

Form 388

Corporations Act 2001
294, 295, 298-300, 307, 308, 319, 321, 322
Corporations Regulations
1.0.08

Copy of financial statements and reports

Company details

Company name

AFL STADIA PTY LTD

ACN

615 077 891

Reason for lodgement of statement and reports

A public company or a disclosing entity which is not a registered scheme or prescribed interest undertaking

Dates on which financial
year ends

Financial year end date

31-10-2020

Auditor's report

Were the financial statements audited?

Yes

Is the opinion/conclusion in the report modified? (The opinion/conclusion in the report is qualified, adverse or disclaimed)

No

Does the report contain an Emphasis of Matter and/or Other Matter paragraph?

No

Details of current auditor or auditors

Current auditor

Date of appointment **29-09-2016**

Given names **MAURICE**

Family name **BISETTO**

Address

**'TOWER TWO COLLINS SQUARE KPMG'
LEVEL 36
727 COLLINS STREET
DOCKLANDS VIC 3008**

Certification

I certify that the attached documents are a true copy of the original reports required to be lodged under section 319 of the Corporations Act 2001.

Yes

Signature

Select the capacity in which you are lodging the form

Director

I certify that the information in this form is true and complete and that I am lodging these reports as, or on behalf of, the company.

Yes

Authentication

This form has been submitted by

Name Travis James AULD

Date 26-02-2021

For more help or information

Web	www.asic.gov.au
Ask a question?	www.asic.gov.au/question
Telephone	1300 300 630

AFL Stadia Pty Ltd
ABN: 26 615 077 891

Special Purpose
Annual Financial Report
31 October 2020

AFL Stadia Pty Ltd

Directors' Report

31 October 2020

Scope

The directors present their report, together with the financial report of the Group, being the Company and its controlled entities, for the year ended 31 October 2020 and the auditor's report thereon.

The financial report was authorised for issue by the directors on 26th day of February 2021.

Directors

The directors and alternate directors, at any time up to the year ended 31 October 2020 are:

Directors:

R.M. Gunston	Appointed 29 September 2016
A.J. Dillon	Appointed 29 September 2016, resigned 24 September 2020
D.K. Birch	Appointed 29 September 2016, resigned 24 September 2020
S.E. Fair	Appointed 8 December 2016, resigned 24 September 2020
K.S. Rogers	Appointed 16 August 2018
T.J. Auld	Appointed 24 September 2020

Company secretary

T.J.Auld was appointed company secretary on the 24th September 2020.

T Browne resigned from the position of company secretary on the 24th September 2020.

Company particulars

The registered office of the Company is AFL House, 140 Harbour Esplanade, Docklands, VIC 3008. The parent entity is domiciled in Australia and is a company limited by guarantee.

Principal activities

The principal activity of the Group during the course of the financial year was the operation and management of Marvel Stadium.

In the opinion of the directors there were no significant changes in the nature of the activity of the Company during the period.

AFL Stadia Pty Ltd

Directors' Report (continued)

31 October 2020

Review and result of operations

During the financial year ended 31 October 2020, AFL Stadia ("the Group") managed and operated Marvel Stadium. The major hirer is the AFL, which has a user agreement through to 2034 and during the year ended 31 October 2020 there were eleven (2019 – forty-three) AFL Home and Away games. This large reduction is due to the COVID-19 outbreak in Victoria, and the AFL season being moved to interstate hubs throughout Australia.

Prior to the COVID-19 outbreak the venue hosted a number of major events, including:

- Three A-League matches
- Five Cricket Big Bash matches
- One RnB Fridays concert
- One U2 concert
- One RMIT graduation ceremony
- A three-day event for the 2019 International Convention for Jehovah's Witnesses
- A Monster Energy AUS-X Open
- AFL – State of Origin Bushfire Relief Double Header

COVID-19 has had a significant effect on the stadium operations, with the stadium being closed to patrons from March 2020, and all eleven AFL Home and Away games being played with no patrons in attendance.

The Group recorded an underlying profit of \$0.7m down from the profit of \$20.2m in 2019, which after lease payments, interest and income tax translated to an operating loss of \$18m (2019: \$3.6m) for the financial year ended 31 October 2020. Net cashflows decreased by \$2.3m (2019: decrease of \$5.5m) as shown within the Statement of cash flows.

	2020 (\$m's)	2019 (\$m's)
Underlying operating profit	0.7	20.2
Less: lease payment to AFL	7.1	15.4
Less: interest paid to AFL	4.8	7.1
Sub total	(11.2)	(2.3)
<i>Add back one-offs</i>		
AFL Development Entity	4.7	1.3
Impairment of Assets	2.1	-
Statutory operating loss	(18)	(3.6)

AFL Stadia Pty Ltd

Directors' Report (continued)

31 October 2020

Dividends

No amount has been paid or is proposed to be paid by way of dividends for the year ended 31 October 2020.

State of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the Group that occurred during the financial period under review.

Environmental regulation

The Group operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Group has adequate systems in place for the management of environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

Events subsequent to balance date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future years.

Likely developments

It is not envisaged that the activities of the Group will significantly change in the next financial period.

Indemnification and insurance of officers

Melbourne Stadiums Limited, a 100% owned subsidiary of the Group, has paid insurance premiums in respect of a directors' and officers' liability insurance contract insuring against certain liabilities (subject to exclusions) for all current and former officers of the Company, including all directors named in this report, the Company secretaries and all persons concerned in, or taking part in the management of the Company and former directors and officers who have retired or relinquished their positions.

The insurance policy prohibits disclosure of the premiums paid in respect of those policies and the nature of the liabilities insured by the policies.

AFL Stadia Pty Ltd

Lead auditor's independence declaration

A copy of the Lead Auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is included in page 5 and forms part of the Directors report for the year ended 31 October 2020.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'Raymond Mark Gunston', with a horizontal line underneath.

Raymond Mark Gunston
Director

Dated at Melbourne this 26th day of February 2021.



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of AFL Stadia Pty Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of AFL Stadia Pty Ltd for the financial year ended 31 October 2020 there have been:

- i. no contraventions of the auditor independence requirements as set out in 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.

KPMG

KPMG

A handwritten signature in blue ink, appearing to read 'Dean Waters', written over a horizontal line.

Dean Waters
Partner
Melbourne
26 February 2021



Independent Auditor's Report

To the shareholders of AFL Stadia Pty Ltd

Opinion

We have audited the **Financial Report** of AFL Stadia Pty Ltd (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 October 2020 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* to the extent described in Note 1 and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 31 October 2020
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matter – basis of preparation and restriction on use

We draw attention to Notes 1 and 2 to the Financial Report, which describe the basis of preparation.

The Financial Report has been prepared for the purpose of fulfilling the Directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.



Our report is intended solely for the shareholders of AFL Stadia Pty Ltd and should not be used by parties other than the shareholders of AFL Stadia Pty Ltd. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than the shareholders of AFL Stadia Pty Ltd or for any other purpose than that for which it was prepared.

Other Information

Other Information is financial and non-financial information in AFL Stadia Pty Ltd's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view and have determined that the basis of preparation described in Notes 1 and 2 to the Financial Report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the shareholders
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 our 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. They 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 the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor's Report.

A handwritten version of the KPMG logo in blue ink, appearing as 'KPMG' with a slightly irregular, cursive style.

A handwritten signature in blue ink, which appears to read 'Dean Waters'.

KPMG

Dean Waters

Partner

Melbourne

26 February 2021

AFL Stadia Pty Ltd

Statement of comprehensive income

For the year ended 31 October 2020

	Note	Consolidated	
		2020 \$	2019 \$
Revenue	5	33,776,557	79,962,894
Employee expenses		8,064,814	12,189,515
Sales and marketing expenses		805,516	2,916,163
Event expenses		2,014,329	6,383,206
Insurance expenses		658,405	677,729
Occupancy expenses	6	13,916,982	26,365,330
Other expenses	6	10,360,105	21,105,962
Amortisation of licences, naming and other rights		4,842,051	5,245,808
Depreciation		1,442,951	1,861,710
Impairment		4,873,903	-
Total expenses		46,979,056	76,745,423
Results from operating activities		(13,202,499)	3,217,471
Interest income		54,999	242,014
Interest expense		(4,835,538)	(7,071,525)
Loss from operations before income tax		(17,983,038)	(3,612,040)
Loss from operations after tax		(17,983,038)	(3,612,040)
Total comprehensive loss for the period		(17,983,038)	(3,612,040)

The Statement of comprehensive income should be read in conjunction with the notes to and forming part of the financial statements set out on pages 13 to 27.

AFL Stadia Pty Ltd

Statement of financial position

As at 31 October 2020

	Note	Consolidated 2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	17(ii)	6,558,626	8,870,071
Trade and other receivables	9	7,067,101	11,216,659
Other assets	10	4,135,255	4,197,512
TOTAL CURRENT ASSETS		17,760,982	24,284,242
NON-CURRENT ASSETS			
Property plant and equipment	7	1,922,301	8,457,352
Intangible assets	8	20,419,685	25,261,737
Other assets	10	7,060,063	3,302,643
TOTAL NON-CURRENT ASSETS		29,402,049	37,021,732
TOTAL ASSETS		47,163,031	61,305,974
CURRENT LIABILITIES			
Trade and other payables	12	8,670,997	19,487,592
Provisions	14	1,372,191	1,306,713
Deferred income	15	17,180,847	18,534,103
TOTAL CURRENT LIABILITIES		27,224,035	39,328,408
NON-CURRENT LIABILITIES			
Deferred income	15	3,858,861	6,483,261
Interest bearing liabilities	13	208,844,735	190,272,089
Provisions	14	72,504	76,300
TOTAL NON-CURRENT LIABILITIES		212,776,100	196,831,650
TOTAL LIABILITIES		240,000,135	236,160,058
NET LIABILITIES		(192,837,104)	(174,854,084)
EQUITY			
Share capital		2	2
Common control reserve		(122,184,667)	(122,184,658)
Retained losses		(70,652,439)	(52,669,428)
TOTAL EQUITY		(192,837,104)	(174,854,084)

The Statement of financial position should be read in conjunction with the notes to and forming part of the financial statements set out on pages 13 to 27.

AFL Stadia Pty Ltd

Statement of changes in equity

Year ended 31 October 2020

Consolidated	Share Capital	Retained Losses	Common Control Reserve	Total Equity
	\$	\$	\$	\$
Balance at 1 November 2018	1	(49,057,361)	(122,184,667)	(171,242,027)
Total comprehensive income for the period				
Acquired through business combination	1	-	-	1
Profit or loss	-	(3,612,040)	-	(3,612,040)
Balance at 31 October 2019	2	(52,669,401)	(122,184,667)	(174,854,066)
Balance at 1 November 2019	2	(52,669,401)	(122,184,667)	(174,854,066)
Total comprehensive income for the period				
Loss for the period	-	(17,983,038)	-	(17,983,038)
Balance at 31 October 2020	2	(70,652,439)	(122,184,667)	(192,837,104)

The Statement of changes in equity should be read in conjunction with the notes to and forming part of the financial statements set out on pages 13 to 27.

AFL Stadia Pty Ltd

Statement of cash flows

Year ended 31 October 2020

	Note	Consolidated	
		2020	2019
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		33,654,299	79,070,408
Payments to suppliers and employees		(41,338,160)	(70,336,703)
NET CASH FLOWS PROVIDED BY / (USED IN)	17(i)	(7,683,861)	8,733,705
Interest received		54,999	242,014
Payments for property, plant and equipment, net of assets sold to parent		2,909,656	1,120,464
NET CASH FLOWS FROM INVESTING ACTIVITIES		2,964,655	1,362,478
Interest paid		(1,842,239)	(7,071,525)
(Repayments)/distributions of loan from related party		4,250,000	(8,500,000)
CASH FLOWS FROM FINANCING ACTIVITIES		(2,407,761)	(15,571,525)
NET DECREASE IN CASH		(2,311,445)	(5,475,342)
Cash at beginning of period		8,870,071	14,345,413
CASH AT END OF PERIOD	17(ii)	6,558,626	8,870,071

The Statement of cash flows should be read in conjunction with the notes to and forming part of the financial statements set out on pages 13 to 27.

AFL Stadia Pty Ltd

Notes to the Consolidated Financial Statements

1. REPORTING ENTITY

AFL Stadia Pty Ltd (the 'Company') is a Company domiciled in Australia. The address of the Company's registered office is AFL House, 140 Harbour Esplanade, Docklands, VIC 3008. The ultimate parent of the company is Australian Football League (AFL). The Company is a for-profit entity and operates and manages the rights of Marvel Stadium.

The financial report was authorised for issue by the Directors on 26th February 2021.

In the opinion of the directors, the Company is not a reporting entity. The financial report of the Company has been drawn up as a special purpose financial report for distribution to the members and for the purpose of fulfilling the requirements of the *Corporations Act 2001*.

2. BASIS OF PREPARATION

(a) *Statement of compliance and basis of preparation*

The special purpose financial report has been prepared in accordance with the requirements of the *Corporations Act 2001* and the recognition, measurement and classification aspects of all applicable Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB).

The financial report does not include the disclosure requirements of all AASBs, except for the following minimum requirements:

- AASB 101: Presentation of financial statements
- AASB 107: Statement of cash flows
- AASB 108: Accounting policies, changes in Accounting Estimates and Errors
- AASB 1048: Interpretation and application of standards
- AASB 1054: Australian additional disclosures
- AASB 1057: Application of Australian Accounting Standards

The financial report has been prepared on the accrual basis of accounting using the historical cost convention and going concern assumption. The accounting policies have been consistently applied.

The financial statements have been prepared on a going concern basis. The directors consider this basis to be appropriate having regard to all aspects of the Group's business including the estimated fair values of the Group's assets and forecast future net cash flows.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

AFL Stadia Pty Ltd

Notes to the Consolidated Financial Statements

2. BASIS OF PREPARATION (continued)

(a) Statement of compliance and basis of preparation (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(b) Going concern

As at 31 October 2020, the Group is in a net asset deficient position of \$192,837,104 and a net current asset deficient position of \$9,463,053. This is primarily due to non-current interest-bearing liabilities of \$208,844,735 owed to a related entity. Based on forecast cash flows, and financial support provided by the AFL the directors have formed the opinion that the Group will be able to pay their debts as and when they fall due for a period of at least twelve months, having regard to all aspects of the Group's business including the estimated fair values of the Group's assets and forecast future net cash flows. On this basis, the directors have formed the opinion that the Group's financial statements should be prepared on the going concern basis.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

(a) Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Company, being the parent entity and its subsidiaries ("the Group").

Subsidiaries

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries are carried in the Group's financial statements at the lower of cost and recoverable amount. Dividends and distributions are brought to account in the statement of comprehensive income when they are declared by the controlled entities.

AFL Stadia Pty Ltd

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Revenue Recognition

Service Revenue

Revenues are recognised at fair value of the consideration received net of the amount of goods and service tax (GST) payable to the taxation authority.

Service revenue comprises revenue earned from the provision of services, namely income from the hire of stadium facilities. Sales revenue is recognised in the period the event takes place.

Commission revenue

Commission revenue comprises of revenue from the sale of food and beverages at stadium events. Revenue is recognised at the time the event occurs.

Royalty income

Royalty income comprises of revenue earned based on ticket sales to certain stadium events. Revenue is recognised in the period the event takes place.

Membership income

Membership income is derived via membership fees, which entitle members access to a seat at certain stadium events. Revenue is recognised on a straight-line basis over the period of membership.

Deferred income

Revenue received in advance is recognised initially as deferred income. Deferred income is recognised as revenue in the statement of comprehensive income in the period in which it accrues.

Payments to employees through JobKeeper Payment scheme

The Group qualified for and complied with the conditions to receive JobKeeper wage subsidy grants from the Federal Government during 2020. The subsidy grants have been recognised against salary expenses. The JobKeeper subsidy was largely used to cover the salaries of staff who had their ordinary hours reduced or were placed on stand down.

(c) Goods and services Tax

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (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 the expense.

Trade receivables and trade payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

AFL Stadia Pty Ltd

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and associates and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Company is the parent entity of the tax-consolidated group. The tax sharing agreement entered requires each Company to make contributions to the head entity for tax liabilities and deferred tax balances arising from transactions occurring after the implementation of tax consolidation excluding intercompany dividends. The contributions are calculated as a percentage of the group's current tax liability.

The assets and liabilities arising under the tax sharing agreement are recognised in related party accounts.

The implementation date for the tax-consolidated group was 2 November 2016.

(e) Cash and cash equivalents

Cash and short-term deposits are carried at face value of the amounts deposited or drawn. The carrying value of cash and short-term deposits approximate net fair value. Interest revenue is accrued at market or contracted rates.

Event Trust cash is netted against the Event Creditor Account as this cash does not belong to the Group, it is held in Trust awaiting the completion of the Event at which point the Group provides settlement.

AFL Stadia Pty Ltd

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Receivables

The collectability of debts is assessed at year-end and specific allowance for impairment is made for any doubtful accounts. On initial recognition of trade and other receivables an assessment of lifetime expected credit losses is performed based on historical credit loss experience adjusted for forward-looking factors specific to the debtors and the economic environment. Amounts are then provided for where required with the impairment charge recognised in profit or loss. These lifetime expected credit losses are then assessed on an ongoing basis. Balances are written off when the AFL has stopped pursuing the recovery. If the amount to be written off is greater than the amount provided for, the difference will first be treated as an increase in the provision that is applied against the gross carrying amount. Any subsequent recoveries are credited to profit or loss. The receivables that were written off during the reporting period were insignificant, and therefore there has been no change to the provision for expected credit losses associated with trade and other receivables.

(g) Impairment

The carrying amounts of assets, other than deferred tax assets are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of an asset exceeds its recoverable amount, the asset is written down to the lower amount. The impairment loss is recognised as an expense in the statement of comprehensive income in the reporting period in which it occurs.

Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets. In assessing recoverable amounts of non-current assets, the relevant cash flows have not been discounted to their present value, except where stated.

(h) Plant and equipment

Acquisition

Items of plant and equipment acquired are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Subsequent additional costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

AFL Stadia Pty Ltd

Notes to the Consolidated Financial Statements

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) *Plant and equipment (continued)*

Depreciation rate

Plant and equipment 4 - 33%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(i) *Intangibles*

Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures. Goodwill is measured at cost less any accumulated impairment losses.

Right to manage

Right to manage consists of various rights to manage and operate "Marvel Stadium" in Melbourne. Due to the inter-relationships between various rights they are, for accounting purposes, treated as a single "Right to Manage" which is consistent with the substance of the arrangements. These rights include Medallion Club Licences and Naming Rights held by controlled entities. Upon acquisition, each year of the Medallion Club licences were attributed a value reflecting their fair value.

Inventory of licences that were acquired by the Group are stated at cost less accumulated depreciation and impairment losses.

Rights to manage are expensed as follows:

- Each Medallion Club licence is expensed over the period of the licence term.
- Other rights are amortised on a straight-line basis over the term of the sub-lease.

(j) *Investments in controlled entities*

Investments in subsidiaries are carried at their cost of acquisition in the Group's financial statements.

(k) *Accounts payable*

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed. Trade accounts payable are normally settled within 45 days. The carrying amount of accounts payable approximates net fair value.

AFL Stadia Pty Ltd

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Employee Benefits

Wages, salaries, annual leave and sick leave

Liabilities for employee benefits for wages, salaries, annual leave and sick leave expected to be settled within 12 months of the year-end represent present obligations resulting from employees' services provided up to the reporting date, calculated at undiscounted amounts based on remuneration rates that the entity expects to pay as at reporting date including related on-costs.

Long service leave

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services to balance date. The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(n) Loans and borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs.

Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

AFL Stadia Pty Ltd

Notes to the Consolidated Financial Statements

4. NEW STANDARDS AND INTERPRETATIONS ADOPTED

The Company has adopted all relevant new and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board which are effective for annual reporting periods beginning on 1 November 2019.

AASB 16 Leases introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. This standard is mandatory for financial periods commencing after 1 January 2019. Management have assessed the impact of the single lessee accounting model as low value or non-material. Variable payments made under arrangements are recognised in profit or loss. The lease between AFL Stadia and the AFL Group for operation of the stadium is fully variable and therefore continues to remain off balance sheet.

At the date of authorisation of the financial statements, there were no other new standards or interpretations to be adopted.

AFL Stadia Pty Ltd

Notes to the Consolidated Financial Statements

	Consolidated	
	2020	2019
	\$	\$
5. REVENUE		
Service revenue	20,387,389	42,872,409
Other revenue:		
Medallion Club income	10,101,713	27,296,770
Commission income	1,532,249	6,385,592
Royalty income	1,755,206	3,408,123
Total revenue	33,776,557	79,962,894
6. ITEMS INCLUDED IN STATEMENT OF COMPREHENSIVE INCOME		
Expenses included in the statement of comprehensive income:		
Occupancy expenses:		
Lease payments	7,104,194	15,410,559
Other occupancy expenses	6,812,788	10,954,771
	13,916,982	26,365,330
Other expenses:		
AFL membership rights	-	2,327,917
Cost of sales	349,342	1,904,763
Other expenses	10,010,763	16,873,282
	10,360,105	21,105,962
7. PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment – at cost	22,548,035	32,560,807
Less: accumulated depreciation	(22,373,602)	(27,964,014)
	174,433	4,596,793
Freehold Land – at cost	727,192	727,192
Plant & equipment under construction	1,020,676	3,133,367
	1,922,301	8,457,352
Reconciliations:		
Plant and equipment - Cost		
Cost at beginning of period	32,560,807	32,560,807
Additions	22,618	-
Impairment and disposals	(10,035,390)	-
Cost at end of period	22,548,035	32,560,807

AFL Stadia Pty Ltd

Notes to the Consolidated Financial Statements

	Consolidated	
	2020	2019
	\$	\$
7. PROPERTY, PLANT AND EQUIPMENT (continued)		
Plant and equipment – Accumulated depreciation		
Accumulated depreciation at beginning of period	(27,964,014)	(26,102,304)
Depreciation for the period	(1,442,951)	(1,861,710)
Impairment and disposals	7,033,363	-
Accumulated depreciation at end of period	<u>(22,373,602)</u>	<u>(27,964,014)</u>
Plant and equipment under construction		
Cost at beginning of period	3,133,367	3,067,269
Additions	2,057,098	4,600,855
Sale to related party	(4,169,789)	(4,534,757)
Cost at end of period	<u>1,020,676</u>	<u>3,133,367</u>
8. INTANGIBLES		
Licences held for sale and rights to manage Marvel Stadium:		
Opening balance	25,261,737	30,507,545
Cost of licences sold and accumulated amortisation of rights to manage	(4,842,052)	(5,245,808)
Closing Balance	<u>20,419,685</u>	<u>25,261,737</u>
Total intangible assets	<u>20,419,685</u>	<u>25,261,737</u>

The licenses held for sale and rights to manage Marvel Stadium were valued as part of the Purchase Price Acquisition accounting by the Australian Football League. The fair value was determined using discounted cashflow projections based on financial budgets and forecasts approved by management, over their useful life using forecast growth rates. Forecast growth rates were based on past performance and management's expectations for future performance. Discount rates used were the weighted average cost of capital (after tax) for the Group, risk adjusted as applicable. The fair value of these assets was adjusted and recognised as an impairment loss for a reduction in value or an increase in the asset revaluation reserve for an increase in value. As a result of the Company signing a new Naming Rights deal with the Walt Disney Company Australia in 2018, management impaired the naming rights intangible asset down to zero.

AFL Stadia Pty Ltd

Notes to the Consolidated Financial Statements

	Consolidated	
	2020	2019
	\$	\$
9. TRADE AND OTHER RECEIVABLES		
Current		
Trade receivables	7,343,472	9,951,777
Other receivables	373,630	1,620,723
Allowance for impairment	(650,001)	(355,841)
	<u>7,067,101</u>	<u>11,216,659</u>
10. OTHER ASSETS		
Current		
Prepayments	4,135,255	3,316,264
Deferred expenditure	-	881,248
	<u>4,135,255</u>	<u>4,197,512</u>
Non-Current		
Prepayments	7,060,063	2,107,858
Deferred expenditure	-	1,194,785
	<u>7,060,063</u>	<u>3,302,643</u>

11. UNRECOGNISED DEFERRED TAX ASSETS

Deferred tax assets have not been recognised in respect of the following items:

	2020	2019
	\$	\$
Estimated Tax losses as at 31 October 2020	74,246,276	69,435,662

Deferred tax assets have not been recognised in respect of tax losses as it is not considered sufficiently probable the future taxable profits will be available for which they can be utilised in the short term.

AFL Stadia Pty Ltd

Notes to the Consolidated Financial Statements

	Consolidated	
	2020	2019
	\$	\$
12. TRADE AND OTHER PAYABLES		
Current		
Trade creditors	6,083,368	11,547,263
Accrued Expenses	2,587,629	2,546,214
Related party payables	-	5,394,115
	8,670,997	19,487,592
13. INTEREST BEARING LIABILITIES		
Interest bearing loan from AFL	208,844,735	190,272,089
14. EMPLOYEE BENEFITS		
Current		
Employee benefits – annual leave	333,002	410,337
Employee benefits – long service leave	1,039,189	896,376
	1,372,191	1,306,713
Non-Current		
Employee benefits – long service leave	72,504	76,300
	72,504	76,300
15. DEFERRED INCOME		
Current		
Deferred income	17,180,847	18,534,103
	17,180,847	18,534,103
Non-Current		
Deferred income	3,858,861	6,483,261
	3,858,861	6,483,261

Deferred income balances predominately comprise Medallion Club and Corporate Suite upfront licence fees, tenancy rental from Delaware North Companies Australia, Connected Stadium service revenue, Ticketmaster income and stadium naming rights payments.

AFL Stadia Pty Ltd

Notes to the Consolidated Financial Statements

	Consolidated	
	2020	2019
	\$	\$
16. AUDITORS REMUNERATION		
Audit and review of financial reports	65,000	62,500
Other services	34,700	29,013
	99,700	91,513

All Audit and review of financial reports amounts payable to the auditors, KPMG Australia, were paid by the Australian Football League and costs were subsequently recovered from Melbourne Stadiums Limited, a 100% owned subsidiary of AFL Stadia.

17. NOTES TO THE STATEMENT OF CASH FLOWS

(i) Reconciliation of Loss After Tax to Net Cash Provided by Operating Activities

	2020	2019
	\$	\$
Net loss for the period after income tax	(17,983,038)	(3,612,040)
Interest paid	4,835,538	7,071,525
Interest received	(54,999)	(242,014)
Add/(less) non-cash items:		
- Other expenses	4,237,049	-
- Interest capitalised	2,993,299	-
- Depreciation	1,442,951	1,861,710
- Bad debts provided for	451,699	106,525
- Amortisation of licenses and other rights	4,842,051	5,245,808
- Impairment	4,873,903	-
	5,638,453	10,431,514
Changes in assets and liabilities:		
Decrease in:		
- Trade and other receivables	4,149,558	1,429,134
- Other assets and prepayments	(2,739,302)	(2,035,360)
Increase / (decrease) in:		
- Deferred income	(3,977,656)	(2,219,720)
- Trade creditors	(10,816,595)	1,285,569
- Provisions	61,681	(157,433)
	(7,683,861)	8,733,705
Net cash provided by operating activities		

AFL Stadia Pty Ltd

Notes to the Consolidated Financial Statements

17. NOTES TO THE STATEMENT OF CASH FLOWS

(ii) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank and short-term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial period as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:

	Consolidated	
	2020	2019
	\$	\$
Cash	6,558,626	8,870,071

18. CONTROLLED ENTITIES

	OWNERSHIP INTEREST		
	Country of incorporation	2020 %	2019 %
PARENT ENTITY			
AFL Stadia Pty Ltd	Australia		
SUBSIDIARIES			
AFL Stadia (Docklands) Pty Ltd	Australia	100	100
AFL Developments	Australia	100	100
TD Goal Pty Limited	Australia	100	100
TD Goal Properties Pty Limited	Australia	100	100
TD Goal Stadiums Pty Limited	Australia	100	100
Melbourne Stadiums Limited	Australia	100	100
Medallion Club (Melbourne) Pty Limited	Australia	100	100

19. DEED OF CROSS GUARANTEE

Pursuant to ASIC Corporations (Wholly owned companies) Instrument 2016/785 the wholly-owned subsidiaries listed in Note 18 are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports and Directors' reports.

It is a condition of the Instrument that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Financial Position on pages 9 to 11 reflect all entities entered in the Deed of Cross Guarantee.

The subsidiaries listed in Note 18, excluding AFL Developments, became a party to the Deed on 23 August 2017, by virtue of a Deed of Assumption. AFL Developments became a party to the Deed on 15 April 2019. All of the subsidiaries listed in Note 18 represent all subsidiaries of the Company.

AFL Stadia Pty Ltd

Notes to the Consolidated Financial Statements

20. SUBSEQUENT EVENTS

There have been no events subsequent to balance date that would have a material effect on the Company's financial report at 31 October 2020.

21. PARENT ENTITY DISCLOSURES

As at 31 October 2020, and throughout the financial year ended 31 October 2020 the parent entity of the Group was AFL Stadia.

	Consolidated	
	2020	2019
	\$	\$
RESULT OF PARENT ENTITY		
Profit for the period	-	-
Other comprehensive income	-	-
Total comprehensive income for the period	-	-
FINANCIAL POSITION OF PARENT ENTITY AT YEAR END		
Current assets	2	1
Total assets	2	1
Current liabilities	-	-
Total liabilities	-	-
TOTAL EQUITY OF THE PARENT ENTITY COMPRISING OF:		
Share capital	2	1
Common control reserve	-	-
Retained losses	-	-
Total equity	2	1

AFL Stadia Pty Ltd

Directors' Declaration

In the opinion of the directors of AFL Stadia Pty Ltd ("the Company"):

- (a) the Company is not a reporting entity;
- (b) the financial statements and notes, set out on pages 9 to 27 are in accordance with *the Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the Company and the Group as at 31 October 2020 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date in accordance with the statement of compliance and basis of preparation described in Notes 2; and
 - (ii) complying with Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Note 2 and the Corporations Regulations 2001; and
- (c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.



Raymond Mark Gunston
Director

Dated at Melbourne this 26th day of February 2021