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To the members of Adelaide Oval SMA Limited

Opinion

I have audited the financial report of the Adelaide Oval SMA Limited (the Company) for the financial year ended 31 October 2023.

In my opinion, the accompanying financial report is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 31 October 2023 and its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 31 October 2023
- a Statement of Financial Position as at 31 October 2023
- a Statement of Changes in Equity for the year ended 31 October 2023
- a Statement of Cash Flows for the year ended 31 October 2023
- notes, comprising material accounting policy information and other explanatory information
- a Directors' Declaration signed by the Board Chair and Chair of the Finance and Risk Committee.

Basis for opinion

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

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

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

Information other than the financial report and auditor's report

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connecting with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

As required by section 9(3) of the *Adelaide Oval Redevelopment and Management Act 2011*, I have audited the financial report of the Adelaide Oval SMA Limited for the financial year ended 31 October 2023.

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors
- conclude on the appropriateness of the Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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



Andrew Blaskett
Auditor-General

29 February 2024



Adelaide Oval SMA Limited

Financial report
for the year ended
31 October 2023

OFFICIAL



Government of South Australia

Auditor-General's Department

Our ref: A24/475

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200 Victoria Square
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23 February 2024

Board of Directors
Adelaide Oval SMA Limited
email: chairman@adelaideoval.com.au

Dear Board of Directors

Independence declaration

I am responsible for the audit of Adelaide Oval SMA Limited for the year ended 31 October 2023, and I declare that, to the best of my knowledge and belief, during the year there have been:

- i. no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Adelaide Oval SMA Limited and the entities it controlled during the period.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Andrew Blaskett'.

Andrew Blaskett
Auditor-General

Adelaide Oval SMA Ltd
ABN 46 141 259 538

Statement of Comprehensive Income
For the year ended 31 October 2023

	Note	31 October 2023	31 October 2022
		\$	\$
Income from trading activities			
Revenue from fees and charges		24,942,540	17,378,436
Revenue from sales attributable to AOSMA		58,722,760	38,123,024
Interest revenue		2,270,211	2,046,788
Lease revenue		796,343	748,363
Other revenue		11,362,064	12,473,741
Total income from trading activities	2a	98,093,918	70,770,352
Expenses from trading activities			
Employee benefits expense	2b	41,269,880	33,299,518
Raw materials and consumables		19,375,761	12,437,819
Supplies and services	2b	26,926,789	18,041,749
Building and maintenance costs		6,811,459	5,632,787
Borrowing costs		2,526,159	2,461,259
Depreciation and amortisation expense	6&8	3,607,763	3,144,760
Lease interest expense		1,036,176	972,861
Audit expenses	2b	145,800	141,300
Other expenses		481,835	447,648
Total expenses from trading activities		102,181,622	76,579,701
Profit / (Loss) from trading activities		(4,087,704)	(5,809,349)
Stakeholder contributions			
Contributions from related parties	17	15,148,499	14,068,912
Contributions to related parties	17	(10,047,567)	(6,564,192)
Total stakeholder contributions		5,100,932	7,504,720
Total trading result after stakeholder contributions		1,013,228	1,695,371
Gains from lease receivable remeasurement			
Gains from lease receivable		924,434	1,219,815
Total gains from lease receivable remeasurement		924,434	1,219,815
Total comprehensive result		1,937,662	2,915,186

The total comprehensive result includes \$3.550 million (2022: \$3.443 million) retained and transferred into the sinking fund account. Refer to note 3.

The accompanying notes form part of these financial statements.

Adelaide Oval SMA Ltd
ABN 46 141 259 538

Statement of Financial Position
As at 31 October 2023

	Note	31 October 2023	31 October 2022
		\$	\$
Current assets			
Cash and cash equivalents	3	10,347,619	11,148,367
Trade and other receivables	4	8,346,923	6,493,923
Inventories	5	1,159,488	1,321,180
Lease receivable	8	48,954	44,424
Loan receivable		789,157	754,622
Other assets		179,859	500,520
Total current assets		20,872,000	20,263,036
Non-current assets			
Plant, equipment and computer software	6	17,587,025	16,151,443
Right of use asset	8	27,516,403	25,603,126
Lease receivable	8	16,517,882	15,642,401
Loan receivable		39,690,474	40,479,631
Total non-current assets		101,311,784	97,876,601
Total assets		122,183,784	118,139,637
Current liabilities			
Trade and other payables	9	10,644,068	9,447,502
Loans and borrowings	10	1,230,013	1,179,257
Lease liabilities	8	248,920	145,265
Employee benefits liability	11	4,769,764	3,566,245
Contract liabilities	12	3,720,517	4,224,509
Other liabilities		740,137	504,844
Total current liabilities		21,353,419	19,067,622
Non-current liabilities			
Loans and borrowings	10	48,574,205	50,507,680
Lease liabilities	8	28,830,555	26,733,742
Employee benefits liability	11	189,435	271,295
Contract liabilities	12	1,152,718	1,413,508
Total non-current liabilities		78,746,913	78,926,225
Total liabilities		100,100,332	97,993,847
Net assets		22,083,452	20,145,790
Equity			
Retained earnings		11,754,233	9,025,224
Sinking fund reserve	3	10,329,219	11,120,566
Total equity		22,083,452	20,145,790

The accompanying notes form part of these financial statements.

Adelaide Oval SMA Ltd
ABN 46 141 259 538

Statement of Changes in Equity
For the year ended 31 October 2023

	Note	Retained Earnings	Sinking Fund Reserve	Total
		\$	\$	\$
Balance at 1st November 2021		8,028,945	9,201,659	17,230,604
Total comprehensive result for the year		2,915,186	-	2,915,186
Transfers (to) / from reserves		(1,918,907)	1,918,907	-
Balance at 31st October 2022	3	9,025,224	11,120,566	20,145,790
Balance at 1st November 2022		9,025,224	11,120,566	20,145,790
Total comprehensive result for the year		1,937,662	-	1,937,662
Transfers from / (to) reserves	3	791,347	(791,347)	-
Balance at 31st October 2023	3	11,754,233	10,329,219	22,083,452

Adelaide Oval SMA Ltd
ABN 46 141 259 538

Statement of Cash Flows
For the year ended 31 October 2023

	Note	31 October 2023 \$	31 October 2022 \$
Cash flow from operating activities			
Receipts from customers, grants, other contributions and other income		117,818,024	88,470,169
Payments to suppliers and employees		(112,392,398)	(82,671,592)
Interest received		2,892,684	2,622,450
Interest paid		(3,562,335)	(3,434,120)
Net cash flow from operating activities	18b	4,755,975	4,986,907
Cash flow from investing activities			
Purchase of property, plant and equipment		(4,323,142)	(2,316,498)
Disposal of property, plant and equipment		9,033	11,722
Disposal of ROU lease asset		54,520	-
Net cash flow used in investing activities		(4,259,589)	(2,304,776)
Cash flow from financing activities			
Repayment of loans and borrowings		(1,882,719)	(1,417,239)
Proceeds of loan receivable (AOHT)		754,622	721,599
Proceeds of lease assets		44,423	39,376
Repayment of lease liabilities		(213,460)	(149,299)
Net cash flow used in financing activities		(1,297,134)	(805,563)
Net increase / (decrease) in cash held		(800,748)	1,876,568
Cash and cash equivalents at beginning of the financial period		11,148,367	9,271,799
Cash and cash equivalents at end of the financial period	3	10,347,619	11,148,367

Adelaide Oval SMA Limited
ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2023

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

The registered office of the entity is:

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

The principal place of business is:

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

Member Guarantee

AOSMA is incorporated under the Corporations Act 2001 and is a non-profit public company limited by guarantee. If AOSMA is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards any outstandings and obligations of AOSMA. At 31 October 2023 the number of members was 8.

Key impacts in 2022-23 were:

- Significant increase in catering, function and events revenue as patrons returned following two years of COVID-19 capacity limitations.
- In April 2023, Adelaide Oval was the focus of the AFL world hosting the inaugural footy festival week known as the 'Gather Round', whereby all the scheduled AFL games for that round were played in South Australia and 6 of 9 of those were played at Adelaide Oval.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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

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

These financial statements are presented in Australian dollars, which is the entity's functional currency. All amounts in the financial statements have been rounded to the nearest dollar.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue on 28 February 2024 by the Directors of AOSMA.

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

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

- The Promoters' Agreement is an agreement between SANFL, SACA and AOSMA, and details the rights and obligations of each party. Clause 14.4 of the agreement provides a vehicle for financial support from SANFL and SACA in the event of AOSMA experiencing financial difficulty.
- AOSMA has a funding facility agreement with Commonwealth Bank of Australia. This facility provides funding up to \$16.45 million (2022: \$16.87 million). At the time of this report, AOSMA has funds available to draw down of \$9.74 million (2022: \$9.66 million)
- The removal of Government mandated crowd and trading restrictions during COVID-19

Accounting policies

New and revised accounting standards issued but not effective for the current year

AASB 2020-1: Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current (applicable for annual reporting periods commencing on or after 1 January 2024)

AASB 2020-1 amends AASB 101 *Presentation of Financial Statements* to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current, and AASB 2022-6 specified that only covenants with which an entity must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become payable within 12 months after the reporting date.

This is applicable for reporting periods commencing on or after 1 January 2024 and will be first applied by AOSMA in the financial year commencing 1 November 2024. The adoption of this standard is not expected to have, on initial application, a material impact on AOSMA's financial statements.

Adelaide Oval SMA Limited
ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

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

AASB 2020-3 amends AASB 9 *Financial Instruments*, and AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* as a consequence of the recent issuance by IASB of the following IFRS: *Annual Improvements to IFRS Standards 2018-2020, Reference to the Conceptual Framework, Property, Plant and Equipment: Proceeds before intended use and Onerous Contracts - Cost of Fulfilling a Contract*. The adoption of this standard did not have a material impact on AOSMA's financial statements.

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

AASB 2021-2 amends AASB 7 *Financial Instruments: Disclosures*, AASB 101 *Presentation of Financial Statements*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, and AASB practice Statement 2 - *Making Materiality Judgements*. The main amendments relate to:

- (a) AASB 7 – clarifies that information about measurement bases for financial instruments is expected to be material to entity's financial statements;
- (b) AASB 101 – requires entities to disclose their material accounting policy information rather than their significant accounting policies;
- (c) AASB 108 – clarifies how entities should distinguish changes in accounting policies and changes in accounting estimates;
- (d) AASB 134 - to identify material accounting policy information as a component of a complete set of financial statements; and
- (e) AASB practice statement 2 – to provide on how to apply the concept of materiality to accounting policy disclosures.

This is applicable for reporting periods commencing on or after 1 January 2023 and will be first applied by AOSMA in the financial year commencing 1 November 2023. The adoption of this standard is not expected to have, on initial application, a material impact on AOSMA's financial statements.

Accounting policies

(a) Revenue

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

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

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

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

Adelaide Oval SMA Limited
ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(b) Inventories

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

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

The amount of any inventory write-down to net realisable value or inventory losses are recognised as an expense in the period the write-down or loss occurred. Any write-down reversals are recognised as an expense reduction.

(c) Plant, equipment and computer software

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

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

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

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

Revaluation of non-current assets

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

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

Fair value measurement

All assets acquired, including plant and equipment, are stated at cost less accumulated depreciation or amortisation and accumulated impairment losses. Intangibles and WIP are deemed to be fair value. AASB13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

Fair value of non-financial assets, which must be estimated for recognition or for disclosure purposes, is measured using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.

Level 3: not traded in an active market and are derived from unobservable inputs.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

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

Depreciation and amortisation

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

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

Class of fixed asset	Useful life
Plant and equipment	4-30 years
Computer software	2-5 years
Motor vehicles	5 years
Right of use assets	3-72 years

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

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

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

(d) Leases

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

Right of use assets

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

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

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

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

Lease liabilities

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

Adelaide Oval SMA Limited
ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

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

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

(e) Financial Instruments

Initial recognition and measurement

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

Classification of financial assets

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

Specifically:

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

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

(f) Impairment of assets

At the end of each reporting period, AOSMA reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the assets fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

(g) Employee benefits liability

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

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

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

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(i) Goods and services tax (GST)

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

(j) Income tax

The entity is exempt from income tax under section 50-1 of the *Income Tax Assessment Act 1997* as the entity has been established for the encouragement of sport. AOSMA has been granted a private ruling by the ATO which expires on 31 October 2028.

(k) Comparative figures

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

(l) Trade and other payables

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

(m) Funds held on behalf of related parties

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

(n) Sinking fund reserve

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

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

(o) Current / non-current distinction

Assets and liabilities that are to be sold, consumed or realised as part of the 12 month operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2023

NOTE 2: REVENUE, OTHER INCOME AND EXPENSES

	31-Oct-23	31-Oct-22
	\$	\$
a. Income from trading activities		
Revenue from fees and charges¹		
- Matchday recharge	11,007,562	8,730,930
- Major events income	5,453,634	1,978,895
- Stadium operations	3,467,668	2,934,719
- Car parking income	2,490,969	2,063,164
- Other income	1,111,108	755,006
- Fees and charges (admin)	1,411,599	915,722
Total revenue from fees and charges	24,942,540	17,378,436
Revenue from sales attributable to AOSMA²		
- Beverage sales	30,445,211	18,910,806
- Food sales	26,172,552	17,647,244
- Other catering income	53,251	69,382
- Other venue hospitality	2,051,746	1,495,592
Total revenue from sales attributable to AOSMA	58,722,760	38,123,024
Interest received	2,270,211	2,046,788
Lease revenue	796,343	748,363
Other revenue ³	11,362,064	12,473,741
Total income from trading activities	98,093,918	70,770,352

¹ **Matchday recharge and stadium operations** - Reimbursement income for all cricket and football match related expenses from venue hirers or users, including but not limited to cleaning, security and wages. Revenue is recognised after the matchday.

Major events - Venue hire and venue hospitality income related to major events. After the event has occurred, all event revenue is recognised in the P&L.

Carparking - Operated by a third party and AOSMA recognises revenue as service is provided. This is settled on a monthly basis.

Other income - This comprises of tour operation income, merchandise income and Turf Solutions income. This revenue is recognised as the good/service is sold/provided. Payments are made by customers at the point of sale.

Fees and charges (admin) - Revenue recognised for servicing the administered items contracts, this is a recovery from SACA and SANFL. Administered items contracts include all supply rights, sponsorships, stadium club and corporate suites. Refer to note 2b for the corresponding expense (admin) incurred.

² **Food and beverage** - This represents sales revenue that is recognised at the point of sale. The majority of receipts are collected at the point of sale, with some customers paying on account after the event. Other catering income and venue hospitality income which mainly include room hire, labour hire and net audio visual income are recognised as service is provided.

³ **Other revenue** - This predominantly includes expense recoveries from related parties, management fees for Roof climb, Taphouse, Monarto Zoo, COT licence fees, AOHT catering commission, and government training income. All these incomes are recognised as revenue as services are provided.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2023

NOTE 2: REVENUE, OTHER INCOME AND EXPENSES (CONT)

	31-Oct-23	31-Oct-22
	\$	\$
b. Expenses from trading activities		
Supplies and services expenses		
- Stadium operating expenses ¹	6,497,693	5,104,492
- Servicing costs (admin) ²	1,411,599	915,722
- Insurance and legal expenses	1,168,925	1,842,836
- ICT expenses	2,606,555	1,391,119
- Major events	3,809,733	847,117
- Utilities	4,547,074	2,902,956
- Other matchday expenses ³	5,559,286	4,076,829
- Other employee benefits	1,325,924	960,678
Total supplies and services expenses	26,926,789	18,041,749
Auditor's remuneration		
- Audit fees paid/payable to the Auditor-General Department relating to the audit of the financial statements and the sinking fund	145,800	141,300
Total auditor's remuneration	145,800	141,300
Employee benefit expenses		
- Salaries & wages	33,609,510	27,194,182
- Superannuation	3,290,048	2,518,234
- Long service leave	401,757	269,311
- Annual leave	1,410,495	1,538,291
- Other employee benefits	2,558,070	1,779,500
Total employee benefit expenses	41,269,880	33,299,518

¹ **Stadium operating expenses** - All functional expenses incurred the day to day operations of the Adelaide Oval. This category consists of expenses including, but not limited to; marketing, advertising, cleaning, security and general expenses associated with functions and events.

² **Servicing costs (admin)** - Expenses incurred in servicing the administered items contracts. Administered items contracts include all supply rights, sponsorships, stadium club and corporate suites. The total expense matches the fees and charges (admin) in note 2a.

³ **Other matchday expenses** - Matchday expenses are all cricket and football match related expenses. Matchday reimbursed expenses (\$5.448 million) are recorded as part of stadium operating expenses, building maintenance costs, employee benefits and utilities expenses. The remaining \$5.559 million relates to other uncategorised matchday expenses. The total matchday expenses of \$11.007 million corresponds with the matchday recharge income in note 2a.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2023

NOTE 3: CASH AND CASH EQUIVALENTS

	31-Oct-23	31-Oct-22
	\$	\$
Current		
Sinking fund account ₁	10,329,219	11,120,566
Cash on hand	18,400	27,801
Total cash and cash equivalents	10,347,619	11,148,367

₁ Monies held in the Sinking Fund Account may only be used for purposes prescribed under the *Adelaide Oval Redevelopment and Management Act 2011*. Refer to note 1(n).

Sinking fund movement schedule

Opening balance	11,120,566	9,201,659
Interest / Investment income	305,575	179,535
Contribution in	3,549,689	3,442,595
Capital replacement expenditure	(4,646,611)	(1,703,223)
Total transfer to reserves	(791,347)	1,918,907
Closing balance	10,329,219	11,120,566

NOTE 4: TRADE AND OTHER RECEIVABLES

	31-Oct-23	31-Oct-22
	\$	\$
Current		
Trade receivables	2,879,045	1,857,894
Other receivables	184,291	668,663
Due from related parties	5,318,825	3,977,312
Provision for impairment	(35,238)	(9,946)
Total current trade and other receivables	8,346,923	6,493,923
Allowance for impairment loss on receivables		
Carrying amount at the beginning of the year	(9,946)	(9,946)
Increase in doubtful debts provision	(25,292)	-
Carrying amount at the end of the year	(35,238)	(9,946)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2023

NOTE 4: TRADE AND OTHER RECEIVABLES (CONT)

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

Impairment of financial assets

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

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

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

NOTE 5: INVENTORIES

	31-Oct-23	31-Oct-22
	\$	\$
Main types of inventories held		
- Beverages	903,265	1,005,346
- Food	114,979	110,260
- Consumables	141,244	205,574
Total inventories	1,159,488	1,321,180

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2023

NOTE 6: PLANT, EQUIPMENT AND COMPUTER SOFTWARE

	31-Oct-23	31-Oct-22
Plant and equipment	\$	\$
Plant and equipment at cost (deemed at fair value)	41,233,326	39,045,792
Less accumulated depreciation	(26,937,623)	(23,912,684)
Total plant and equipment	14,295,703	15,133,108
 Motor vehicles		
Motor vehicles at cost (deemed at fair value)	728,408	463,314
Less accumulated depreciation	(376,659)	(323,526)
Total motor vehicles	351,749	139,788
 Computer software		
Computer software at cost (deemed at fair value)	853,021	853,021
Less accumulated depreciation	(853,021)	(853,021)
Total computer software	-	-
 Capital works in progress at cost	 2,939,573	 878,547
Total plant and equipment and computer software	17,587,025	16,151,443

Movements in carrying amounts

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

	Capital works in progress	Motor vehicles	Plant and equipment	Total
October 2022	\$	\$	\$	\$
Balance at the beginning of the year	525,691	185,846	15,851,984	16,563,521
Additions at cost	2,084,829	-	231,669	2,316,498
Transfers in / (transfers out)	(1,731,973)	-	1,731,973	-
Disposals	-	-	(11,722)	(11,722)
Depreciation expense	-	(46,058)	(2,670,796)	(2,716,854)
Carrying amount at the end of the year	878,547	139,788	15,133,108	16,151,443
 October 2023	\$	\$	\$	\$
Balance at the beginning of the year	878,547	139,788	15,133,108	16,151,443
Additions at cost	4,193,424	265,094	93,209	4,551,727
Transfers in / (transfers out)	(2,132,398)	-	2,132,398	-
Disposals	-	-	(9,033)	(9,033)
Depreciation expense	-	(53,133)	(3,053,979)	(3,107,112)
Carrying amount at the end of the year	2,939,573	351,749	14,295,703	17,587,025

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2023

NOTE 7: FAIR VALUE MEASUREMENT

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. AOSMA categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement. Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 31 October 2023.

	Level 2 & 3 31-Oct-23	Level 2 & 3 31-Oct-22
Fair value measurements	\$	\$
Plant and equipment	14,295,703	15,133,108
Motor vehicles	351,749	139,788
Total recurring fair value measurements	14,647,452	15,272,896

Valuation techniques and inputs

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

Reconciliation of fair value measurements

	Motor vehicles (level 2)	Plant and equipment (level 3)	Total
	\$	\$	\$
October 2022			
Balance at the beginning of the year	185,846	15,851,984	16,037,830
Additions at cost	-	231,669	231,669
Disposal	-	(11,722)	(11,722)
Transfers in / (transfers out) from WIP	-	1,731,973	1,731,973
Depreciation	(46,058)	(2,670,796)	(2,716,854)
Closing balances at October 2022	139,788	15,133,108	15,272,896

	Motor Vehicles (Level 2)	Plant and Equipment (Level 3)	Total
	\$	\$	\$
October 2023			
Balance at the beginning of the year	139,788	15,133,108	15,272,896
Additions at cost	265,094	93,209	358,303
Disposal	-	(9,033)	(9,033)
Transfers in / (transfers out) from WIP	-	2,132,398	2,132,398
Depreciation	(53,133)	(3,053,979)	(3,107,112)
Closing balances at October 2023	351,749	14,295,703	14,647,452

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2023

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

Right of use assets and lease liabilities

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

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

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

	31-Oct-23	31-Oct-22
	\$	\$
Right of use assets		
Adelaide oval core and licensed area	28,596,011	26,488,247
Other	666,455	414,812
Accumulated amortisation	(1,746,063)	(1,299,933)
Total carrying amount of the right of use assets	27,516,403	25,603,126

Movements in right of use assets carrying amounts

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

	Adelaide Oval core & licensed area	Other	Total
	\$	\$	\$
October 2022			
Opening balance	24,303,760	160,348	24,464,108
Remeasurement	1,500,900	66,025	1,566,925
Total right of use assets after remeasurement	25,804,660	226,373	26,031,033
Amortisation	(356,108)	(71,799)	(427,907)
Closing balances at October 2022	25,448,552	154,574	25,603,126

	Adelaide Oval core & licensed area	Other	Total
	\$	\$	\$
October 2023			
Opening balance	25,448,552	154,574	25,603,126
Remeasurement	2,107,764	8,461	2,116,225
New leases	-	297,703	297,703
Total right of use assets after remeasurement	27,556,316	460,738	28,017,054
Amortisation	(380,943)	(119,708)	(500,651)
Closing balances at October 2023	27,175,373	341,030	27,516,403

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2023

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

	31-Oct-23	31-Oct-22
	\$	\$
Lease liabilities		
Current lease liability	248,920	145,265
Non-current lease liability	28,830,555	26,733,742
Total carrying amount of lease liability	29,079,475	26,879,007

Lease receivables

AOSMA has subleased a portion of the Adelaide Oval core area to the Adelaide Oval Hotel Trust (AOHT) to 2091. Amounts owed under this arrangement are recognised in the Statement of Financial Position as finance lease receivables and measured at the present value of future lease payments.

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

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

	31-Oct-23	31-Oct-22
	\$	\$
Within one year	706,310	666,897
Later than one year but no longer than five years	2,825,238	3,334,486
Later than five years	44,320,916	41,847,796
Total minimum receivables	47,852,464	45,849,179
Lease receivables discounted	(31,285,628)	(30,162,354)
Total finance lease receivables	16,566,836	15,686,825

Represented by:

Current lease receivable	48,954	44,424
Non-current lease receivable	16,517,882	15,642,401
Total finance lease receivable	16,566,836	15,686,825

AOSMA has recognised a gain in accordance with AASB 9. The gain of \$924,434 (2022: \$1,219,815) is for the remeasurement of the CPI rent review for the Adelaide Oval Hotel Trust lease.

NOTE 9: TRADE AND OTHER PAYABLES

	31-Oct-23	31-Oct-22
	\$	\$
Current		
Trade payables	2,416,653	2,160,342
Other current payables	5,553,901	4,605,101
Income received on behalf of SANFL and SACA not yet distributed to SANFL and SACA	1,319,467	1,948,457
Payables owed to SANFL and SACA	1,354,047	733,602
Total current trade and other payables	10,644,068	9,447,502

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2023

NOTE 10: LOANS AND BORROWINGS

	31-Oct-23	31-Oct-22
Current	\$	\$
Bank loans ₁	440,856	424,635
Loan from treasurer ₂	789,157	754,622
Total current loans and borrowings	1,230,013	1,179,257
Non-current		
Bank loans ₁	8,883,731	10,028,048
Loan from treasurer ₂	39,690,474	40,479,632
Total non-current loans and borrowings	48,574,205	50,507,680
Total loans and borrowings	49,804,218	51,686,937

₁ **Bank loans** - comprises of a 7.5 year loan for LED Ribbon Board & Lighting Upgrade with CBA and a overdraft facility. Overdraft facility is not expected to be settled over next 12 months.

₂ **Loan from Treasurer** - The full amount of the loan borrowed from the South Australian Government Finance Authority (SAFA) is on lent to Adelaide Oval Hotel Trust. That is disclosed as loan receivable in the statement of Financial Position. This loan is receivable in quarterly instalments with the final instalment receivable on 30 September 2030 including a final balloon payment.

NOTE 11: EMPLOYEE BENEFITS LIABILITY

	31-Oct-23	31-Oct-22
Current	\$	\$
Annual leave	1,450,521	1,134,084
Long service leave ₁	1,843,286	1,411,967
Short term employee benefits	1,475,957	1,020,194
Total current liability	4,769,764	3,566,245
Non-current		
Long service leave	189,435	271,295
Total non-current liability	189,435	271,295
Total liability	4,959,199	3,837,540

₁ The current long service leave amount represents the unconditional portion of the liability. As at 31 October 2023, this includes \$1,632,455 (2022: \$1,186,973) which is expected to be settled after 12 months. This was estimated based on rolling historical average.

NOTE 12: CONTRACT LIABILITIES

	31-Oct-23	31-Oct-22
Current	\$	\$
Unearned income	3,720,517	4,224,509
Total current contract liabilities	3,720,517	4,224,509
Non-current		
Unearned income	1,152,718	1,413,508
Total non-current contract liabilities	1,152,718	1,413,508
Total contract liabilities	4,873,235	5,638,017

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2023

NOTE 12: CONTRACT LIABILITIES (CONT)

	31-Oct-23	31-Oct-22
Total contract liabilities movement is as below;	\$	\$
Opening balance	5,638,017	5,175,959
Unearned income received during the year	3,251,180	2,382,158
Recognised in the Statement of Comprehensive Income	(4,015,962)	(1,920,100)
Contract liabilities closing balance	4,873,235	5,638,017

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

As at 31 October 2023, AOSMA expects to recognise contract liabilities in revenue as follows:

	31-Oct-23	31-Oct-22
	\$	\$
Less than one year	3,720,516	4,224,509
Between one and five years	702,719	813,508
Above five years	450,000	600,000
Total contract liabilities	4,873,235	5,638,017

NOTE 13: COMMITMENTS

Commitments relate to various operating and maintenance contracts, as well as capital commitments for the completion of the LED light tower project. At the end of the financial year, the future minimum payments (undiscounted) under non-cancellable operating contracts are payable as follows:

	31-Oct-23	31-Oct-22
	\$	\$
Less than one year	3,987,814	1,878,145
Between one and five years	1,461,802	1,268,686
Above five years	74,171	113,438
Total expenditure commitments	5,523,787	3,260,269

NOTE 14: CONTINGENT LIABILITIES AND ASSETS

There are no matters in relation to the entity that would give rise to a contingent asset or liability in the financial statements as at 31 October 2023.

NOTE 15: EVENTS AFTER REPORTING PERIOD

There are no other significant post balance day events.

NOTE 16: KEY MANAGEMENT PERSONNEL COMPENSATION

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2023

NOTE 16: KEY MANAGEMENT PERSONNEL COMPENSATION (CONT)

Nick Addison, Chief Executive Officer
Tommy Pavic, Chief Finance and Commercial Officer
Mia Carrall, General Manager Finance (Resigned 12 December 2022)
Ben Adams, General Manager Finance (Appointed 19 December 2022)
Damian Hough, Head Curator
Matthew Omond, General Manager Food & Beverage
Laura Robinson, Major Event & Tourism (Resigned 9 January 2023)
Ben Swanson, General Manager Hotel & Tourism (11 July 2023)
Jo Thomson, General Manager Partnerships & Sales
Yolanda Sulser, Head of Brand & Communications
Jemma Sayers, People and Culture Manager
Joshua Anderson, General Manager Venue Operations (Appointed 11 April 2023)
Stacey Williams-Barnbrick, Facilities Manager
James Niederer, General Manager Venue Operations (Resigned 15 May 2023)

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

	31-Oct-23	31-Oct-22
	\$	\$
Short-term benefits	2,329,495	2,814,926
Post-employment benefits	195,176	224,674
Total compensation	2,524,671	3,039,600

NOTE 17: RELATED PARTY TRANSACTIONS

	31-Oct-23	31-Oct-22
	\$	\$
Included in the Statement of Comprehensive Income are the following related party transactions:		
Contributions paid by SANFL and SACA to AOSMA ₁	15,148,499	14,068,912
Matchday recoveries paid by SANFL and SACA to AOSMA ₂	4,922,404	4,928,719
Catering commissions paid to SANFL and SACA by AOSMA ₃	(10,047,567)	(6,564,192)
Match day costs and contributions paid to or on behalf of SANFL and SACA by AOSMA ₄	(4,922,404)	(4,928,719)
Licence & management fees paid by COT & AOHT to AOSMA ₅	1,721,555	1,442,090
Interest received from AOHT for the back to back hotel loan	1,842,926	1,875,950
Expense recoveries paid by AOHT and COT to AOSMA ₆	9,024,890	8,160,115

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

₂ AOSMA recovers from SACA and SANFL various expenses and match day costs for cricket games and football games. (Revenue from fees and charges)

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2023

NOTE 17: RELATED PARTY TRANSACTIONS (CONT)

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

⁵ AOSMA has sub licenced the roof climb activities to the Trustee for the Commercial Operations Trust (COT) as at 1 July 2016 (Other revenue). COT has contracted AOSMA to provide management and staffing services to operate the Roof Climb and other offsite food and beverage operations (Other revenue). Additionally, AOSMA has sub-leased a portion of the Adelaide Oval space to the Adelaide Oval Hotel Trust (AOHT). AOHT pays an annual lease payment to AOSMA for this space. (Lease revenue). AOHT pays a commission on food and beverage sales in the stadium club that occur on game days.

⁶ AOHT has contracted AOSMA to provide management and staffing to operate the hotel. AOSMA does not charge any management fee but, recovers employee costs and various other expenses from AOHT and COT. (Other revenue)

Included in the Statement of Financial Position are the following related party balances:	31-Oct-23	31-Oct-22
	\$	\$
Payables owed to SANFL and SACA	1,354,047	733,602
Receivables owed by SANFL, SACA, COT & AOHT	5,318,825	3,977,312
Income received on behalf of SANFL and SACA not yet distributed to SANFL and SACA (within payables)	1,319,467	1,948,457
Unearned income received from COT	1,200,000	1,350,000
Loan receivable owed by AOHT	40,479,631	41,234,253
Other related party transactions:		
Distributions to SANFL, SACA from AOSMA as agent ⁷	(20,545,190)	(18,251,083)

⁷ AOSMA receives and distributes ticketing and other funds as agent of SACA and SANFL which are not included within the Statement of Comprehensive Income. These distributions are net of servicing fees and replace the funds formerly generated directly by SACA when it held the lease over Adelaide Oval, and for SANFL when AFL football was played at AAMI Stadium.

AOSMA receives and distributes ticket funds as agent on behalf of other venue hirers. These amounts are not included within these statements or within this note.

Significant additional revenue is generated by the Adelaide Football Club, Port Adelaide Football Club and other venue hirers at the Adelaide Oval, from sales of corporate hospitality, memberships, sponsorships, merchandising, electronic ribbon board advertising, video replay screen advertising and other revenue. These funds are not collected by AOSMA, and these amounts are not included within these statements or within this note.

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

Directors

Robert Gerard Kerin
 Kevin John Scarce AC CSC RAN (Rtd) (Resigned December 2022)
 Andrew William Sinclair
 Peter John Hurley AO
 Rod Phillips
 Janet May Hunter Finlay
 William Rayner
 Nicole Haack
 Caroline Rhodes (Appointed December 2022)

Adelaide Oval SMA Limited
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2023

NOTE 17: RELATED PARTY TRANSACTIONS (CONT)

Alternate Directors

James Orchard
 Darren Chandler
 Charlie Hodgson

No Directors fees were paid or payable during the year ended October 2023 (2022: \$nil)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Related entity SANFL purchased corporate hospitality products occurred at a cost of \$299,021 (2022: \$276,876) and related entity SACA was \$421,499 (2022: \$300,015)

Other related party transactions for the purchase of hospitality products was \$24,132 (2022: \$23,783)

NOTE 18: CASH FLOW INFORMATION

	31-Oct-23	31-Oct-22
	\$	\$
a. Reconciliation of cash and cash equivalents as per statement of financial position to Statement of cash flows		
Statement of Cash Flows	10,347,619	11,148,367
Statement of Financial Position	10,347,619	11,148,367
b. Reconciliation of cash flow from operating activities to total comprehensive result		
Total comprehensive result	1,937,662	2,915,186
<i>Non cash flows</i>		
Depreciation and amortisation	3,607,763	3,144,760
Gain on receivable	(924,434)	(1,219,815)
Asset transfers / adjustments	(54,521)	-
<i>Changes in assets and liabilities</i>		
Increase in employee benefits liability	1,121,659	377,532
(Increase) in trade and other receivables	(1,853,000)	(1,818,721)
Decrease / (increase) in inventories	161,692	(468,751)
Increase in trade and other payables	967,982	1,927,833
(Decrease) / Increase in contract liabilities	(764,782)	462,058
Decrease / (Increase) in prepayments	320,661	(379,209)
Increase in other liabilities	235,293	46,034
Cash flow generated from operating activities	4,755,975	4,986,907

NOTE 19: FINANCIAL RISK MANAGEMENT

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2023

NOTE 19: FINANCIAL RISK MANAGEMENT (CONT)

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

	31-Oct-23	31-Oct-22
Financial assets	\$	\$
Cash and cash equivalents	10,347,619	11,148,367
Trade and other receivables	8,346,923	6,493,923
Loan receivables	40,479,631	41,234,253
Finance lease receivables	47,852,464	45,849,179
Total financial assets	107,026,637	104,725,722

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

	31-Oct-23	31-Oct-22
Financial liabilities	\$	\$
Financial liabilities at amortised cost		
Trade and other payables	10,486,694	9,015,027
Borrowings	49,804,218	51,686,937
Lease liabilities	79,568,103	74,754,214
Total financial liabilities	139,859,015	135,456,178

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

Both the lease receivables and lease liabilities are considered to be the undiscounted minimum lease payments.

Financial risk management policies

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

Specific financial risk exposures and management

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

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to financial loss for AOSMA.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the Statement of Financial Position.

AOSMA's largest potential for credit risk exposure relates to the back-to-back loan with Adelaide Oval Hotel Trust.

AOSMA holds a fixed rate loan from the Treasurer and on-lent the full amount to Adelaide Oval Hotel Trust (refer note 10). Repayment of the loan commenced in September 2020. The loan is repayable in full 10 years from commencement, with a balloon payment at the end of the term. On the basis that the loan has a fixed interest rate, all loan repayments to date have been received on time and given there is no evidence suggesting Adelaide Oval Hotel will be unable to meet future repayments, no credit loss provision has been included in the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2023

NOTE 19: FINANCIAL RISK MANAGEMENT (CONT)

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at note 4.

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

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

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

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

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

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

b. Liquidity risk

Liquidity risk arises from the possibility that AOSMA might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. AOSMA manages this risk through the following mechanisms:

- Preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- Maintaining a reputable credit profile;
- Managing credit risk related to financial assets;
- Only investing surplus cash with major institutions; and
- Comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

As disclosed above, AOSMA has a fixed rate loan with the Treasurer. Liquidity risk for the loan is appropriately managed through the back-to-back loan with AOHT which is jointly and fully guaranteed by SACA and SANFL.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2023

NOTE 19: FINANCIAL RISK MANAGEMENT (CONT)

Financial instrument maturity analysis

	Within one year	1 - 5 years	Over five years	Total
October 2022				
Financial assets				
Cash and cash equivalent	11,148,367	-	-	11,148,367
Trade and other receivables	6,493,923	-	-	6,493,923
Loan receivables	754,622	3,380,011	37,099,620	41,234,253
Finance lease receivables	666,897	3,334,486	41,847,796	45,849,179
Total expected inflows	19,063,809	6,714,497	78,947,416	104,725,722
Financial liabilities				
Trade and other payables	9,015,027	-	-	9,015,027
Loans and borrowings	1,179,257	13,408,060	37,099,620	51,686,937
Lease liabilities	1,167,897	4,514,920	69,071,397	74,754,214
Total expected outflows	11,362,181	17,922,980	106,171,017	135,456,178

Financial instrument maturity analysis

	Within one year	1 - 5 years	Over five years	Total
October 2023				
Financial assets				
Cash and cash equivalent	10,347,619	-	-	10,347,619
Trade and other receivables	8,346,923	-	-	8,346,923
Loan receivables	789,157	3,534,698	36,155,776	40,479,631
Finance lease receivables	706,310	2,825,238	44,320,916	47,852,464
Total expected inflows	20,190,009	6,359,936	80,476,692	107,026,637
Financial liabilities				
Trade and other payables	10,486,694	-	-	10,486,694
Loans and borrowings	1,230,013	12,418,429	36,155,776	49,804,218
Lease liabilities	1,334,082	4,872,943	73,361,078	79,568,103
Total expected outflows	13,050,789	17,291,372	109,516,854	139,859,015

c. Market risk

Interest rate risk

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

At 31 October 2023 AOSMA has secured loans of \$49,804,217 (2022: \$51,686,937) per note 10. The Majority of this balance is a back to back loan agreement with AOHT which is at a fixed rate.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2023

NOTE 20: CAPITAL MANAGEMENT

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

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

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

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

Adelaide Oval SMA Limited
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DIRECTORS' DECLARATION

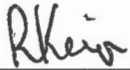
The Directors of the entity declare that:

1. The financial statements and notes, as set out on pages 10 to 37 are in accordance with the *Corporations Act 2001*:

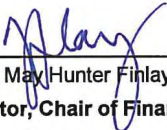
- a. Comply with Australian Accounting Standards; and
- b. Give a true and fair view of the financial position as at 31 October 2023, and of the performance for the year ended on that date of the entity.

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

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



Robert Gerard Kerin
Director, Chair of AOSMA Board



Janet May Hunter Finlay
Director, Chair of Finance & Risk Committee

Dated this 28th day of FEBRUARY 2024