



# 2021

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## SYDNEY MARKETS ANNUAL REPORT



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JOHN PEARSON - *Chairman*

## BOARD OF DIRECTORS (L-R)

DAVID WHITEMAN - *Expertise Director*

MARIO MESSINA - *Nominee Director Retail Markets*

SHAUN McINERNEY - *Expertise Director*

SAM LENTINI - *Nominee Director Growers Market*

CAROLINE PISCIUNERI - *Nominee Director Wholesale Market*

STEPHEN PELLIZZER - *Nominee Director Flower Market*

COS CREMONA - *Nominee Director Warehouse*

DAVID HYNES - *Independent Director*



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BRADLEY LATHAM - *Chief Executive Officer*

## SENIOR MANAGEMENT (L-R)

NED TESIC - *Public Relations and Brand Manager*

MICHAEL GOLDEN - *Chief Financial Officer / Company Secretary*

SHANE CHESTER - *Head of Special Projects*

JOHN PASCUCCI - *Head of Operations*

# annual report contents

## 30 June 2021

**SYDNEY MARKETS LIMITED**  
**ABN 51 077 119 290**  
**ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2021**

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# joint message from the Chairman & CEO

## JOINT MESSAGE FROM THE CHAIRMAN & CHIEF EXECUTIVE OFFICER

We are pleased to present the 2020/2021 Sydney Markets Limited (SML) Annual Report.

Due to the unprecedented circumstances brought about by the COVID 19 pandemic it has been necessary to implement, in conjunction with Government, the most extensive changes to Market operations in the history of Sydney Markets and this has had a severe impact the company's financial performance.

The safety and wellbeing of everyone who comes to Sydney Markets is of the utmost importance to the Board, Management and Staff of Sydney Markets Limited.

The swift and decisive development and adoption of COVID-19 safety procedures has enabled Sydney Markets to effectively implement the constantly changing Government protocols. Despite these incredibly challenging times, the Sydney Markets team has worked tirelessly to ensure our plans are adaptable and our communications to stakeholders and the public remain clear and candid.

We would like to express our most sincere thanks on behalf of the Board, Management and Staff to all stakeholders throughout the Sydney Markets community for your extraordinary resilience in the face of the ongoing COVID-19 pandemic. It is only with your cooperation and support that Sydney Markets has been able to keep the Markets safe and ensure that Sydney Markets continues to maintain its standing, both domestically and internationally, as one of the most successful wholesale fruit, vegetable, flower and retail Markets in the world.

## FINANCIALS

- Profit before income tax was \$1 million (2020: \$1.9 million).
- Profit after tax of \$0.8 million (2020: \$1.3 million).
- The total capital expenditure for the year was \$2.2 million.
- Borrowings decreased to \$25 million (2020: \$30 million).

## STRATEGIC

### Sydney Markets Master Plan Projects

One of the five major Strategic Imperatives under the Sydney Markets Strategic Plan 2019-2024 is to 'Maximise the Efficiency and Effectiveness of the Sydney Markets Flemington Site'.

Under this imperative, a comprehensive Master Plan has been created for Flemington which includes a number of projects for site improvements and development of additional warehouse space on site. Four of these projects have been prioritised and are currently in the initial design and planning stages.

- **New Warehouse I – Northwest Precinct**  
New 2,600m<sup>2</sup> warehouse in the northwest precinct of the Markets, adjacent to Warehouse X, with parking underneath. Approx. timeframe – 2022-2023.
- **New Warehouse – Western Precinct**  
Extension of Car Park V to the North – 4,000m<sup>2</sup> ground floor Warehouse with opportunity for Cooking School and Permanent Retail Fresh Food Offer. Approx. timeframe – 2023-2024.
- **New Warehouse – Northeast Precinct**  
Two-Level Warehouse on land currently leased to Suttons Motors – 2,900m<sup>2</sup> Ground Floor Warehouse and 3,600m<sup>2</sup> Level One Warehouse. Approx. timeframe – 2025-2026.
- **New Elevated Warehouse – Eastern Precinct**  
Extension of Car Park Y to the North & South with approximately 12,000m<sup>2</sup> Elevated Warehouse space (one or multiple) on Level Two and 350-400 additional car parking spaces. Approx. timeframe – 2027-2028.

Other opportunities for additional warehousing are also being explored.

# joint message from the Chairman & CEO

## JOINT MESSAGE FROM THE CHAIRMAN & CHIEF EXECUTIVE OFFICER (continued)

### • **New Warehousing – Building D East Extension**

Management is investigating the possibility of extending the eastern end of Building D to provide 6 x 100m<sup>2</sup> warehouses. This will provide additional warehousing directly adjacent to the Growers Market. Plans are currently being drafted and Expressions of Interest will be sought from Growers Market Providers in the first instance.

Further information on these site maximisation projects and improving the efficiency and effectiveness of the site will be provided to all stakeholders as we progress.

### **Innovation & Digital Technology Strategy**

Another Strategic Imperative is to 'Introduce Improvements through Innovation and New Technologies'.

Management is currently working with expert consultants on the development of an overall Innovation and Technology strategy for Sydney Markets. The Customer Relationship Management System and Trader Portal will ultimately enable our stakeholders to access information relating to their business and conduct various transactions with SML.

The business validation and design phase for the CRM system, Trader Portal and Digital Devices for Market Officers has now been completed. This phase involved the implementation consultants working with the SML Project Team to assess in detail the specified business requirements and gaining a more extensive understanding of existing processes. The system design, project plan and timeline are now being finalised.

As we move forward with this project, further updates will be provided and information workshops will be held with Market stakeholders.

### **Ensuring the Future of Paddy's Markets**

Our Paddy's Markets Traders have undoubtedly experienced the most significant negative impact of the COVID-19 pandemic with temporary closures necessary due to Government safety protocols.

When Paddy's Markets reopened after the temporary closure in 2020 SML assisted traders with their return to trade by providing a rent-free period and a reduction in rent for a number of months.

Trading conditions have been particularly difficult for Paddy's Haymarket due to the closed international borders and significant lack of customer foot traffic within the Sydney CBD. To support our Paddy's Haymarket traders' businesses, Management has been successfully negotiating with the landlord, Market City, to provide SML with rental abatement for the Paddy's Haymarket site. The full dollar value of the rent abatement granted to SML from Market City is being passed on to our Haymarket traders.

### **Paddy's Haymarket Masterplan**

#### • **Paddy's Haymarket Key Tenant Strategy**

In an effort to improve the appearance of the Market and drive up customer attendance at Paddy's Haymarket, Management is currently negotiating with potential Key Tenants to take up occupancy in the trading area at Paddy's Haymarket by reconfiguring vacant space within the Market.

This project will require relocation of some traders to new locations around the Market. Management will consult directly with affected traders to ensure this process is undertaken with minimum disruption.

SML is now working with Market City to seek the required approvals from Property NSW and finalise negotiations with the potential Key Tenants.

Further information will be provided to stakeholders as this project progresses.

### **Paddy's Flemington Strategy**

Management continues to work on initiatives developed under the Paddy's Flemington Strategic Plan which aim to improve occupancy rates on Friday and Sunday, whilst reinforcing the strong trade of the Saturday Paddy's Fresh Food Market.



# joint message from the Chairman & CEO

## JOINT MESSAGE FROM THE CHAIRMAN & CHIEF EXECUTIVE OFFICER (continued)

### Future Market Opportunities

Discussions with Government centred around the Agribusiness Precinct planned for the new Western Sydney Aerotropolis and potential business opportunities that may be of benefit to Sydney Markets in the future are continuing.

In February 2021 SML hosted representatives of the Department of Premier & Cabinet (DPC) and the Western Parkland City Authority (WPCA) for an inspection of the Markets to provide insight as to the scale and uniqueness of Sydney Markets.

The expansion of Sydney Markets to the Agribusiness Precinct in the Western Parkland City will complement its existing offerings in Flemington and Haymarket, directly responding to the needs of Sydney's growing and evolving population. It is essential for SML that operations at the two existing sites continue and that short- and long-term objectives at the two sites are able to be achieved.

We will keep you informed of our progress and seek shareholder approval as we move through this exciting process.

## CORPORATE

### SML Directors

Mr Mario Messina was re-elected as the Nominee Director for the Retail Markets Category effective from July 2021 and Mr Shaun McInerney was elected as Expertise Director effective from September 2021. These appointments are for a term of three years. We congratulate Mr Messina and Mr McInerney on their appointments.

Our most sincere thanks go to departing Expertise Director Mr Bill Lynch who retired from the Board in September 2021. Mr Lynch has served on the Board at Sydney Markets for more than 30 years, originally with the Sydney Market Authority and then as a Director of Sydney Markets Limited since 1998. His commitment and dedication have been unwavering, his passion for the Markets is exceptional and he is highly respected throughout the industry.

On behalf of the Board, Management and Staff at Sydney Markets Limited and all Market stakeholders, we wish Mr Lynch the very best in his retirement.

### Assistance to Bushfire Affected Communities

Following the devastating bushfires faced by Australians over the 2019/2020 Summer, the Sydney Markets Board agreed to provide a donation of \$150,000 on behalf of Sydney Markets stakeholders to assist those in regions that were affected by the bushfires.

In March 2021, a brand new Category 7 Fire Truck purchased with the combined proceeds of the donation from Sydney Markets Limited and funds raised by the Sydney Markets Foundation was presented to the Batlow Rural Fire Service. The much-needed emergency response vehicle was very well received by the Batlow community.

Thanks to the generosity of the Sydney Markets community, the donations also provided sufficient funds for additional fire-fighting equipment for the Batlow and Bilpin Fire Brigades.

### Assistance to Flood Affected Growers

In March 2021 extensive flooding had a devastating effect on communities throughout NSW and Queensland and in particular some of our local Growers located around the Sydney basin. The majority of the affected local Growers are standholders during the week at Sydney Markets.

SML introduced an initiative to provide financial assistance to Growers that were severely impacted by the floods in NSW through rental abatement of up to three months.

A formal assessment process to consider each rental abatement request which included individual farm inspections was implemented and rent abatement amounting to \$14.5K per month has been granted to date to 25 Growers whose properties met the assessment criteria.

# joint message from the Chairman & CEO

## JOINT MESSAGE FROM THE CHAIRMAN & CHIEF EXECUTIVE OFFICER (continued)

### MARKETING

#### The Fresh Awards

Due to the uncertainty of the ongoing COVID 19 restrictions, the 2021 Sydney Markets Fresh Awards event unfortunately had to be cancelled. However, the 2021 Fresh Awards winners will receive their awards and the presentations will be filmed for distribution via the SML Trader App and various social media streams.

The Fresh Awards were established in 2015, bringing together Sydney Markets' long running greengrocer and florist retail excellence programs, and expanding them to include Fruit & Vegetable Growers and Wholesalers, Provideores, Flower Growers and the online community of bloggers, storytellers and social media or content creators who champion fresh produce and the people who grow or sell fruit, vegetables or flowers.

SML congratulates the businesses and individuals who participated in the program, particularly those who made it through as finalists, and especially the winners in each of the 2021 Fresh Awards categories.

We thank all of our Fresh Awards sponsors and stakeholders for your patience during this time.

#### Fresh for Kids Program

The Sydney Markets Fresh for Kids Program, introduced over twenty years ago, is aimed at helping school aged children achieve a healthy lifestyle by encouraging them to eat plenty of fresh fruit and vegetables and to participate in physical activity.

Fresh for Kids (FFK) continues to work with the Department of Education to ensure that all content on the website aligns with the current curriculum. The website includes the Farm to Plate animation featuring the Fresh for Kids Fruit & Veggie Gang, along with further educational resources, nutritional information and healthy recipe ideas.

The FFK Canteen Campaign continues as an integral part of the Fresh for Kids initiative. The campaign encourages schools to register and reward students for making healthy purchases at their school canteens or bringing fruit or vegetables from home.

Management is pleased with how this campaign has rebounded this year with a total of 583 schools registered and a high mix of regional schools participating. What is becoming evident is that all school canteens are moving to fresh offers. Therefore, Management is working with the FFK Committee on considering transferring our focus for the 2022 FFK marketing campaign to areas that are not targeted as frequently, such as sporting clubs for example. Surveys will be conducted to support what can be done.

A tie-in with the Greengrocer Campaigns, 'A Better Choice' Program and the Fresh Awards is also being considered.

#### Promotional Video Campaigns

SML has developed video campaigns to promote Paddy's Markets at Flemington and Haymarket, as well as the Sydney Growers Market. These are shared across our Sydney Markets and Paddy's Markets social media channels and have proven to be extremely popular.

#### Foodbank & Other Charities – Food Waste Collection

SML proudly continues our support of Foodbank, Australia's largest hunger relief organisation. In the twelve months from July 2020 to June 2021 they collected approximately 1,040 tonnes of edible but surplus fruit and vegetables from Market businesses that would otherwise be discarded.

Other food rescue charity organisations are also collecting surplus produce from the Markets, including SecondBite, Sydney Care, Reach Out, St Merkorious and various animal shelter organisations.

# joint message from the Chairman & CEO

## JOINT MESSAGE FROM THE CHAIRMAN & CHIEF EXECUTIVE OFFICER (continued)

### National Retailer Program – ‘A Better Choice!’ Campaign

‘A Better Choice!’ is a national program designed to encourage consumers to shop for fresh produce at their local independent fruit and vegetable retailers. The joint Fresh Markets Australia (FMA) and Central Markets Association of Australia (CMAA) initiative supports more than 550 retailers across Australia. The program is jointly funded by the Central Markets and Chambers in each Australian state.

SML have been involved with this national initiative for the past 12 months, while also focusing on our existing programs to engage and support greengrocers in NSW.

The program was awarded the 2021 PMA-Produce Plus Marketer of the Year Award, Australasia’s premier marketing award for the fresh fruit, vegetable and floral industries, at the Hort Connections Conference in Brisbane in June 2021, recognising ‘A Better Choice!’ for its Shop&Win campaign.

## SITE IMPROVEMENTS

### Site Infrastructure

As part of the SML Strategic Plan, Imperative No.1 relates to maximising the efficiency and effectiveness of the Flemington site.

In line with this Imperative, a number of projects are planned that will provide significant improvement to the site and the trading environment.

### *Sprinkling of Market Buildings*

SML will undertake the staged installation of Sprinkler Systems in Wholesale Market buildings. This initiative will provide benefits for both SML and Market Tenants:

- One of the major challenges for Sydney Markets is limited space and logistics. Sprinkling of existing Market Buildings will provide opportunity to increase the height of storage, thus maximising storage space in existing Buildings/Warehouses.
- Minimises the risk of damage to assets in case of fire.
- Assists with reducing insurance costs under SML’s Industrial Special Risks Policies.

This project will be undertaken in two stages, with installation in Building E as Stage One and installation in Buildings A, B & C as Stage Two following completion of Stage One.

Updates will be provided to stakeholders as this project progresses.

### *Additional Solar Installations On Site*

The Sydney Markets site currently has Solar Systems installed at six locations that generate a total of 2.64MW of solar power.

Additional Solar Systems will be installed on other buildings throughout the site. These include Warehouse I (new warehouse), Warehouse X, Warehouse W, Warehouse N, Warehouse J and the new Warehouse to be constructed on the site currently occupied by Suttons Motors.

This initiative helps to improve SML’s Sustainability profile, reduces Sydney Markets’ carbon footprint and benefits the environment.

### *Large LED TV Screens – Buildings A, B & C External Walls*

Continuing the improvement of communication throughout the Markets site, Large LED Screens have been installed on the Northern external walls of Buildings A, B & C.



# joint message from the Chairman & CEO

## JOINT MESSAGE FROM THE CHAIRMAN & CHIEF EXECUTIVE OFFICER (continued)

### Repair & Maintenance Programs

The SML Site Services Department has in place a range of ongoing Repair & Maintenance Programs to ensure both the Flemington and Haymarket sites continue to operate as efficiently and safely as possible for the benefit of all stakeholders.

When carrying out works under these programs it is sometimes necessary for the power supply to sections of the Market to be temporarily shut down. SML appreciates the cooperation of all Market Tenants in the coordination of these shutdowns.

## OPERATIONS

### New Security Provider

Quest Effect has been appointed to provide security services for both the Flemington and Haymarket sites for the next three years, commencing from 1st July 2021.

Quest Effect guards will conduct the same duties as the previous security company to maintain the security of assets and property at Sydney Markets and the wellbeing of all Markets' stakeholders.

### COVID-19 Strategies

Since the onset of the COVID-19 Pandemic crisis, Sydney Markets has been working closely with Government Agencies to develop, adapt and implement a range of procedures and changes to Market trading in line with advice from the NSW Government and Health Authorities.

### Cleaning

The intensity of cleaning of the Markets site has been maintained, with deep cleaning and sterilising of the site on a daily basis.

- Service touch-points (i.e., toilets, railings, lift buttons, doors, etc.) are sterilised on a daily basis.
- Hand Sanitiser Units are installed throughout the Markets and are being serviced as required.

### Work Health and Safety

SML treats matters of safety with the utmost importance at all times and dedicates significant time and resources into adopting and upholding safe work practices, as well as educating stakeholders. We remain vigilant in enforcing Work Health and Safety laws and are in constant communication with SafeWork NSW, Roads & Maritime Services and the NSW Police to support those efforts.

SML staff undertake training on a regular basis for a range of Work Health & Safety related processes and procedures.

SML maintains ongoing communication and consultation with Market stakeholders on all aspects of Work Health & Safety.

### Onsite COVID-19 Testing Facility

With NSW on high-alert due to the Delta Strain of COVID-19, and with increasing COVID cases identified within Greater Sydney and in other locations throughout Australia, Sydney Markets made successful representations to NSW Health to establish a COVID Testing Facility for Sydney Markets stakeholders at our Flemington site.

The testing clinic has been operating since mid-July from 6am to 12pm, 7 days per week and is currently averaging 200 tests per day.

### • AstraZeneca Vaccine

Following representations from SML, NSW Health agreed to operate an AstraZeneca COVID-19 Vaccination Clinic on Level 2 of Building Z at Sydney Markets in August 2021.

The walk-in clinic required no appointment and was open to the public.

Opening hours for the vaccination clinic were scheduled to coincide with the Markets' regular trading hours to make it easier for Market tenants and their staff to attend.

# joint message from the Chairman & CEO

## JOINT MESSAGE FROM THE CHAIRMAN & CHIEF EXECUTIVE OFFICER (continued)

### • **Pfizer Vaccine**

SML also successfully negotiated with NSW Health to secure Pfizer vaccinations for Sydney Markets Stakeholders which were made available at a NSW Health walk-in vaccination clinic in Building Z during late August and early September 2021.

### **Free Flu Vaccinations**

In the interests of the health and safety of our stakeholders, SML arranged for flu vaccinations to be available at no cost to all Market Tenants again this year at the Sydney Markets Medical Centre in the Market Plaza.

### **Environmental**

Reflecting its role in the sustainable management and conservation of Australia's environment, SML is committed to minimising its own ecological footprint by pursuing environmental best practice and the prevention of pollution in all operations. This is highlighted by our continued focus of solar panel installation and a recycling rate in excess of 70% for waste generated on site.

### **Assistance to Drought-Affected Farmers**

Despite the recent rainfalls, a portion of NSW continues to be drought affected. The SML Green Point Team continues to provide assistance to drought-affected NSW farmers by supplying organic waste to feed livestock. Between July 2020 and June 2021 Sydney Markets provided approximately 9,000 tonnes of organic waste through Green Point to more than 30 farmers.

## OTHER NEWS

### **Sydney Markets Foundation**

The Sydney Markets Foundation continues to raise funds for those in need.

The generosity of the Markets community was once again evident this year with the delivery of the much-needed new firefighting equipment to the Batlow and Bilpin communities made possible with the help of the donations made to the Foundation by Market Tenants and Stakeholders during the catastrophic bushfire season over the 2019-2020 summer.

### **Industry Participation**

SML's focus on Industry participation continued over the past twelve months through Chairman, John Pearson, CEO, Brad Latham and other members of the Management Team attending a range of events, including the Hort Connections Conference held in Brisbane in June 2021. Unfortunately, due to the COVID-19 Pandemic many other events were cancelled or delayed and attendance at international conferences has not been possible.

In conclusion, we acknowledge that completing and implementing the extensive range of initiatives, undertakings and achievements outlined above, especially in the extraordinary situation of the global COVID 19 Pandemic, has only been possible due to the continuing collaboration, participation and cooperation of all Stakeholders throughout the Sydney Markets community. The Board, Management and Staff at SML greatly appreciate your assistance in helping Sydney Markets to continue operating as efficiently and as safely as possible.

Our sincere thanks go to our Directors, Management, staff and contractors and to all stakeholders, in particular those who give their time to represent on the Council of Market Representatives, the Fresh for Kids Committee and the Paddy's Advisory Committee.



**MR BRADLEY LATHAM**  
CHIEF EXECUTIVE OFFICER



**MR JOHN PEARSON**  
CHAIRMAN

# Directors' report

Your Directors present their report on Sydney Markets Limited (the company) for the year ended 30 June 2021.

## DIRECTORS

The following persons were Directors of Sydney Markets Limited during the whole of the financial year and up to the date of this report:

Mr John C. Pearson	(Chairman)
Mr David J. Whiteman	(Deputy Chairman from 18 August 2021)
Mr William L. Lynch	(Director to 15 September 2021, Deputy Chairman from 19 August 2020 to 18 August 2021)
Mr Cosimo Cremona	(Deputy Chairman from 21 August 2019 to 19 August 2020)
Mr David W. Hynes	
Mr Alvisio (John) Olivieri	(Director to 15 July 2020)
Mr Shaun M. McNerney	(Director to 15 July 2020 and from 15 September 2021)
Mr Mario J. Messina	
Mr Samuel L. Lentini	
Mr Stephen Pellizzer	(Director from 15 July 2020)
Mrs Caroline J. Pisciueneri	(Director from 15 July 2020)

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

## PRINCIPAL ACTIVITIES

The principal activities of Sydney Markets Limited during the financial year were to manage and administer the Sydney Markets at Flemington and Haymarket.

There was no significant change in the nature of the activity of the company during the year.

## REVIEW OF OPERATIONS

A review of operations is provided in the Joint Message from the Chairman and CEO.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community and the economy. Following the COVID-19 outbreak, the company has considered the current and ongoing impact that the COVID-19 pandemic has had on its business operations.

In assessing such impacts Management have relied upon certain key estimates to evaluate current and future business conditions. Inherent in any estimate is a level of uncertainty. In particular, due to COVID-19, estimation uncertainty is associated with:

- the extent and duration of the disruption to the company's tenant customers arising from the actions by governments, businesses and consumers to contain the spread of the virus;
- the extent and duration of the expected economic downturn
- the effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn
- judgements in impairment assessments

In response to the increased uncertainty the company has assessed the carrying values of its assets and liabilities in light of COVID-19. Specific areas of assessment include impairment testing, calculation of expect credit losses.

The company has developed various accounting estimates in this report based on forecasts of economic conditions which reflect expectations and assumptions as at 30 June 2021 about future events that the Management and Directors believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the company. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in this report.

There have been no significant changes in the state of affairs of the company during the year.

# Directors' report

## DIVIDENDS – SYDNEY MARKETS LIMITED

No dividends were paid or recommended during the year. Sydney Markets Limited's policy, as disclosed in the Prospectus dated 16 February 1998, is that no dividends will be declared. In exceptional circumstances the Directors may elect to declare a dividend, however, the Directors do not currently envisage any circumstance giving rise to the declaration of a dividend.

The reason for Sydney Markets Limited's dividend policy is that, in the opinion of the Directors, all cash and other reserves will need to be maintained, invested and accumulated in order to fund the costs associated with the continuation of the Central Markets.

Following the purchase of the Sydney Markets Site at Flemington from the NSW Government, the Board's policy has been to use any surplus cash resources to pay down its bank loan facility and for the purchase of key adjoining properties to allow for future expansion.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Directors are unaware of any significant event or development in the operations of Sydney Markets Limited and the expected results of those operations in future financial years, which will significantly change the state of affairs of Sydney Markets Limited or its shareholders.

Further information on likely developments in the operations of the company and the expected results of operations have not been included in this annual report because the Directors believe it would be likely to result in unreasonable prejudice to the company.

## MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The Directors are not aware of any matter or circumstance that has arisen since 30 June 2021 which has significantly affected or may significantly affect the operations of Sydney Markets Limited, the results of those operations, or the state of affairs of Sydney Markets Limited in subsequent financial years.

## ENVIRONMENTAL REGULATION

Sydney Markets Limited's operations are subject to significant environmental regulation under the laws of the Commonwealth and the State.

Sydney Markets Limited is subject to regulations under the Environmental Protection Authority Act in regards to the discharge of trade waste water and other liquid waste. Sydney Markets Limited engages independent and registered testing companies to continuously monitor the discharge of trade waste water and other liquid waste from the Flemington site. Sydney Markets Limited has complied with all the required regulations during the year ended 30 June 2021.

## INFORMATION ON DIRECTORS

<b>Mr John C. Pearson</b>	<b>– Non-Executive Director &amp; Chairman</b>
Experience and expertise	– Board Member since 2003 – Deputy Chairman from September 2004 to May 2005 – Chairman since 18 May 2005 – Chair, Director Selection Committee, Freshcare Limited – Experienced and successful finance executive with significant banking, building society and management exposure at senior levels.
Other current directorships	– Director of R.P. Cricket Pty Ltd – T/A Randwick Petersham Foundation
SML Committees	– Finance and Audit, Remuneration, Master Plan, Retail Markets Committee, Innovation Committee, Branding Review Committee
Interests in shares	– Nil

# Directors' report

## INFORMATION ON DIRECTORS (continued)

<b>Mr David J. Whiteman</b>	– <b>Non-Executive Expertise Director</b>
Qualifications	– BA (Macquarie University) majoring in Economics & Financial Studies
Experience and expertise	– Board member from 19 August 2015 and from 21 July 2004 to 17 July 2013 – Deputy Chairman from 23 July 2009 to 25 August 2010 and from 18 August 2021 – Over 51 years experience in the fruit and vegetable industry
Other current directorships	– Director of C J Lewis Pty Ltd – Director of Mount View (Orchards Batlow) Pty Ltd – Director of Davic Investments Pty Ltd – Director of Teleen Pty Ltd
SML Committees	– Finance and Audit, Innovation Committee
Interests in shares	– Nil
<b>Mr William L. Lynch</b>	– <b>Non-Executive Expertise Director</b>
Experience and expertise	– Board Member from 1998 to 15 September 2021 – Deputy Chairman from September 2000 to November 2001 and from 18 May 2005 to 17 May 2006 and from 19 August 2020 to 18 August 2021 – Over 63 years in the Australian Horticulture Industry as a grower, wholesaler and retailer – Past President, Australian Flower Growers Association – Past President, Flower Growers Group of NSW Inc.
Other current directorships	– Director of W & D Lynch Pty Ltd – Director of Carismatic Pty Ltd – Director of Fresh Flower Group Pty Ltd – Director of Lynch Group Events Pty Ltd – Director of Lynch Flowers Brisbane Pty Ltd
SML Committees	– Remuneration, Finance and Audit Committee, Branding Review Committee
Interests in shares	– 6 Flower Market Ordinary Shares
<b>Mr Cosimo Cremona</b>	– <b>Non-Executive Nominee Director – Warehouses</b>
Experience and expertise	– Board Member from 17 July 2013 and from 24 July 2002 to 13 July 2011 – Deputy Chairman from 17 May 2006 to 22 August 2007 and from 21 August 2019 to 19 August 2020 – Over 41 years experience in the fruit and vegetable industry – Member of the Lions Club, Sydney Markets
Other current directorships	– Nil
SML Committees	– Environment Management
Interests in shares	– Nil
<b>Mr David W. Hynes</b>	– <b>Non-Executive Independent Director</b>
Qualifications	– B.Ec / LL.B (Sydney Uni)
Experience and expertise	– Board Member since 2005 – Deputy Chairman from 17 August 2011 to 15 August 2012 and from 20 August 2014 to 19 August 2015
Other current directorships	– Executive Director of Winston Langley Pty Limited, a property development and property advisory organisation – President of the Australian Baseball Federation
SML Committees	– Remuneration, Master Plan, Retail Markets Committee, Branding Review Committee
Interests in shares	– Nil

# Directors' report

## INFORMATION ON DIRECTORS (continued)

<b>Mr Alvisio (John) Olivieri</b>	<b>– Non-Executive Nominee Director – Flower Market</b>
Experience and expertise	<ul style="list-style-type: none"> <li>– Board Member from 23 July 2008 to 15 July 2020</li> <li>– Deputy Chairman from 19 August 2015 to 17 August 2016</li> <li>– Over 49 years involvement in the Australian horticulture industry</li> <li>– President of the Commercial Cut Flowers Growers Association of NSW for 15 years</li> <li>– Former Vice President of NSW Flower Growers Association</li> </ul>
Other current directorships	– Director of A & L Property Developments Pty Ltd
SML Committees	– Master Plan
Interests in shares	– 4 Flower Market Ordinary Shares
<b>Mr Shaun M. McInerney</b>	<b>– Non-Executive Expertise Director</b>
Experience and expertise	<ul style="list-style-type: none"> <li>– Board Member from 13 July 2011 to 15 July 2020 and from 15 September 2021</li> <li>– Deputy Chairman from 17 August 2016 to 16 August 2017</li> <li>– Over 39 years experience in the fruit and vegetable industry</li> </ul>
Other current directorships	– Director Fresh Fellas Pty Limited
SML Committees	– Finance and Audit, Branding Review, Remuneration
Interests in shares	– 8 Retail Markets Ordinary Shares, 4 Wholesale Market Ordinary Shares, 2 Warehouse Ordinary Shares and 1 Growers Market Ordinary Share
<b>Mr Mario J. Messina</b>	<b>– Non-Executive Nominee Director – Retail Markets</b>
Qualifications	– Diploma – Marketing
Experience and expertise	<ul style="list-style-type: none"> <li>– Board Member since 18 July 2012</li> <li>– Deputy Chairman from 16 August 2018 to 21 August 2019</li> <li>– Over 34 years experience at Sydney Markets</li> <li>– Representative, Paddy's Advisory Committee</li> <li>– Member of Council of Market Representatives from September 1999 to June 2012</li> </ul>
Other current directorships	– Director of Elite of Physiotherapy Pty Ltd
SML Committees	– Environment Management, Master Plan, Innovation Committee, Retail Markets Committee, Branding Review Committee
Interests in shares	– 8 Retail Markets Ordinary Shares
<b>Mr. Samuel L. Lentini</b>	<b>– Non-Executive Nominee Director – Growers Market</b>
Experience and expertise	<ul style="list-style-type: none"> <li>– Board Member since July 2019</li> <li>– Over 21 years experience at Sydney Markets</li> </ul>
Other current directorships	– Director Cranhill Pty Ltd
SML Committees	– Innovation Committee
Interests in shares	– 4 Grower Market Ordinary Shares
<b>Mr Stephen Pellizzer</b>	<b>– Non-executive Nominee Director – Flower Markets</b>
Experience and expertise	<ul style="list-style-type: none"> <li>– Board member since 15 July 2020</li> <li>– NSW Flower Growers Group Committee for 11 years, Treasurer for 8 years</li> <li>– Member of Council of Market Representatives for 9 years</li> </ul>
Other current directorships	– Dumont Rose Gardens Pty Ltd
SML Committees	– Master Plan Committee, Branding Review Committee
Interests in shares	– 3 Flower Market Ordinary Shares



# Directors' report

## INFORMATION ON DIRECTORS (continued)

<b>Mrs Caroline J. Pisciueneri</b>	– <b>Non-Executive Nominee Director – Wholesale</b>
Experience and expertise	– Board Member since 15 July 2020
Other current directorships	– Director & Vice President of NSW Chamber of Fruit & Vegetable Industries Inc. – Director & Deputy Chairman of Sydney Markets Foundation – Director of Pisciueneri Investments Pty Ltd – Director & Company Secretary of ASP Super Pty Ltd – Company Secretary of All Seasons Produce Pty Ltd – Company Secretary of Crisp Transport Pty Ltd – Company Secretary of Delrosa Pty Ltd – Company Secretary of Harvest Cove Pty Ltd
SML Committees	– Master Plan Committee, Environment Management Committee, Innovation Committee, Branding Review Committee
Interests in shares	– 1 Warehouse Ordinary Share

## COMPANY SECRETARY

The following person held the position of Company Secretary at the end of the financial year:

### Mr Michael Golden

Mr Michael Golden has over 21 years experience in the Chief Financial Officer roles. He is a Fellow of the Institute of Public Accountants and a Charter Tax advisor of the Taxation Institute of Australia.

## MEETINGS OF DIRECTORS

Details of Directors' meetings held during the financial year ended 30 June 2021 and Directors' attendances at these meetings were as follows:

	Full meetings of Directors		Finance & audit committee meetings	
	A	B	A	B
Mr John C. Pearson (Chairman)	14	14	5	5
Mr David J. Whiteman	14	14	5	5
Mr William L. Lynch	14	14	5	5
Mr Cosimo Cremona	14	13	–	–
Mr David W. Hynes	14	13	–	–
Mr Mario J. Messina	14	14	–	–
Mr Samuel L. Lentini	14	12	–	–
Mrs Caroline Pisciueneri	14	14	–	–
Mr Stephen Pellizzer	14	12	–	–

A = Number of meetings held during the time the Director held office or was a member of the committee during the year

B = Number of meetings attended

## DIRECTORS AND OFFICERS REMUNERATION

No Director or Officer of Sydney Markets Limited is a party to any contract with Sydney Markets Limited under which the Director or Officer is entitled to a benefit except for:

- Directors' and Officers' fees and remuneration as shown in Sydney Markets Limited's remuneration report below (Part B).
- Interests or involvement in a company or entity that has a lease or licence with Sydney Markets Limited on terms and conditions no more favourable than those of other Market tenants (note 22).

# Directors' report

## DIRECTORS AND OFFICERS REMUNERATION (continued)

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration

The key management personnel comprise the Directors and the following persons who had authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, during the financial year:

<i>Key Management Personnel</i>	<i>Position</i>
Mr Bradley R. Latham	Chief Executive Officer
Mr Michael W. Golden	Chief Financial Officer/Company Secretary
Mr Shane R. Chester	Head of Special Projects
Mr John Pascucci	Head of Operations

### A Principles used to determine the nature and amount of remuneration

The compensation structure for key management personnel is based on the experience and capability of the individual concerned, the market level for jobs of comparable nature, size and level of responsibility and the overall performance of Sydney Markets Limited. The contracts for service between Sydney Markets Limited and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future.

The Remuneration Committee sets senior management salaries and bonuses, based on agreed individual key performance indicators and reviews on the anniversary of employment date.

The objective of Sydney Markets Limited's senior management reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns their reward with achievement of strategic and operating objectives, and conforms with market best practice for delivery of reward. The Board ensures that senior management reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The employment conditions of the Chief Executive Officer and other key management personnel are formalised in open contracts of employment, generally requiring three to six months notice of termination.

Directors' fees are determined within an aggregate Directors' fee pool limit. The pool limit for the 2021 year was \$535,233 (2020: \$535,236) as approved by the shareholders.

### B Details of remuneration

#### *Amounts of remuneration*

Details of the remuneration of the Directors and other key management personnel of the company (as defined in AASB 124 *Related Party Disclosures*) are set out in the following tables. The performance related % shows the % of total remuneration which is subject to the performance of the individual and Sydney Markets Limited as determined by the Remuneration Committee.

# Directors' report

## DIRECTORS AND OFFICERS REMUNERATION (continued)

2021	Cash salary and fees \$	Cash bonus \$	Non-monetary benefits \$	Super-annuation \$	Total \$	Performance related %
Name						
<b>Non-executive Directors</b>						
Mr John C. Pearson (Chairman)	119,643	–	11,950	9,725	141,317	
Mr William L. Lynch	48,047	–	1,200	-	49,247	
Mr David W. Hynes	43,767	–	1,200	4,272	49,238	
Mr David J. Whiteman	43,767	–	1,200	4,272	49,238	
Mr Samuel L. Lentini	43,767	–	1,200	4,272	49,238	
Mr Mario J. Messina	43,767	–	1,200	4,272	49,238	
Mr Cosimo Cremona	43,767	–	1,200	4,272	49,238	
Mrs Caroline Pisciuireni	43,767	–	1,200	4,272	49,238	
Mr Stephen Pellizzer	43,767	–	1,200	4,272	49,238	
<b>Total</b>	<b>474,056</b>	<b>–</b>	<b>21,550</b>	<b>39,627</b>	<b>535,233</b>	
<b>Other key management personnel</b>						
Mr Bradley R. Latham	297,839	10,000	71,361	24,994	404,194	2.50
Mr Michael W. Golden	172,157	7,500	29,248	17,067	225,972	3.40
Mr Shane R. Chester	129,472	7,500	29,752	13,012	179,736	4.30
Mr John Pascucci	94,078	5,000	8,625	9,412	117,115	4.50
<b>Total</b>	<b>693,546</b>	<b>30,000</b>	<b>138,986</b>	<b>64,485</b>	<b>927,017</b>	
<b>Total</b>	<b>1,167,602</b>	<b>30,000</b>	<b>160,536</b>	<b>104,112</b>	<b>1,462,250</b>	
<b>2020</b>						
Name	Cash salary and fees \$	Cash bonus \$	Non-monetary benefits \$	Super-annuation \$	Total \$	Performance related %
<b>Non-executive Directors</b>						
Mr John C. Pearson (Chairman)	118,143	-	11,950	11,223	141,316	
Mr William L. Lynch	48,047	-	1,200	-	49,247	
Mr Alvisio (John) Olivieri	43,767	-	1,200	4,272	49,239	
Mr Shaun M. McInerney	43,767	-	1,200	4,272	49,239	
Mr David W. Hynes	43,767	-	1,200	4,272	49,239	
Mr David J. Whiteman	43,767	-	1,200	4,272	49,239	
Mr Samuel L. Lentini	43,767	-	1,200	4,272	49,239	
Mr Mario J. Messina	43,767	-	1,200	4,272	49,239	
Mr Cosimo Cremona	43,767	-	1,200	4,272	49,239	
<b>Total</b>	<b>472,559</b>	<b>-</b>	<b>21,550</b>	<b>41,127</b>	<b>535,236</b>	
<b>Other key management personnel</b>						
Mr Bradley R. Latham	294,107	10,000	65,512	24,994	394,613	2.6
Mr Michael W. Golden	169,088	10,000	25,172	17,013	221,273	4.7
Mr Shane R. Chester	126,530	10,000	26,613	12,970	176,113	5.9
Mr John Pascucci	92,709	5,000	8,432	9,282	115,423	4.5
<b>Total</b>	<b>682,434</b>	<b>35,000</b>	<b>125,729</b>	<b>64,259</b>	<b>907,422</b>	
<b>Total</b>	<b>1,154,993</b>	<b>35,000</b>	<b>147,279</b>	<b>105,386</b>	<b>1,442,658</b>	

# Directors' report

## DIRECTORS AND OFFICERS REMUNERATION (continued)

### Shares under option

No option to acquire shares in the company has been granted to any person. No shares have been issued during the financial year or since the end thereof by virtue of the exercise of any options. There are no unissued shares under option at the date of this report.

No options over shares were granted or redeemed during the year. Sydney Markets Limited's Constitution precludes share options.

### Equity instrument disclosures relating to key management personnel

#### Share holdings

The numbers of shares held directly, indirectly or beneficially held during the financial year by each Director of Sydney Markets Limited and other key management personnel of the company, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2021	Balance at the start of the year or on date of appointment	Changes during the year	Balance at end of the year
Name			
<b>Directors of Sydney Markets Limited</b>			
<b>Ordinary shares</b>			
Mr William L. Lynch	6	—	6
Mr Alvisio (John) Olivieri	3	—	3
Mr Shaun M. McInerney	17	—	17
Mr Mario J. Messina	8	—	8
Mr Samuel L. Lentini	4	—	4
Mrs Caroline J. Piscinieri	—	1	1
Mr Stephen Pellizzer	3	—	3

2020	Balance at the start of the year or on date of appointment	Changes during the year	Balance at end of the year
Name			
<b>Directors of Sydney Markets Limited</b>			
<b>Ordinary shares</b>			
Mr William L. Lynch	6	—	6
Mr Alvisio (John) Olivieri	3	—	3
Mr Shaun M. McInerney	17	—	17
Mr Mario J. Messina	8	—	8
Mr Samuel L. Lentini	4	—	4

### Other transactions with key management personnel

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

	2021	2020
	\$	\$
<b>Amounts recognised as revenue</b>		
Total income received or receivable by Sydney Markets Limited from Director-related entities for rents, dues and fees (recognised in revenue from continuing operations)	<b>329,786</b>	238,761
<b>Amounts recognised as expense</b>		
Total expenditure paid or payable by Sydney Markets Limited to Director-related entities for produce, sponsorships and scholarships (recognised in advertising and promotion costs and management and administration costs)	—	25,061

# Directors' report

## DIRECTORS AND OFFICERS REMUNERATION (continued)

The names of Directors concerned with the above transactions were Mr David J. Whiteman, Mr William L. Lynch, Mr Alvisio (John) Olivieri, Mr Mario J Messina, Mr Shaun M McInerney and Mr Samuel L. Lentini.

Apart from the matters mentioned above, no Director has entered into a material contract with Sydney Markets Limited during the financial year.

## CORPORATE GOVERNANCE STATEMENT

### Board composition

The composition of the Board is in accordance with the criteria laid down in Sydney Markets Limited's Constitution.

### Directors' shareholdings

No Director holds or is able to hold any share in Sydney Markets Limited except where he has a share entitlement as a holder of tradeable space in accordance with Sydney Markets Limited's Constitution.

### Directors' committees

Directors' Committees encompassing Finance and Audit, Environment Management, Remuneration, Master Plan, Retail Markets, Innovation and Branding Review operated during the year and these committees meet on a regular basis.

### Ethical standards

Directors, staff and contractors are required to abide by Sydney Markets Limited's Code of Conduct.

### Insurance of officers

During the financial year, Sydney Markets Limited paid insurance premiums for Directors and Officers Liability Insurance in respect of any person who is or has been a Director or Officer of Sydney Markets Limited. The terms of the policy do not allow the amount of the premium to be disclosed.

## PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under Section 237 of the *Corporations Act 2001*.

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 18.

## ROUNDING OF AMOUNTS

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

## AUDITOR

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of the Directors.



**MR JOHN PEARSON**  
CHAIRMAN

Sydney  
15 September 2021



**MR DAVID WHITEMAN**  
DIRECTOR

# Auditor's independence declaration



## Auditor's Independence Declaration

As lead auditor for the audit of Sydney Markets Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'S.T. Maher'.

Shannon Maher  
Partner  
PricewaterhouseCoopers

Sydney  
15 September 2021

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### **PricewaterhouseCoopers, ABN 52 780 433 757**

One International Towers Sydney, Watermans Quay, Barangaroo NSW 2000  
GPO BOX 2650, SYDNEY NSW 2001  
Telephone +61 2 8266 0000, Facsimile +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

Level 11, 1PSQ, 169 Macquarie Street, Parramatta. NSW 2150  
PO Box 1155 Parramatta. NSW 2124  
T: +61 2 9659 2476, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

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# financial report

# contents

## 30 June 2021

**SYDNEY MARKETS LIMITED**  
**ABN 51 077 119 290**  
**ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2021**

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These financial statements are the financial statements of Sydney Markets Limited as an individual entity. The financial statements are presented in the Australian dollar (\$).

Sydney Markets Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 3, Market Plaza Building  
Sydney Markets NSW 2129

A description of the nature of the company's operations and its principal activities is included in the Directors' report on pages 9 to 17, which is not part of these financial statements.

The financial statements were authorised for issue by the Directors on 15 September 2021. The Directors have the power to amend and reissue the financial statements.

# statement of comprehensive income

## for the year ended

### 30 June 2021

	Notes	2021 \$'000	2020 \$'000
<b>Revenue from continuing operations</b>	4	<b>54,242</b>	55,163
Other income	5	<b>1,239</b>	364
Property cost	6	<b>(26,330)</b>	(23,912)
Payroll cost		<b>(6,438)</b>	(6,700)
Repairs and maintenance		<b>(4,761)</b>	(5,298)
Management and administration cost		<b>(1,762)</b>	(2,228)
Advertising and promotion		<b>(2,922)</b>	(3,483)
Professional fee		<b>(2,420)</b>	(2,440)
Depreciation expense	6	<b>(7,120)</b>	(6,737)
Finance expense	6	<b>(2,746)</b>	(2,933)
<b>Total expenses from continuing operations</b>		<b>(54,499)</b>	(53,731)
Theoretical valuation gain on derivatives		–	72
<b>Profit before income tax</b>		<b>982</b>	1,868
Income tax expense	7	<b>(145)</b>	(560)
<b>Profit for the year</b>		<b>837</b>	1,308
<b>Other comprehensive income</b>			
<b>Other comprehensive income for the year, net of tax</b>		–	–
<b>Total comprehensive income for the year</b>		<b>837</b>	1,308
Profit is attributable to:			
Owners of Sydney Markets Limited		<b>837</b>	1,308
Total comprehensive income for the year is attributable to:			
Owners of Sydney Markets Limited		<b>837</b>	1,308

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*

# balance sheet

## as at

### 30 June 2021

	Notes	2021 \$'000	2020 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	9,802	5,820
Trade and other receivables	9	10,641	9,524
Current tax receivables		701	191
Assets classified as held for sale	10	1,381	1,381
<b>Total current assets</b>		<b>22,525</b>	16,916
<b>Non-current assets</b>			
Property, plant and equipment	11	153,952	157,267
Right-of-use assets	12	34,259	36,094
<b>Total non-current assets</b>		<b>188,211</b>	193,361
<b>Total assets</b>		<b>210,736</b>	210,277
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	14	13,654	11,602
Borrowings	15	–	30,000
Employee benefit obligations	16	1,770	1,642
Lease liabilities	12	1,322	1,235
Other liabilities	17	11,179	7,344
<b>Total current liabilities</b>		<b>27,925</b>	51,823
<b>Non-current liabilities</b>			
Borrowings	15	25,000	–
Deferred tax liabilities	18	1,658	1,734
Employee benefit obligations	16	150	123
Lease liabilities	12	46,200	47,631
<b>Total non-current liabilities</b>		<b>73,008</b>	49,488
<b>Total liabilities</b>		<b>100,933</b>	101,311
<b>Net assets</b>		<b>109,803</b>	108,966
<b>EQUITY</b>			
Contributed equity	19	7	7
Retained earnings	20	109,796	108,959
<b>Total equity</b>		<b>109,803</b>	108,966

The above balance sheet should be read in conjunction with the accompanying notes.

# statement of changes in equity

## for the year ended

### 30 June 2021

	Contributed equity \$'000	Retained earnings \$'000	Total equity \$'000
<b>Balance at 1 July 2019</b>	<b>7</b>	<b>107,651</b>	<b>107,658</b>
Profit for the year	–	1,308	1,308
Other comprehensive income	–	–	–
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>1,308</b>	<b>1,308</b>
<b>Balance at 30 June 2020</b>	<b>7</b>	<b>108,959</b>	<b>108,966</b>
<b>Balance at 1 July 2020</b>	<b>7</b>	<b>108,959</b>	<b>108,966</b>
Profit for the year	–	837	837
Other comprehensive income	–	–	–
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>837</b>	<b>837</b>
<b>Balance at 30 June 2021</b>	<b>7</b>	<b>109,796</b>	<b>109,803</b>

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*

# statement of cash flows

## for the year ended

### 30 June 2021

	Notes	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		63,501	62,114
Payments to suppliers and employees (inclusive of GST)		(48,928)	(46,690)
		14,573	15,424
Interest received		–	10
Interest paid		(2,746)	(2,933)
Income taxes paid		(732)	(1,373)
<b>Net cash inflow from operating activities</b>	29	<b>11,095</b>	11,128
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	11	(2,163)	(16,253)
Proceeds from sale of property, plant and equipment		155	37
<b>Net cash (outflow) from investing activities</b>		<b>(2,008)</b>	(16,216)
<b>Cash flows from financing activities</b>			
(Payments)/proceeds from borrowings		(5,000)	5,000
Principal elements of lease payments		(105)	(700)
<b>Net cash (outflow) inflow from financing activities</b>		<b>(5,105)</b>	4,300
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>3,982</b>	(788)
Cash and cash equivalents at the beginning of the half-year		5,820	6,608
<b>Cash and cash equivalents at the end of the year</b>	8	<b>9,802</b>	5,820

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*

# notes to the financial statements

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### 30 June 2021

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# notes to the financial statements

## for the year ended

### 30 June 2021

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Sydney Markets Limited is a for-profit entity for the purpose of preparing the financial statements.

#### (i) Compliance with IFRS

The financial statements of Sydney Markets Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### (ii) New and amended standards adopted by the company

The company has applied the following standards and amendments for the first time in their annual reporting period commencing 1 July 2020:

- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material [AASB 101 and AASB 108]
- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business [AASB 3]
- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform [AASB 9, AASB 139 and AASB 7]
- AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet issued in Australia [AASB 1054]
- Conceptual Framework for Financial Reporting and AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

#### (iii) Historical cost convention

These financial statements have been prepared under the historical cost convention, except for certain assets which, as noted, are at fair value.

#### (iv) Going concern

As at 30 June 2021 the company had a working capital deficiency of \$5.4 million (2020: \$34.9 million). The company has a positive shareholders' equity of \$109.8 million and recorded profit after tax of \$0.8 million (2020: \$1.3 million), as well as positive cash flows from operating activities of \$11.1 million (2020: \$11.1 million) for the year ended 30 June 2021. The company has an unused bank loan facility of \$25 million (2020: \$20 million) as at 30 June 2021.

The Directors have reviewed the historical performance, forecast business plan and current financial position of the company taking into consideration an estimate of the potential continued impact of COVID-19. This analysis outlines that the company will remain operating cash flow positive and have sufficient cash resources to make payments to suppliers as and when they fall due in the 12 month period from the date of this financial report. Accordingly, the financial report has been prepared on a going concern basis.

#### (v) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting periods and have not been early adopted by the company. The company's assessment indicates that there are no new Australian Accounting Standards or interpretations that have been issued but are not yet effective with an expected material impact on the company's financial statements in the period of initial application.

# notes to the financial statements for the year ended

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (b) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars, which is Sydney Markets Limited's functional and presentation currency.

### (c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the business, have been identified as the Senior Management team.

### (d) Revenue recognition

Revenue from providing services is recognised in the accounting period in which the services are rendered because the customer receives and uses the benefits simultaneously. Revenue from these service is recognised based on the price specified in the tenancy agreements.

Where the contracts include multiple performance obligations, transaction price will be allocated to each performance obligations based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on the expected cost plus margin. A contract liability is recognised when rental and other income received in respect of periods subsequent to the reporting period.

#### Revenue from contracts with customers

Revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits as the entity performs;
- the customer controls the asset as the entity creates or enhances it; or
- the seller's performance does not create an asset for which the seller has an alternative use and there is a right to payment for performance to date.

Where the above criteria is not met, revenue is recognised at a point in time.

Interest revenue is recognised using the effective interest method. All revenue is stated net of the amount of goods and service tax (GST).

#### COVID-19 related rent concessions

The company adopted the practical expedient for rent concessions negotiated as a consequence of COVID-19. This allows the company to elect not to account for changes in lease payments as a lease modification where a change in lease payment to the revised consideration are substantially the same or less than the consideration for the lease preceding the change, the reduction only affects payments which fall due before 30 June 2021 and there has been no substantive change in terms and condition. Where the practical expedient has been applied, rent concessions of \$1,239,000 (2020: \$364,000) are accounted for as rent concession income in statement of comprehensive income.

### (e) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

AASB 120 required the entities to match income and expenses. It allows a presentation choice for the grant of:

- presentation as "other income"; or
- being deducted from the related expenses.

While this is at the option of the employer, the chosen approach must be applied in a manner consistent with accounting policies applied to similar government grants.

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (f) Income tax

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in Australia. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### (g) Leases

The company leases Paddy's Market Haymarket site.

Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the company under residual value guarantees,
- the exercise price of a purchase option if the company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

# notes to the financial statements for the year ended

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (g) Leases (continued)

To determine the incremental borrowing rate, the company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Sydney Markets Limited, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The company tests right-of-use assets for impairment where there is an indicator that the asset may be impaired. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

### (h) Financial instruments

#### *Recognition and measurement*

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

#### *Financial liabilities*

Non derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

#### *Derivative instruments*

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Sydney Markets Limited designates certain derivatives as hedging instruments. In such cases, on entering into a derivative contract, Sydney Markets Limited documents the relationship between the derivative and the items being hedged, such as the variable rate on interest payments, as well as its objective for entering into the derivative contract. It also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (h) Financial instruments (continued)

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion and changes in the fair value of derivatives that do not qualify as cash flow hedges are recognised immediately in profit or loss within other income or other expenses.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance costs'.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss.

#### *Fair value*

The fair value of financial assets and financial liabilities is estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using quoted market prices or dealer quotes for similar instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to Sydney Markets Limited for similar financial instruments.

#### *Impairment*

At each reporting date, Sydney Markets Limited assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in profit or loss.

### (i) Impairment of assets

At each reporting date, Sydney Markets Limited reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, Sydney Markets Limited estimates the recoverable amount of the cash-generating unit to which the asset belongs.

### (j) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

### (k) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

The company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash.

# notes to the financial statements for the year ended

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (l) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the income statement.

### (m) Property, plant and equipment

Each class of property, plant and equipment is carried at historical cost less, where applicable, any accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting year in which they are incurred.

Land is not depreciated. Depreciation on other assets, other than motor vehicles, is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in case of leasehold improvements, the shorter lease term. Motor vehicles are depreciated on a diminishing basis commencing from the date of acquisition. The depreciation rates used for each class of property, plant and equipment are:

	Depreciation rate
– Buildings	2.5%
– Plant and machinery	5% - 50%
– Fixtures, fittings and equipment	5% - 50%
– Leasehold improvements	2.5%
– Motor vehicles	22.5%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.



## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (n) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to Sydney Markets Limited prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

### (o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the year of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the year of the facility to which it relates.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting year.

### (p) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the year in which they are incurred.

### (q) Provisions

Provisions are recognised when Sydney Markets Limited has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligations and the amount has been reliably estimated.

### (r) Employee benefits

#### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

#### (ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

### (s) Contributed equity

Ordinary shares are classified as equity as they entitle the holder to a residual interest in the net assets of Sydney Markets, in proportion to their respective tradeable space, so that each share is "stapled" to one unit of tradeable space.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

# notes to the financial statements for the year ended

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (t) Promotional levies

Promotional levies are monies derived from levies on tenants where the funds are allocated to the promotion of the relevant area of the Markets. Any unused portion of these levies is recorded as a liability until expended.

### (u) Goods and Services Tax (GST)

Revenues, expenses and assets purchased are recognised net of the amount of goods and services tax (GST).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

### (v) Reclassifications

Certain prior year comparatives have been reclassified to conform with current year presentation.

### (w) Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

## 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

### (a) Key estimates and judgements

#### *(i) Impairment*

Sydney Markets Limited assesses impairment at each reporting date by evaluating conditions specific to Sydney Markets that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

#### *(ii) Long service leave provision*

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at reporting date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

#### *(iii) Allowance for impairment loss on trade receivables*

Where receivables are outstanding beyond the normal trading terms, the likelihood of the recovery of these receivables is assessed by Management. Due to the larger number of debtors, this assessment is based on supportable past collection history and historical write-offs of bad debts.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

#### *(iv) Coronavirus (COVID-19) impact*

In preparing its financial statements the company has considered the current and ongoing impact that the COVID-19 pandemic has had on its business operations and upon the business operations of its tenant customers. In assessing such impacts Management have relied upon certain key estimates to evaluate current and future business conditions. Inherent in any estimate is a level of uncertainty. In particular, due to COVID-19, estimation uncertainty is associated with:

- the extent and duration of the disruption to the company's tenant customers arising from the actions by governments, businesses and consumers to contain the spread of the virus;
- the extent and duration of the expected economic downturn
- the effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn
- judgements in impairment assessments

In response to the increased uncertainty the company has assessed the carrying values of its assets and liabilities in light of COVID-19. Specific areas of assessment include impairment testing, refining methodologies and calculation of expect credit losses and associated disclosures within the financial statements.

The company has developed various accounting estimates in this report based on forecasts of economic conditions which reflect expectations and assumptions as at 30 June 2021 about future events that the Management and Directors believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the company. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in this report.

# notes to the financial statements for the year ended

## 3 SEGMENT INFORMATION

Sydney Markets Limited manages and administers the operations of the largest central produce and retail markets in Australia. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the business, have been identified as the Senior Management team. Internal reporting provided to the Senior Management team shows a single operating segment being the business as a whole.

## 4 REVENUE

	2021 \$'000	2020 \$'000
<b>Revenue from contracts with customers</b>		
Rents	24,905	24,879
Dues and fees	13,086	13,539
Electricity, parking and entry and other	14,028	14,011
Advertising and promotions	1,394	1,480
Consideration on transfer of licences and leases	742	1,176
Interest revenue	–	10
Other revenue	87	68
Total	<u>54,242</u>	<u>55,163</u>

### (a) Disaggregation of revenue from contracts with customers

The company derives revenue from the transfer of goods and services over time and at a point in time in the following:

Timing of revenue recognition		
At a point in time	1,806	2,279
Over time	52,436	52,884
	<u>54,242</u>	<u>55,163</u>

### (b) Assets and liabilities related to contracts with customers

The company has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the company.

#### Contract liabilities

Rents and other income received in advance	6,918	3,479
--------------------------------------------	-------	-------

# 30 June 2021

<b>5</b>	<b>OTHER INCOME</b>	<b>2021</b>	<b>2020</b>
		<b>\$'000</b>	<b>\$'000</b>
	Rent concession income	1,239	364
<b>6</b>	<b>EXPENSES</b>	<b>2021</b>	<b>2020</b>
	<b>Profit before income tax includes the following specific expenses:</b>	<b>\$'000</b>	<b>\$'000</b>
	<i>Depreciation</i>		
	Buildings	2,684	2,274
	Plant and equipment	2,523	2,543
	Leasehold improvements	78	85
	Right-of-use assets	1,835	1,835
	Total depreciation	7,120	6,737
	Loss on disposal of property, plant and equipment	38	20
	<i>Finance costs</i>		
	Interest and finance charges paid to external parties	603	724
	Interest charges for lease liabilities	2,143	2,209
	<b>Finance costs expensed</b>	<b>2,746</b>	<b>2,933</b>
	Property cost includes cleaning, electricity, insurance, security and other related expenses.		
<b>7</b>	<b>INCOME TAX EXPENSE</b>	<b>2021</b>	<b>2020</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>(a)</b>	<b>Income tax expense</b>		
	Current tax	221	714
	Deferred tax	(76)	(154)
		145	560
	Deferred income tax (revenue) included in income tax expense comprises:		
	Increase in deferred tax assets (note 13)	(139)	(506)
	Increase in deferred tax liabilities (note 18)	63	352
		(76)	(154)
<b>(b)</b>	<b>Numerical reconciliation of income tax expense to prima facie tax payable</b>		
	Profit from continuing operations before income tax expense	982	1,868
	Tax at the Australian tax rate of 30.0% (2020 – 30.0%)	295	560
	Adjustments from prior periods	(154)	(3)
	Permanent differences	4	3
	Income tax expense	145	560
		(1,127)	(2,428)

# notes to the financial statements for the year ended

<b>8</b>	<b>CURRENT ASSETS – CASH AND CASH EQUIVALENTS</b>	<b>2021</b> <b>\$'000</b>	<b>2020</b> <b>\$'000</b>
	Cash at bank and in hand	9,802	5,820
<b>9</b>	<b>CURRENT ASSETS – TRADE AND OTHER RECEIVABLES</b>	<b>2021</b> <b>\$'000</b>	<b>2020</b> <b>\$'000</b>
	Trade receivables	2,921	4,159
	Receivables invoiced in advance	3,227	2,537
	Loss allowance (a)	<u>(1,015)</u>	<u>(905)</u>
		5,133	5,791
	Accrued income and other receivables	1,499	1,446
	Prepayments	<u>4,009</u>	<u>2,287</u>
		<b>10,641</b>	<b>9,524</b>
<b>(a)</b>	<b>Loss allowance of trade receivables</b>		
	Current trade and other receivables are non-interest bearing generally on 30 day terms. The company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime of expected loss allowance for all trade receivables.		
	As at 30 June 2021, the expected loss rates have been adjusted to incorporate forward-looking information about the potential impacts of COVID-19, including the impact of COVID-19 initiatives implemented by the company. Such forward-looking information reflects Management's estimate based on the information available as at 30 June 2021, noting the uncertainty in relation to the magnitude and duration of COVID-19 impacts on the collectability of trade and other receivables.		
	Movements in the provision for impairment of receivables are as follows:		
	Opening balance	905	145
	Increase of loss allowance recognised during the year	605	760
	Receivables written off during the year as uncollectible	<u>(495)</u>	<u>–</u>
	Closing balance	<u>1,015</u>	<u>905</u>
<b>(b)</b>	<b>Past due but not impaired</b>		
	On that basis, the loss allowance as at 30 June 2021 and 30 June 2020 was determined as follows for trade receivables:		
	Up to 3 months	463	464
	Over 3 months	<u>683</u>	<u>406</u>
		<b>1,146</b>	<b>870</b>
<b>10</b>	<b>ASSETS CLASSIFIED AS HELD FOR SALE</b>	<b>2021</b> <b>\$'000</b>	<b>2020</b> <b>\$'000</b>
	The following assets were reclassified as held for sale as at 30 June 2021:		
	Assets classified as held for sale		
	Property, plant and equipment	<u>1,381</u>	<u>1,381</u>

# 30 June 2021

## 11 NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	Freehold land \$'000	Buildings \$'000	Plant and equipment \$'000	Leasehold improvements \$'000	Capital work in progress \$'000	Total \$'000
<b>At 1 July 2020</b>						
Cost	47,205	90,262	49,831	1,509	36,489	225,296
Accumulated depreciation	–	(29,355)	(37,349)	(1,325)	–	(68,029)
Net book amount	47,205	60,907	12,482	184	36,489	157,267
<b>Year ended 30 June 2021</b>						
Opening net book amount	47,205	60,907	12,482	184	36,489	157,267
Additions	–	–	1,071	–	1,092	2,163
Disposals	–	–	(193)	–	–	(193)
Transfers	–	28,383	3,618	–	(32,001)	–
Depreciation charge	–	(2,684)	(2,523)	(78)	–	(5,285)
Closing net book amount	47,205	86,606	14,455	106	5,580	153,952
<b>At 30 June 2021</b>						
Cost	47,205	118,645	54,131	1,509	5,580	227,070
Accumulated depreciation	–	(32,039)	(39,676)	(1,403)	–	(73,118)
Net book amount	47,205	86,606	14,455	106	5,580	153,952

# notes to the financial statements for the year ended

## 12 LEASES

	2021 \$'000	2020 \$'000
<b>(a) Amounts recognised in the balance sheet</b>		
The balance sheet shows the following amounts relating to leases:		
<b>Right-of-use assets</b>		
Buildings	34,259	36,094
<b>Lease liabilities</b>		
Current	1,322	1,235
Non-current	46,200	47,631
	<u>47,522</u>	<u>48,866</u>

Additions to the right-of-use assets during the 2021 financial year were \$nil (2020: \$nil).

### (b) Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

<b>Depreciation charge of right-of-use assets</b>		
Buildings	1,835	1,835
Interest expense (included in finance cost)	2,143	2,209

The total cash outflow for leases (principal and interest) in 2021 was \$2.2 million (2020: \$2.9 million).

The COVID-19 impact on asset values from the decline in economic conditions, combined with the lower utilisation of these assets, are considered impairment triggers for the year ended 30 June 2021. Given this, impairment testing has been performed for the company's right-of-use assets.

The recoverable amount of right-of-use assets is determined based on the higher of the value in use and the fair value less costs to sell calculations. The value in use is calculated using a discounted cash flow methodology covering the lease periods, including the impact of COVID-19.

Based on the impairment testing, the carrying amount of the right-of-use assets at reporting date was fully supported. The key assumptions on which Management has based its cash flow projections were:

- Cash flow forecasts are based on the most recent financial projections. Financial projections are based on assumptions that represent Management's best estimates.
- Revenue growth rates used are based on Management's latest estimates, taking into account of the expected full recovery from COVID-19 by year 2024, as well as growth rate of 2% after 2024.
- Post-tax discount rate used of 5%.
- Downside scenarios were prepared to sensitise the models and any reasonable change to the above key assumptions would not cause the carrying value to materially exceed the recoverable amount



# 30 June 2021

<b>13 NON-CURRENT ASSETS – DEFERRED TAX ASSETS</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>The balance comprises temporary differences attributable to:</b>		
Provisions and accruals	<b>894</b>	620
Net lease liabilities	<b>3,832</b>	3,600
	<b>4,726</b>	4,220
Set-off of deferred tax liabilities pursuant to set-off provisions (note 18)	<b>(4,726)</b>	(4,220)
Net deferred tax assets	<b>–</b>	–
	<b>Provisions and accruals</b>	<b>Net lease liabilities</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Movements</b>		<b>Total</b>
<b>At 1 July 2019</b>	<b>620</b>	<b>4,220</b>
(Charged)/credited		
– to profit or loss	<b>274</b>	<b>506</b>
<b>At 30 June 2020</b>	<b>894</b>	<b>4,726</b>
<b>Movements</b>		
<b>At 1 July 2020</b>	<b>894</b>	<b>4,726</b>
(Charged)/credited		
– to profit or loss	<b>(8)</b>	<b>139</b>
<b>At 30 June 2021</b>	<b>886</b>	<b>4,865</b>
<b>14 CURRENT LIABILITIES – TRADE AND OTHER PAYABLES</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade payables and accruals	<b>13,654</b>	11,602

# notes to the financial statements for the year ended

## 15 BORROWINGS

	2021			2020		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
<b>Secured</b>						
Commercial bill facility	–	25,000	25,000	30,000	–	30,000
Total secured borrowings	–	25,000	25,000	30,000	–	30,000

	2021 \$'000	2020 \$'000
<b>(a) Financing arrangements</b>		
<b>Bank loan facility</b>		
Total facilities	50,000	50,000
Used at balance date	(25,000)	(30,000)
Unused at balance date	25,000	20,000
<b>(b) Secured liabilities and assets pledged as security</b>		
<i>First mortgage</i>		
Freehold land and buildings	133,811	108,112
<i>Floating charge</i>		
All other assets	42,666	66,071
Total assets pledged as security	176,477	174,183

Sydney Markets Limited has a 3 year \$50 million loan facility (overdraft and commercial bill facility) secured by a mortgage over the land and buildings with a charge over the assets of Sydney Markets Limited, provides for quarterly interest payments and expires on 31 December 2023.

## 16 EMPLOYEE BENEFIT OBLIGATIONS

	2021			2020		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Employee benefits – long service leave	919	150	1,069	856	123	979
Employee benefits – annual leave	851	–	851	786	–	786
Total employee benefit obligations	1,770	150	1,920	1,642	123	1,765

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not to be expected to be taken or paid within the next 12 months:

	2021 \$'000	2020 \$'000
Current leave obligations expected to be settled after 12 months	380	400

# notes to the financial statements for the year ended

<b>17</b>	<b>CURRENT LIABILITIES – OTHER LIABILITIES</b>	<b>2021</b>	<b>2020</b>
		<b>\$'000</b>	<b>\$'000</b>
	Contract liabilities – rents and other income received in advance	<b>6,918</b>	3,479
	Rents and other income billed in advance	<b>4,261</b>	3,865
		<b>11,179</b>	7,344
<b>18</b>	<b>NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES</b>	<b>2021</b>	<b>2020</b>
		<b>\$'000</b>	<b>\$'000</b>
	<b>The balance comprises temporary differences attributable to:</b>		
	Tax allowances relating to property, plant and equipment	<b>6,301</b>	6,228
	Prepayments	<b>222</b>	232
		<b>6,523</b>	6,460
	Set-off of deferred tax assets pursuant to set-off provisions (note 13)	<b>(4,865)</b>	(4,726)
	Net deferred tax liabilities	<b>1,658</b>	1,734
	Deferred tax liabilities expected to be settled within 12 months	<b>222</b>	232
	Deferred tax liabilities expected to be settled after more than 12 months	<b>6,301</b>	6,228
		<b>6,523</b>	6,460
		<b>Property, plant and equipment</b>	<b>Prepayments</b>
		<b>\$'000</b>	<b>\$'000</b>
	<b>Movements:</b>		<b>Total</b>
	<b>At 1 July 2019</b>	<b>5,981</b>	<b>127</b>
	Charged/(credited)		
	– profit or loss	<b>247</b>	<b>105</b>
	<b>At 30 June 2020</b>	<b>6,228</b>	<b>232</b>
	<b>At 1 July 2020</b>	<b>6,228</b>	<b>232</b>
	Charged/(credited)		
	– profit or loss	<b>73</b>	<b>(10)</b>
	<b>At 30 June 2021</b>	<b>6,301</b>	<b>222</b>
			<b>6,523</b>

# 30 June 2021

## 19 CONTRIBUTED EQUITY

	2021 Shares	2020 Shares	2021 \$	2020 \$
Issued capital comprises 6,578 (2020: 6,578) fully paid shares of \$1 each				
Flowers Ordinary Shares	262	262	262	262
Growers Ordinary Shares	738	738	738	738
Retail Markets Ordinary Shares	5,060	5,060	5,060	5,060
Warehouse Ordinary Shares	268	268	268	268
Wholesale Ordinary Shares	250	250	250	250
	<b>6,578</b>	6,578	<b>6,578</b>	6,578

Each ordinary share of Sydney Markets Limited carries a right to vote, receive a dividend and participate in any surplus profit on a winding up in accordance with and determined by reference to the equity entitlement as set out in the Shareholders' Register.

Each share is irrevocably linked to the specific space within the Markets to which it relates and neither the share nor the space can be dealt with in any way without the other. The Retail Markets Ordinary Shares comprise two separate classes identified as "Flemington" and "Haymarket".

Shares not taken up by tenants are transferred to the Trustee, Perpetual Trustee Company Limited. The Trustee has no voting rights. Sydney Markets Limited has authorised share capital amounting to 200,000,000 ordinary shares of \$1.00 each.

### (b) Capital risk management

Sydney Markets Limited controls its capital in order to maintain an appropriate debt to equity ratio and ensure that it can fund its operations and continue as a going concern.

As stated in the Director's Report, the Directors have established a policy that all operating profits and reserves earned by Sydney Markets Limited will be maintained, invested and accumulated in order to fund the costs associated with the continuation of the Central Markets.

The only externally imposed capital requirement arises from the company's loan facility (overdraft and commercial bill facility) with a major Australian bank. Ongoing funding will be provided as long as Sydney Markets Limited continues to comply with the facility agreement. There have been no changes in the strategy adopted by Sydney Markets Limited to manage its capital since the prior year.

	2021 \$'000	2020 \$'000
Total borrowings	25,000	30,000
Less: cash and cash equivalents	(9,802)	(5,820)
Net debt	<b>15,198</b>	24,180
Total equity	<b>109,803</b>	108,966
Total capital	<b>125,001</b>	133,146
<b>Gearing ratio</b>	<b>12%</b>	18%

# notes to the financial statements for the year ended

<b>20 RETAINED EARNINGS</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Movements in retained earnings were as follows:		
Balance 1 July	<b>108,959</b>	107,651
Net profit for the year	<b>837</b>	1,308
Balance 30 June	<b>109,796</b>	108,959

## **21 DIVIDENDS**

### **(a) Franked dividends**

The franked portions of any final dividends recommended after 30 June 2021 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ended 30 June 2022.

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Franking credits available for subsequent reporting periods based on a tax rate of 30.0% (2020 – 30.0%)	<b>58,402</b>	52,910

The above amounts are calculated from the balance of the franking account as at the end of the reporting year, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

- (a) franking credits that will arise from the payment of the amount of the provision for income tax
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and
- (c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

<b>22 RELATED PARTY TRANSACTIONS</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>

### **(a) Key management personnel compensation**

Short-term employee benefits	<b>1,358,138</b>	1,337,272
Post-employment benefits	<b>104,112</b>	105,385
Total key management personnel compensation	<b>1,462,250</b>	1,442,657

### **(b) Other transactions with key management personnel**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

# 30 June 2021

<b>22 RELATED PARTY TRANSACTIONS (continued)</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>(b) Other transactions with key management personnel (continued)</b>		
<b>Amounts recognised as revenue</b>		
Total income received or receivable by Sydney Markets Limited from Director-related entities for rents, dues and fees (recognised in revenue from continuing operations)	<b>329,786</b>	238,761
<b>Amounts recognised as expense</b>		
Total expenditure paid or payable by Sydney Markets Limited to Director-related entities for produce, sponsorships and scholarships (recognised in advertising and promotion costs and management and administration costs)	–	25,061
Apart from the matters mentioned above, no Director has entered into a material contract with Sydney Markets Limited during the financial year.		
<b>23 REMUNERATION OF AUDITORS</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
During the year the following fees were paid or payable for services provided by the auditor of the company, its related practices and non-related audit firms:		
<b>(a) PwC</b>		
<i>(i) Audit and other assurance services</i>		
Audit and review of financial statements	<b>214,200</b>	183,000
Other assurance services	<b>23,460</b>	22,000
Total remuneration for audit and other assurance services	<b>237,660</b>	205,000
<i>(ii) Taxation services</i>		
Tax compliance services	<b>22,950</b>	22,950
Total remuneration for taxation services	<b>22,950</b>	22,950
<i>(iii) Other services</i>		
Assistance with financial statements preparation	<b>16,400</b>	25,000
Advisory services for the future of the market and other strategic projects	<b>562,122</b>	1,046,863
Total remuneration for other services	<b>578,522</b>	1,071,863
Total remuneration of PwC	<b>839,132</b>	1,299,813



# notes to the financial statements for the year ended

## 24 CONTINGENCIES

The company had no contingent liabilities or assets at 30 June 2021 (2020:nil).

## 25 COMMITMENTS

### (a) Capital expenditure commitments

Commitments in relation to amounts contracted for at the reporting date, but not recognised as liabilities, payable:	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Less than 1 year	<b>4,993</b>	6,137

## 26 FINANCIAL RISK MANAGEMENT

Sydney Markets Limited financial instruments consist of cash balances and short-term deposits with banks, commercial bills, accounts receivable and payable. The main risks Sydney Markets Limited is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Sydney Markets Limited manages its exposure to key financial risks in accordance with its financial risk management policy. The objective of the policy is to support the delivery of Sydney Markets Limited financial targets whilst protecting future financial security.

Primary responsibility for identification and control of financial risks rests with the Finance and Audit Committee under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below.

### (a) Interest rate risk

Sydney Markets Limited exposed to interest rate risk on its borrowing.

Sydney Markets Limited regularly analyses its interest rate exposure. Within this analysis, consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates.

As at the end of the reporting period, the company had the following variable rate borrowings:

	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Commercial bill facility	<b>25,000</b>	30,000
Net exposure to cash flow interest rate risk	<b>25,000</b>	30,000

At 30 June 2021, if interest rate had moved, as illustrated in the table below, with all other variables held constant, post-tax profit would have been affected as follows:

	<b>Profit/(loss)</b>		<b>Profit/(loss)</b>	
	<b>+1% (100 basis points)</b>		<b>-1% (100 basis points)</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Interest income	<b>(175)</b>	(210)	<b>175</b>	210

## 26 FINANCIAL RISK MANAGEMENT (continued)

### (b) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk on financial assets (including trade receivables) of the company that has been recognised on the balance sheet is the carrying value amount, net of any uncollectible receivables (measured on a collective basis). The company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

### (c) Liquidity risk

Sydney Markets Limited manages liquidity risk by monitoring forecast cash flows, taking into account forecast capital expenditure and repairs and maintenance, and ensuring that adequate borrowing facilities are maintained. The table below reflects undiscounted cash flows arising from all contractually fixed settlement terms for recognised financial liabilities as of 30 June 2021.

	Less than 6 months \$'000	6 - 12 months \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total \$'000	Carrying value \$'000
<b>Year ended 30 June 2021</b>						
<b>Financial liabilities</b>						
Trade and other payables	(13,654)	–	–	–	(13,654)	(13,654)
Interest bearing loans *	–	–	(25,000)	–	(25,000)	(25,000)
Lease liabilities	(1,704)	(1,716)	(14,026)	(53,900)	(71,346)	(47,522)
Total	(15,358)	(1,716)	(39,026)	(53,900)	(110,000)	(86,176)
<b>Year ended 30 June 2020</b>						
<b>Financial liabilities</b>						
Trade and other payables	(11,602)	–	–	–	(11,602)	(11,602)
Interest bearing loans *	–	(30,000)	–	–	(30,000)	(30,000)
Lease liabilities	(1,691)	(1,703)	(13,919)	(57,591)	(74,904)	(48,866)
Total	(13,293)	(31,703)	(13,919)	(57,591)	(116,506)	(90,468)

\*These maturities are in line with Sydney Markets Limited's strategy. The facilities were extended until 1 December 2023.

### (d) Foreign currency risk and price risk

Sydney Markets Limited has no exposure to foreign currency nor equity securities price risk.

### (e) Fair value measurements

The net fair value of financial assets and financial liabilities approximate their carrying values.

# notes to the financial statements

## for the year ended

### 30 June 2021

#### 27 COVID-19 IMPACT

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community and the economy. Following the COVID-19 outbreak, the company has considered the current and ongoing impact that the COVID-19 pandemic has had on its business operations.

In assessing such impacts Management have relied upon certain key estimates to evaluate current and future business conditions. Inherent in any estimate is a level of uncertainty. In particular, due to COVID-19, estimation uncertainty is associated with:

- the extent and duration of the disruption to the company's tenant customers arising from the actions by governments, businesses and consumers to contain the spread of the virus;
- the extent and duration of the expected economic downturn
- the effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn
- judgements in impairment assessments

In response to the increased uncertainty the company has assessed the carrying values of its assets and liabilities in light of COVID-19. Specific areas of assessment include impairment testing, calculation of expect credit losses.

The company has developed various accounting estimates in this report based on forecasts of economic conditions which reflect expectations and assumptions as at 30 June 2021 about future events that the Management and Directors believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the company. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in this report.

#### 28 EVENTS OCCURRING AFTER THE REPORTING PERIOD

No matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the company, the results of those operations or the state of affairs of the company or economic entity in subsequent financial years.

#### 29 RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2021 \$'000	2020 \$'000
Profit for the year	837	1,308
Depreciation	7,120	6,737
Gain on derivatives financial instruments	-	(72)
Rent concession income	(1,239)	(364)
Loss allowance	605	760
Net loss on sale of property, plant and equipment	38	20
Gain on derivatives financial instruments		
Decrease in trade and other receivables	(1,722)	3,673
Increase in current tax receivables	(510)	(191)
Decrease in deferred tax liabilities	(76)	(154)
Increase/(decrease) in trade and other payables	5,887	(269)
(Decrease) in current tax liabilities	-	(468)
Increase/(decrease) in employee benefit obligations	155	148
Net cash inflow from operating activities	<u>11,095</u>	<u>11,128</u>

# Directors' declaration

## 30 June 2021

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 19 to 48 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the company's financial position as at 30 June 2021 and of its performance for the year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors.



**MR JOHN PEARSON**  
CHAIRMAN



**MR DAVID J. WHITEMAN**  
DIRECTOR

Sydney  
15 September 2021

# Independent Auditor's report

## 30 June 2021



### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYDNEY MARKETS LIMITED

#### Our opinion

In our opinion:

The accompanying financial report of Sydney Markets Limited (the Company) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### What we have audited

The financial report comprises:

- the balance sheet as at 30 June 2021
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the Directors' declaration.

#### Basis for opinion

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

#### Independence

We are independent of the Company in accordance with the auditor independence requirements of 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2020, including the Joint Message from the Chairman and Chief Executive Officer, Directors' report, but does not include the financial report and our auditor's report thereon.

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

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#### PricewaterhouseCoopers, ABN 52 780 433 757

One International Towers Sydney, Watermans Quay, Barangaroo NSW 2000

GPO BOX 2650, SYDNEY NSW 2001

Telephone +61 2 8266 0000, Facsimile +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

Level 11, 1PSQ, 169 Macquarie Street, Parramatta. NSW 2150

PO Box 1155 Parramatta. NSW 2124

T: +61 2 9659 2476, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

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# Independent Auditor's report

## 30 June 2021

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYDNEY MARKETS LIMITED (continued)

In connection with our audit of the financial report, our responsibility is to read the other information identified above 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 on the other information obtained prior to the date of this auditor's report, 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 ability of the Company 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

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 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/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.

#### Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of Sydney Markets Limited for the year ended 30 June 2021 included on Sydney Markets Limited's web site. The Directors of the Company are responsible for the integrity of Sydney Markets Limited's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

PricewaterhouseCoopers

Shannon Maher  
Partner

Sydney  
15 September 2021

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**SYDNEY MARKETS LIMITED**

**Postal Address:**

PO Box 2, Sydney Markets NSW 2129

**Registered Office:**

Level 3, Sydney Markets Plaza®,  
Sydney Markets NSW 2129

**Tel:** 02 9325 6200 **Fax:** 02 9325 6288  
[info@sydneymarkets.com.au](mailto:info@sydneymarkets.com.au)  
[sydneymarkets.com.au](http://sydneymarkets.com.au)

