used to record increments and decrements in the fair value of land and buildings to the extent that they offset one another. Relevant amounts are transferred to accumulated surplus when an asset is derecognised.

For information about equity contributions refer to note 3.3.

## 8.2. Cash flow

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

### Leases

|                                      | 2020       | 2019     |
|--------------------------------------|------------|----------|
|                                      | \$'000     | \$'000   |
| Land                                 | 444        | -        |
| <b>Total cash outflow for leases</b> | <b>444</b> | <b>-</b> |

### Reconciliation of net result to cash flows from operating activities

|  | 2020          | 2019          |
|--|---------------|---------------|
|  | \$'000        | \$'000        |
| <b>Reconciliation of cash and cash equivalents at the end of the reporting period:</b> |               |               |
| <b>Statement of Financial Position</b>   |               |               |
| <b>Current</b>   |               |               |
| Cash and cash equivalents  | 18 769        | 29 968        |
| <b>Non-current</b>   |               |               |
| Specific purpose deposits  | 15 208        | 13 453        |
| <b>Cash and cash equivalents as recorded in the Statement of Cash Flows</b>            | <b>33 977</b> | <b>43 421</b> |

### Reconciliation of profit / (loss) to net cash provided by operating activities:

|  |            |              |
|--|------------|--------------|
| Net profit / (loss) for the year                 | (32 701)   | (24 936)     |
| <b>Add / (less) non-cash items</b>               |            |              |
| Depreciation and amortisation expense            | 35 117     | 33 537       |
| Leased land income                               | ( 58)      | ( 58)        |
| Net (gain) / loss on disposal of assets          | 45         | 18           |
| <b>Movement in assets / liabilities</b>          |            |              |
| (Increase) / decrease in receivables             | 2 133      | 958          |
| (Increase) / decrease in inventories             | 66         | 49           |
| (Decrease) / increase in payables                | ( 901)     | ( 86)        |
| (Decrease) / increase in other liabilities       | (9 907)    | ( 581)       |
| (Decrease) / increase in contract liabilities    | 7 352      | -            |
| (Decrease) / increase in employee benefits       | ( 907)     | 94           |
| <b>Net cash provided by operating activities</b> | <b>239</b> | <b>8 995</b> |

### 8.3. Administered items

The Corporation includes a schedule of administered items as a note to the accounts as it is considered that administered transactions and balances are insignificant in relation to the Corporation's overall financial performance and position in accordance with APS 1050.B.

|  | 2020           | 2019           |
|--|----------------|----------------|
|  | \$'000         | \$'000         |
| <b>Event funds</b>   |                |                |
| <b>Administered revenues</b>   |                |                |
| Net box office receipts  | 9 650          | 27 244         |
| Interest earned on event funds   | 60             | 144            |
| <b>Total administered revenues</b>                                     | <b>9 710</b>   | <b>27 388</b>  |
| <b>Administered expenses</b>   |                |                |
| Settlements paid   | 18 478         | 31 387         |
| <b>Total administered expenses</b>                                     | <b>18 478</b>  | <b>31 387</b>  |
| <b>Movement in administered items during the year</b>                  | <b>(8 768)</b> | <b>(3 999)</b> |
| <b>Administered assets</b>   |                |                |
| Cash at bank   | 2 301          | 11 056         |
| Receivable - interest  | 1              | 14             |
| <b>Total administered assets</b>                                       | <b>2 302</b>   | <b>11 070</b>  |
| <b>Administered liabilities</b>  |                |                |
| Funds held in trust  | 2 301          | 11 056         |
| Accrued interest payable   | 1              | 14             |
| <b>Total administered liabilities</b>                                  | <b>2 302</b>   | <b>11 070</b>  |
| <b>Movement in administered items during the year</b>                  | <b>(8 768)</b> | <b>(3 999)</b> |
| Total administered assets held at the beginning of the financial year  | 11 070         | 15 069         |
| <b>Total administered assets held at the end of the financial year</b> | <b>2 302</b>   | <b>11 070</b>  |

The Corporation receives gross box office receipts from its ticketing agency, and holds those receipts in a separate Event Funds bank account. In any instance where an event does not proceed, those monies are returned to the ticketing agency and refunded to patrons. Alternatively, the monies are paid to promoters, the Corporation and other service providers.

#### **Cash deposits**

Cash at bank is comprised of funds held in a bank account at a commercial banking institution. Funds are on-call and carry an average variable interest rate of 0.85% (1.68%). Interest is accrued daily and distributed monthly.

### 8.4. Dividends

A current period dividend of \$1 600 000 was paid to SA Government during the financial year as determined by the Treasurer, pursuant to Section 22(2) of the *Public Corporations (Adelaide Venue Management Corporation) Regulations 2013*.

## 9. Changes in accounting policy

### 9.1. AASB 16 Leases

AASB 16 sets out a comprehensive model for lessee accounting that addresses recognition, measurement, presentation and disclosure of leases. Lessor accounting is largely unchanged. AASB 16 Leases replaces AASB 117 Leases and related interpretations.

The adoption of AASB 16 Leases from 1 July 2019 resulted in adjustments to the amounts recognised from a lessee perspective in the financial statements:

- AASB 117 Leases only required the recognition of an asset and lease liability in relation to finance leases. AASB 16 Leases applies a comprehensive model to all leases. Applying AASB 16 resulted in a lease previously classified as an operating lease having a right-of-use asset and related lease liability being recognised in the Statement of Financial Position.
- AASB 117 Leases resulted in operating lease payments being recognised as an expense under Supplies and Services. AASB 16 Leases largely replaces this with depreciation expenses that represents the use of the right-of-use asset and borrowing costs that represent the cost associated with financing the right-of-use asset.

#### **Impact on accumulated surplus**

The total impact on the Corporation's accumulated surplus as at 1 July 2019 is as follows:

|  | \$'000   |
|--|----------|
| <b>Closing accumulated surplus 30 June 2019 – AASB 117</b> | 57 617   |
| <b><u>Assets</u></b>                                       |          |
| Property, plant and equipment                              | 11 316   |
| <b><u>Liabilities</u></b>                                  |          |
| Financial liabilities                                      | (11 316) |
| <b>Opening accumulated surplus 1 July 2019 – AASB 16</b>   | 57 617   |

The Corporation disclosed in its 2018-19 financial report total undiscounted operating lease commitments of \$28 134 000 under AASB 117. The impact of the annual variable rate index increase was \$591 000. The impact of discounting was (\$17 409 000).

#### **Accounting policies on transition**

AASB 16 sets out accounting policies on transition in its transitional provisions. The *Treasurer's Instructions (Accounting Policy Statements)* requires certain choices in those transitional provisions to be taken. The Corporation has adopted the following accounting policies:

- to apply AASB 16 retrospectively. The cumulative effect of initially applying the Standard was recognised at 1 July 2019. Comparatives have not been restated.
- at 1 July 2019 AASB 16 was applied only to contracts that were previously identified as containing a lease under AASB 117 and related interpretations.
- the initial measurement of lease liability was the present value of the remaining lease payments discounted using the relevant incremental borrowing rate published by the Department of Treasury and Finance rate as at 1 July 2019 based on the SA Government's cost of borrowing. The average weighted incremental borrowing rate for this purpose was 3.63%.
- the initial measurement of right-of-use assets has been calculated as an amount equal to the lease liability on transition adjusted for prepaid or accrued lease payments and lease incentive liabilities.
- the initial measurement of lease liabilities and right-of-use assets excludes all leases that ended by 30 June 2020.

### **Ongoing accounting policies**

The *Treasurer's Instructions (Accounting Policy Statements)* specify required accounting policies for public authorities in applying AASB 16. These requirements are reflected in the Corporation's accounting policies as follows:

- AASB 16 is not applied to leases of intangible assets.
- right-of-use assets and lease liabilities are not recognised for leases of low value assets, being assets which have a value of \$15 000 or less, nor short-term leases, being those with a lease term of 12 months or less.
- the Corporation, in the capacity of a lessee, does not include non-lease components in lease amounts.
- right-of-use assets are not measured at fair value on initial recognition for leases that have significantly below-market terms and conditions principally to enable the Corporation to further its objectives.
- right-of-use assets are subsequently measured applying a cost model.

Significant accounting policies relate to the application of AASB 16 are disclosed under relevant notes and are referenced at note 5.3.

### **9.2. AASB 15 Revenue from Contracts with Customers**

AASB 15 *Revenue from Contracts with Customers* establishes a revenue recognition model for revenue arising from contracts with customers. It requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 supersedes AASB 111 *Construction contracts*, AASB 118 *Revenue* and related Interpretations and applies to all revenue arising from contracts with customers.

#### **Impact on accumulated surplus**

The total impact on the Corporation's accumulated surplus as at 1 July 2019 is as follows:

|  | <b>\$'000</b> |
|--|---------------|
| <b>Closing accumulated surplus 30 June 2019 – AASB 118</b> | 57 617        |
| <b>Liabilities</b>   |               |
| Contract liabilities                                       | (9 910)       |
| Other current liabilities                                  | 9 910         |
| <b>Opening accumulated surplus 1 July 2019 – AASB 15</b>   | 57 617        |

#### **Accounting policies on transition**

The Corporation has adopted AASB 15 on 1 July 2019. The *Treasurer's Instructions (Accounting Policy Statements)* require certain choices in those transitional provisions to be taken. The Corporation has on transition recognised the cumulative effect of initially applying AASB 15 as an adjustment to the opening balance of accumulated surplus as at 1 July 2019. Therefore, the comparative information has not been restated.

Impacts on the financial statements are explained at note 9.4.

### **Ongoing accounting policies**

The *Treasurer's Instructions (Accounting Policy Statements)* specify requirements for public authorities in applying AASB 15. These requirements are reflected in the Corporation's accounting policies as follows:

- AASB 15 is applied to portfolio contracts with similar characteristics.
- there is no adjustment to the promised amount of consideration for the effects of a significant financing component if the period between the transfer of goods/services and the payment date is one year or less.
- the incremental costs of obtaining a contract are expensed when incurred when the amortisation period of the asset that the Corporation would have recognised is one year or less.

Significant accounting policies relating to the application of AASB 15 are disclosed under relevant notes.

### 9.3. AASB 1058 Income of Not-for-Profit Entities

AASB 1058 *Income of Not-for-Profit Entities* establishes new income recognition requirements for not-for-profit entities. Its requirements apply where the consideration to acquire an asset, including cash, is significantly less than fair value principally to enable the entity to further its objectives. AASB 1058 also contains requirements for the receipt of volunteer services. AASB 1058 supersedes income recognition requirements in AASB 1004 *Contributions*, AASB 118 *Revenue* and AASB 111 *Construction Contracts*. However, elements of AASB 1004 remain in place, primarily in relation to restructures of administrative arrangements and other contributions and distributions by owners.

#### **Accounting policies on transition**

On transition, there was no impact on accumulated surplus.

### 9.4. Effects on financial statements from AASB 15

The following table shows the effect of adopting AASB 15 on the Corporation's financial statements for the year ending 30 June 2020.

#### **Statement of Financial Position**

for the year ended 30 June 2020

|                                      | As reported    | Adjustments<br>AASB 15 | Balances<br>without<br>adoption of<br>AASB 15 |
|--------------------------------------|----------------|------------------------|---|
|                                      | \$'000         | \$'000                 | \$'000  |
| Contract liabilities                 | 4 448          | 4 448                  | -   |
| Other current liabilities            | 117            | (4 448)                | 4 565   |
| <b>Total current liabilities</b>     | <b>11 489</b>  | <b>-</b>               | <b>11 489</b>                                 |
| Contract liabilities                 | 2 904          | 2 904                  | -   |
| Other non-current liabilities        | 4 842          | (2 904)                | 7 746   |
| <b>Total non-current liabilities</b> | <b>402 287</b> | <b>-</b>               | <b>402 287</b>                                |

On adoption of AASB 15, monies received in advance for goods and services is classified as a Contract liability. In the prior year, these balances were classified as Other current liabilities.

### 9.5. Presentation of Financial Statements

*Treasurer's Instructions (Accounting Policy Statements)* issued on 1 June 2020 removed the previous requirement for financial statements to be prepared using the net cost of services format. The net cost of services is the total cost of services less any revenue retained by public authorities involved in the provision of services but does not include items classified as revenues from and payments to the South Australian Government.

Presentation of the Statement of Comprehensive Income on an 'income and expense' basis allows information to be presented in such a way that eliminates potential confusion as to the source of funding for the Corporation. As well as changes to the format of the Statement of Comprehensive Income, there are presentational changes to remove the net cost of services format from the Statement of Cash Flows. These statements now show income before expenses, and cash receipts before cash payments. Related disclosures also reflect this changed format.

## 10. Outlook

### 10.1. Unrecognised contractual commitments

Commitments include operating and capital arising from contractual sources and are disclosed at their nominal value.

#### *Capital Commitments*

|   | 2020     | 2019         |
|---|----------|--------------|
|   | \$'000   | \$'000       |
| Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial statements, are payable as follows: |          |              |
| Within one year   | 7        | 1 053        |
| <b>Total capital commitments</b>  | <b>7</b> | <b>1 053</b> |

#### *Expenditure Commitments*

|  | 2020       | 2019       |
|--|------------|------------|
|  | \$'000     | \$'000     |
| Within one year                                    | 456        | 358        |
| Later than one year but not longer than five years | 319        | 193        |
| <b>Total expenditure commitments</b>               | <b>775</b> | <b>551</b> |

The Corporation's expenditure commitments are associated with ongoing business operations.

#### *Operating lease commitments payable*

|  | 2020     | 2019          |
|--|----------|---------------|
|  | \$'000   | \$'000        |
| Future minimum lease payments payable under non-cancellable operating leases contracted for at reporting date but not recognised as liabilities are: |          |               |
| Within one year  | -        | 440           |
| Later than one year but not longer than five years   | -        | 1 758         |
| Later than five years  | -        | 25 936        |
| <b>Total operating lease expenditure commitments</b>   | <b>-</b> | <b>28 134</b> |

Operating lease commitments is provided for the comparative year only as AASB 16 Leases does not distinguish between operating and finance leases for the lessee. Refer notes 5.3 and 7.2.

#### *Operating lease commitments receivable*

|   | 2020       | 2019         |
|---|------------|--------------|
|   | \$'000     | \$'000       |
| Future minimum lease payments receivable under non-cancellable operating leases contracted for at reporting date but not recognised as receivables are: |            |              |
| Within one year   | 282        | 352          |
| Later than one year but not longer than five years  | 600        | 913          |
| <b>Total operating lease revenue commitments</b>  | <b>882</b> | <b>1 265</b> |

The Corporation's operating lease commitments as lessor are for the lease of shops, offices and site space located on sites owned or leased by the Corporation. The Corporation also leases a section of land. As rental in relation to the lease of this land was received in advance, there are no minimum lease payments receivable in relation to this lease.

## 10.2. Expected realisation of contract liabilities as revenue

|                                   | 2020-21 | 2021-22 | 2022-23 | 2023-26 | Total  |
|-----------------------------------|---------|---------|---------|---------|--------|
|                                   | \$'000  | \$'000  | \$'000  | \$'000  | \$'000 |
| Revenue expected to be recognised | 4 448   | 2 422   | 427     | 55      | 7 352  |

Revenue expected to be recognised in 2021-22 and beyond relates to deposits and instalment payments for future events.

## 10.3. Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

The Corporation has a contingent asset by way of a Business Interruption insurance claim for lost profits, with its captive insurer SAicorp. Refer note 1.3. The initial claim up to 30 June 2020 has been lodged with SAicorp, and is expected to be in the vicinity of \$6 000 000.

The Corporation is not aware of any contingent liabilities.

## 10.4. Impact of standards not yet effective

The Corporation has assessed the impact of new and changed Australian Accounting Standards Board Standards and Interpretations not yet effective. The Corporation has assessed that there are no material impacts.

## 10.5. COVID-19 pandemic outlook for the Corporation

The COVID-19 pandemic will continue to impact the operations of the Corporation in 2020-21. The key expected impacts are:

- The number of events and attendees are expected to be significantly below normal levels due to:
  - the ongoing uncertainty surrounding the severity and/or duration of the COVID-19 pandemic;
  - ongoing, varied or new Government restrictions, including mass gathering and capacity restrictions and national and international travel restrictions;
  - significant lead times on some event types resulting in a delay in the Corporation returning to normal operational levels even when restrictions are lifted; and
  - an uncertain economic climate and lack of consumer confidence may result in a change in spending patterns for clients and patrons.
- The Corporation is insured for Business Interruption through its captive insurer SAicorp. The indemnity period will cover a reasonable period, which is to be determined, for which the Corporation's profits continue to be impacted. The Corporation intends to claim for lost profits on a quarterly basis throughout the indemnity period.

## 10.6. Events after the reporting period

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years. The Corporation is not aware of any such events arising.

## **11. Measurement and risk**

### **11.1. Long service leave liability - measurement**

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on submitted data from the payroll system and assessed against actuarial data.

AASB 119 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased from 2019 (1.25%) to 2020 (0.50%). This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance decreased the salary inflation rate from 2019 (4.00%) to 2020 (2.50%) for long service leave liability. This decrease in the salary inflation rate results in a decrease in the reported long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$152 000 and employee benefits expense of \$166 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The unconditional portion of the long service leave provision is classified as current as the Corporation does not have or will not exercise an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of long service leave relates to an unconditional legal entitlement to payment arising after 7 years of service for staff employed under the Adelaide Venue Management Corporation/United Voice Enterprise Agreement and 7 (previously 10) years of service for all other staff. Due to the COVID-19 pandemic and its significant impact on the operations of the Corporation, the Corporation is allowing all staff to take their long service leave accrual as leave after 7 years.

### **11.2. Fair value**

AASB 13 *Fair Value Measurement* 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.

#### ***Initial recognition***

Non-current tangible 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. However, if the assets are acquired at no or nominal value as part of a restructure of administrative arrangements, then the assets are recorded at book value (i.e. the amount recorded by the transferor immediately prior to transfer).

### **Revaluation**

Property, plant and equipment are subsequently measured at fair value after allowing for accumulated depreciation.

The revaluation process is reviewed by the Chief Financial Officer and the Corporation's Board each year.

Non-current tangible assets are valued at fair value and revaluation of non-current assets or a group of assets is only performed when the fair value at the time of acquisition is greater than \$1.5 million and estimated useful life is greater than three years.

Revaluation is undertaken on a regular cycle as detailed below. 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.

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.

### **Fair value hierarchy**

The Corporation classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation:

- a) 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.
- b) 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.
- c) Level 3 – not traded in an active market and are derived from unobservable inputs.

The Corporation's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

During 2020 and 2019, the Corporation had no valuations categorised into level 1; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

### **Fair value classification – non-financial assets at 30 June 2020**

|  | Note | Level 2<br>\$'000 | Level 3<br>\$'000 | Total<br>\$'000 |
|--|------|-------------------|-------------------|-----------------|
| <b>Recurring fair value measurements</b>       |      |                   |                   |                 |
| Land   | 5.1  | 32 630            | -                 | 32 630          |
| Buildings and improvements                     | 5.1  | 806               | 531 405           | 532 211         |
| Leasehold improvements                         | 5.1  | -                 | 2 713             | 2 713           |
| Work in progress                               | 5.1  | -                 | 111               | 111             |
| Plant and equipment                            | 5.1  | -                 | 18 166            | 18 166          |
| <b>Total recurring fair value measurements</b> |      | <b>33 436</b>     | <b>552 395</b>    | <b>585 831</b>  |

**Fair value classification – non-financial assets at 30 June 2019**

|  | Note | Level 2<br>\$'000 | Level 3<br>\$'000 | Total<br>\$'000 |
|--|------|-------------------|-------------------|-----------------|
| <b>Recurring fair value measurements</b>       |      |                   |                   |                 |
| Land   | 5.1  | 32 630            | -                 | 32 630          |
| Buildings and improvements                     | 5.1  | 848               | 559 516           | 560 364         |
| Leasehold improvements                         | 5.1  | -                 | 2 556             | 2 556           |
| Work in progress                               | 5.1  | -                 | -                 | -               |
| Plant and equipment                            | 5.1  | -                 | 19 647            | 19 647          |
| <b>Total recurring fair value measurements</b> |      | <b>33 478</b>     | <b>581 719</b>    | <b>615 197</b>  |

**Land and buildings**

Every six years the Corporation revalues land and buildings and improvements owned by the Corporation, with the valuation appraisal performed by an independent Certified Practising Valuer. The most recent independent valuation of land and buildings was performed in June 2018 by a Certified Practising Valuer from Liquid Pacific Holdings Pty Ltd, as at 30 June 2018.

The valuer used depreciated replacement cost for specialised buildings, due to there not being an active market for such buildings. The depreciated replacement cost considered the need for ongoing provision of government services; specialised nature of the assets, including the restricted use of the assets; the size, condition, location and current use of the assets. The valuation was based on a combination of specialised knowledge and the acquisition/transfer costs.

The valuer arrived at fair value for land and non-specialised buildings using the market approach. The valuation was based on recent market transactions for similar land and buildings (non-specialised) in the area and includes adjustment for factors specific to the land and building being valued such as size and location.

**Plant and equipment**

All items of plant and equipment owned by the Corporation had a fair value at the time of acquisition less than \$1.5 million or had an estimated useful life that was less than three years, and have not been revalued in accordance with APS 116.D. The carrying value of these items are deemed to approximate fair value.

### Reconciliation of Level 3 recurring fair value measurements at 30 June 2020

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

|   | Buildings and<br>improvements<br>\$'000 | Leasehold<br>improvements<br>\$'000 | Work in<br>progress<br>\$'000 | Plant and<br>equipment<br>\$'000 |
|---|---|-------------------------------------|-------------------------------|----------------------------------|
| <b>Opening balance at the beginning of the period</b>     | <b>559 516</b>                          | <b>2 556</b>                        | -                             | <b>19 647</b>                    |
| Acquisitions  | -                                       | -                                   | 5 693                         | -                                |
| Transfers in / (out)                                      | 791                                     | 486                                 | (5 582)                       | 4 305                            |
| Total gains / (losses) for the period in profit and loss: |   |                                     |                               |                                  |
| Depreciation  | (28 902)                                | ( 329)                              | -                             | (5 667)                          |
| Disposals   | -                                       | -                                   | -                             | ( 119)                           |
| <b>Closing balance at the end of the period</b>           | <b>531 405</b>                          | <b>2 713</b>                        | <b>111</b>                    | <b>18 166</b>                    |

### Reconciliation of Level 3 recurring fair value measurements at 30 June 2019

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

|   | Buildings and<br>improvements<br>\$'000 | Leasehold<br>improvements<br>\$'000 | Work in<br>progress<br>\$'000 | Plant and<br>equipment<br>\$'000 |
|---|---|-------------------------------------|-------------------------------|----------------------------------|
| <b>Opening balance at the beginning of the period</b>     | <b>583 913</b>                          | <b>2 711</b>                        | <b>40</b>                     | <b>20 724</b>                    |
| Acquisitions  | -                                       | -                                   | 7 912                         | -                                |
| Transfers in / (out)                                      | 4 128                                   | 132                                 | (7 952)                       | 3 692                            |
| Total gains / (losses) for the period in profit and loss: |   |                                     |                               |                                  |
| Depreciation  | (28 525)                                | ( 287)                              | -                             | (4 683)                          |
| Disposals   | -                                       | -                                   | -                             | ( 86)                            |
| <b>Closing balance at the end of the period</b>           | <b>559 516</b>                          | <b>2 556</b>                        | <b>-</b>                      | <b>19 647</b>                    |

## 11.3. Financial instruments

### Financial risk management

Risk management is carried out by the corporate services section and risk management policies and practices are in accordance with Australian Risk Management Standards and internal written policies approved by the Board.

The Corporation's exposure to financial risk (liquidity risk, credit risk and market risk) is low due to the nature of the financial instruments held.

### Credit risk

The Corporation has no significant concentration of credit risk. The Corporation has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

### ***Impairment of financial assets***

Loss allowances for receivables are measured at an amount equal to lifetime expected credit loss using the simplified approach in AASB 9. The Corporation uses an allowance matrix to measure the expected credit loss of receivables from non-government debtors.

To measure the expected credit losses, receivables are grouped based on shared risks characteristics and the days past due. When estimating expected credit loss, the Corporation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Corporation's historical experience and informed credit assessment, including forward-looking information.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Corporation is exposed to credit risk.

The expected credit loss of government debtors is considered to be nil based on the external credit ratings and nature of the counterparties.

Loss rates are calculated based on the probability of a receivable progressing through stages to write off based on the common risk characteristics of the transaction and debtor.

As a result of the Corporation's assessment for non-government debtors a nil loss allowance for trade receivables has been provided for based on negligible bad debt write offs over the past 10 years, due to the Corporation's practices of holding the gross box office receipts for publically ticketed events, from which the Corporation then deducts monies owed to it post event, requiring payment in advance of an event in most other instances and stringent credit management policies.

Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to enter into a payment plan with the Corporation and a failure to make contractual payments for a period of greater than 90 days past due.

The Corporation considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties and therefore the expected credit loss is nil.

No impairment losses were recognised in relation to the Corporation's receivables arising from the Corporation's contracts with customers.

### ***Market risk***

The Corporation does not trade in foreign currency, nor enter into transactions for speculative purposes, nor for hedging.

The Corporation has no exposure to foreign exchange risk in relation to its financial assets or liabilities.

Exposure to interest rate risk may arise through interest earned on cash and cash equivalent balances, which earn a floating interest rate.

There is no interest rate risk on Borrowings, as while movements in interest rates will affect the fair value of the loan, the contracted repayments remain the same due to the fixed interest rate. The Corporation has minimal exposure to liquidity risk in relation to interest repayments as the Department of Treasury and Finance provides funding to the Corporation for interest and fees.

The Corporation's exposure to cash flow interest rate risk is minimal.

There have been no changes in risk exposure since the last reporting period.