

Adelaide Festival Centre Trust

Financial report
for the year ended
30 June 2021



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To the Chairman and Presiding Officer Adelaide Festival Centre Trust

Opinion

I have audited the financial report of the Adelaide Festival Centre Trust for the financial year ended 30 June 2021.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Adelaide Festival Centre Trust as at 30 June 2021, their financial performance and their cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The consolidated financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2021
- a Statement of Financial Position as at 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- a Statement of Cash Flows for the year ended 30 June 2021
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chairman and Presiding Officer, the Chief Executive Officer and Artistic Director, and the Chief Financial Officer/Chief Operating Officer.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Adelaide Festival Centre Trust. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

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

Responsibilities of the Chief Executive Officer and the members of the Trust for the financial report

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

In preparing the financial report, the Chief Executive Officer is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 24(3) of the *Adelaide Festival Centre Trust Act 1971*, I have audited the financial report of the Adelaide Festival Centre Trust for the financial year ended 30 June 2021.

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

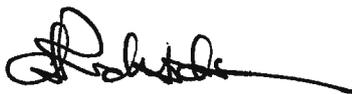
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

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

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

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

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



Andrew Richardson

Auditor-General

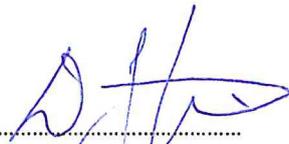
21 September 2021

Adelaide Festival Centre Trust

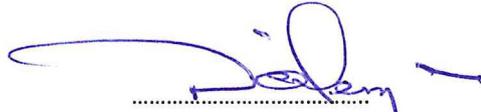
Certification of the Financial Statements

We certify that the:

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



.....
Douglas Gautier AM
Chief Executive Officer and Artistic Director
17 September 2021



.....
Carlo D'Ortenzio
Chief Financial Officer/Chief Operating Officer
17 September 2021



.....
Jim Hazel
Chairman and Presiding Officer
17 September 2021

Adelaide Festival Centre Trust
Statement of Comprehensive Income
for the year ended 30 June 2021

	<i>Note</i>	2021 \$'000	2020 \$'000
Income			
SA Government grants, subsidies and transfers	2.1	21,018	20,388
Sales of goods and services	2.2	12,024	15,991
Interest	2.3	39	154
Other income	2.4	6,278	5,886
Total income		<u>39,359</u>	<u>42,419</u>
Expenses			
Employee benefits expenses	3.3	15,253	17,222
Supplies and services	4.1	13,380	14,598
Depreciation and amortisation	4.2	6,684	6,279
Borrowing costs	4.3	3,726	3,966
Net loss from the disposal of property, plant and equipment	4.4	-	217
Total expenses		<u>39,043</u>	<u>42,282</u>
Net result		<u>316</u>	<u>137</u>
Other Comprehensive Income			
Items that will not be reclassified to net result			
Changes in asset revaluation surplus		-	571
Total comprehensive result		<u>316</u>	<u>708</u>

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

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Adelaide Festival Centre Trust
Statement of Financial Position
as at 30 June 2021

	Note	2021 \$'000	2020 \$'000
Current assets			
Cash and cash equivalents	6.1	19,205	10,047
Receivables	6.2	1,877	5,160
Inventories	5.6	127	189
Total current assets		21,209	15,396
Non-current assets			
Property, plant and equipment	5.1	153,479	160,328
Works of art	5.4	9,589	9,589
Intangible assets	5.5	218	408
Total non-current assets		163,286	170,325
Total assets		184,495	185,721
Current liabilities			
Payables	7.1	7,633	5,188
Financial liabilities	7.2	2,926	2,815
Employee benefits	3.4	1,448	1,627
Provisions	7.3	38	46
Other liabilities	7.4	1,961	963
Total current liabilities		14,006	10,639
Non-current liabilities			
Payables	7.1	136	244
Financial liabilities	7.2	145,331	150,057
Employee benefits	3.4	2,518	2,591
Provisions	7.3	87	89
Total non-current liabilities		148,072	152,981
Total liabilities		162,078	163,620
Net assets		22,417	22,101
Equity			
Asset revaluation surplus		13,337	13,337
Contributed capital		8,222	8,222
Retained earnings		858	542
Total Equity		22,417	22,101

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

Adelaide Festival Centre Trust
Statement of Changes in Equity
for the year ended 30 June 2021

	Note	Contributed capital \$ '000	Asset revaluation \$ '000	Retained Earnings \$ '000	Total Equity \$ '000
Balance at 1 July 2019		8,222	12,766	405	21,393
Net result for 2019-2020		-	-	137	137
Gain on revaluation of assets		-	571	-	571
Total comprehensive result for 2019-2020		-	571	137	708
Balance at 30 June 2020		8,222	13,337	542	22,101
Net result for 2020-2021		-	-	316	316
Total comprehensive result for 2020-2021		-	-	316	316
Balance at 30 June 2021		8,222	13,337	858	22,417

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

**Adelaide Festival Centre Trust
Statement of Cashflows**

	Note	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Cash inflows			
Receipts from SA Government grants, subsidies and transfers		21,018	20,385
Receipts from patrons and customers		23,915	19,238
Increase in funds held on behalf of promoters		2,758	-
Interest received		39	153
GST recovered from the ATO		3,412	3,660
Cash generated from operations		<u>51,142</u>	<u>43,436</u>
Cash outflows			
Employee benefit payments		(15,880)	(17,356)
Payments for supplies and services		(14,938)	(25,653)
Interest paid		(3,726)	(4,203)
Decrease in funds held on behalf of promoters		-	(8,610)
Cash used in operations		<u>(34,544)</u>	<u>(55,822)</u>
Net cash provided by/(used in) operating activities		<u>16,598</u>	<u>(12,386)</u>
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(1,823)	(34,458)
Net cash (used in) investing activities		<u>(1,823)</u>	<u>(34,458)</u>
Cash flows from financing activities			
Cash inflows			
Proceeds from borrowings		-	35,603
Cash outflows			
Repayment of lease liability		(5,617)	(2,365)
Net cash provided by/(used in) financing activities		<u>(5,617)</u>	<u>33,238</u>
Net increase/(decrease) in cash and cash equivalents		9,158	(13,606)
Cash and cash equivalents at the beginning of the period		10,047	23,653
Cash and cash equivalents at the end of the period	6.1	<u>19,205</u>	<u>10,047</u>

The accompanying notes form part of these financial statements.

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1. About the Adelaide Festival Centre Trust

The Adelaide Festival Centre Trust (the trust) is a not-for-profit South Australian Government Statutory Authority established under the Adelaide Festival Centre trust Act 1971.

On 21 October 1999 the Adelaide Festival Centre Foundation (the foundation) was incorporated under the Associations Incorporation Act 1985. The foundation is controlled by the trust by virtue of clauses in the foundation's constitution which requires its Board appointments to be approved by the trust and also require the foundation to act in accordance with directions from the trust.

The financial statements and accompanying notes comprise the activities of the trust and the foundation. The activities of the foundation are not material and therefore a full consolidated presentation has not been adopted. Consistent accounting policies have been applied and all inter-entity balances and transactions arising with the foundation have been eliminated in full. The financial results of the foundation are summarised in note 8.3.

1.1 Basis of Preparation

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

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

For the purposes of preparing the financial statements, trust is a not-for-profit entity. The financial statements are prepared based on a 12-month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

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

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

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

The trust provides services on behalf of event promoters under exclusive agency arrangements. The trust charges a fee for these services that is recognised as revenue. The trust does not control the revenue (net of fees charged) generated from promoter events and as such only recognises the changes in cash held in trust on behalf of promoters (shown at note 6.1) and the requisite amount payable to those promoters (shown at note 7.1) together with the net change in cash held in the Statement of Cash Flows as at 30 June.

1.2 Objectives and programs

The objectives of the trust are to:

- a) encourage and facilitate artistic, cultural and performing arts activities throughout the State;
- b) be responsible for the care, control, management, maintenance and improvement of the Adelaide Festival Centre and Her Majesty's Theatre and their facilities;
- c) provide expert advisory, consultative, managerial or support services to persons associated with artistic, cultural or performing arts activities; and
- d) promote the involvement of young people and their families and extend activities into the school sector.

1.3 Impact of COVID-19 pandemic

The COVID-19 pandemic required the closure of the trust's theatres under a public health directive on 19 March 2020. The theatres gradually began to reopen in October 2021 with various levels of occupancy allowed and not resuming to full occupancy until April 2021. The impact of the COVID-19 restrictions was a loss of revenue offset by a reduction in expenses and resulting in an insurance claim for \$4.7m (\$2.9m) under the trust's business disruption insurance policy (shown at note 2.4). The pandemic has also had an impact on the trust's scenery build workshops as theatre closures across the world have reduced the demand for set builds and automation hires. However, the losses of the workshop are not covered by the business disruption insurance.

2. Income 13

The trust's income is derived principally from fees and charges for rental of its theatres, production recoveries for theatre staff, revenue from ticket sales and for ticketing services, sponsorship and income from bar sales and functions.

2.1 SA Government grants, subsidies and transfers	2021	2020
	\$'000	\$'000
Operating base grant	15,496	14,986
HMT redevelopment funding	3,785	3,046
AFC redevelopment supplementation	1,385	1,351
Other SA Government revenue	352	1,005
Total SA Government grants, subsidies and transfers	21,018	20,388

Revenue from the SA Government is received in the form of grants. The operating base and redevelopment funding are granted through a memorandum of administrative arrangement between the Department of the Premier and Cabinet and the trust. Other SA Government revenue is received through individual grant agreements with various SA Government agencies. Where money is appropriated in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of the trust and the appropriation is recorded as contributed equity. Refer to the Statement of Changes in Equity.

The trust recognises any festival/event specific revenue in the period the festival/event occurs and when the relating performance obligations are satisfied. All other grant revenue is recognised on receipt.

2.2 Sales of goods and services	2021	2020
	\$'000	\$'000
Theatre services	6,127	8,606
Ticketing	2,409	3,107
Box office	2,001	742
Sponsorship	520	744
Catering and functions	967	2,792
Total sales of goods and services	12,024	15,991

Her Majesty's Theatre (HMT) was closed throughout 2019-20. Although it reopened early in the 2020-21 financial year, ongoing COVID-19 restrictions had a significant impact on the sale of goods and services for both HMT and the AFC both from the perspective of the number of performances in the theatres and the number of patrons able to attend each performance.

The trust recognises income from the sales of goods and services in the period the goods or service have been provided. The majority of sales for goods and services are derived under contract.

2.3 Interest	2021	2020
	\$'000	\$'000
Cash and cash equivalents	39	154
Total interest	39	154

2.4 Other income	2021	2020
	\$'000	\$'000
Insurance recoveries	4,747	2,906
Donations	814	2,193
Fundraising income	98	319
Grants - Non SA Government	54	340
Sub lease rent	173	115
Sundry income	392	13
Total other income	6,278	5,886

Insurance recoveries relates to a claim for business interruption due to the closure of the theatres in response to a State Government directive relating to the COVID-19 pandemic. Insurance recoveries are recognised when a claim has been approved by SAICORP.

Fundraising income relate to activities undertaken by the foundation. Funds raised through raffles and events are used to support the redevelopment of Her Majesty's theatre and to make the performing arts more accessible for the public of South Australia.

Cash donations to support the redevelopment of Her Majesty's Theatre, children's and education programs, prizes and internships are received from the public through the Adelaide Festival Centre Foundation. Fundraising income and donations are recognised on receipt.

Sub lease rent relates to income received from rental of retail spaces in the Adelaide Festival Centre to external parties. Rebates for lease rental were extended due to COVID-19 trading restrictions impacting on leasees ability to trade. Rent is recognised in advance.

3. Boards, committees, and employees

3.1 Key management personnel

Key management personnel of the trust include the trustees, the Chief Executive Officer/Artistic Director and the three members of the Executive Team.

Total compensation for the trust's key management personnel was \$1.34m (\$1.17m).

Transactions with key management personnel and other related parties

Related parties of the trust include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government. There were no transactions with key management personnel or other related parties reported in 2020-21.

As a part of the duties of office, from time to time, trustees receive complimentary tickets to shows and events conducted by or through the trust. These benefits serve to involve the trustees in the product and business that is being managed and/or involve the execution of office in liaison with external parties.

3.2 Boards and committees

Members during the 2021 financial year were:

Mr James Hazel (Chairperson)	Ms Sandra Verschoor
Mr Mitchell Butel*	Mr Steven Woolhouse* (Appointed 29.10.20)
Ms Julia Knight (previously Ms Julia Dnistrianski)	Ms Maggie Zhou
Ms Jacqui McGill AO (Appointed 25.3.21)	Ms Mary Hamilton (Resigned 9.10.20)
Mr Anthony Smith	Ms Christine Zeitz (Resigned 18.2.21)

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

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

Board and committee remuneration

	2021	2020
\$0	3	2
\$1 - \$19,999	7	8
Total	10	10

The total remuneration received or receivable by members was \$28,000 (\$26,000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

2021 2020

3.3 Employee benefits expenses

	\$'000	\$'000
Salaries and wages	12,304	13,609
Long service leave	(394)	125
Annual Leave	856	904
Employment on-costs - superannuation	1,194	1,327
Employment on-costs - other	1,107	1,046
Board fees	20	24
Other employee related expenses	166	187
Total employee benefits expenses	15,253	17,222

Employment on-costs - superannuation

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

(a) Executive remuneration

	2021	2020
The number of staff whose remuneration received or receivable falls within the following bands:	Number	Number
\$154,001 to \$174,000	-	1
\$174,001 to \$194,000	-	1
\$194,001 to \$214,000	-	2
\$214,001 to \$234,000	2	-
\$274,001 to \$294,000	-	1
\$294,001 to \$314,000	1	-
\$454,001 to \$474,000	1	-
\$474,001 to \$494,000	-	1
Total	4	6

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Adelaide Festival Centre Trust

	2021	2020
	Number	Number
(b) Performance bonus remuneration of staff		
The number of staff who received performance bonus remuneration within the following bands are:		
\$54,001 to \$74,000	-	1
\$104,001 to \$124,000 *	1	-
Total	1	1

*Includes payout of cumulative long term bonus due to end of contract.

Table (a) table includes all employees whose normal remuneration was equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits as well as any termination benefits for employees who have left the trust. Total remuneration received for the year, included in Table (a) and (b) was \$1.3m (\$1.5m).

3.4 Employee Benefits Liability

	2021	2020
	\$'000	\$'000
Current		
Annual leave	1,056	1,149
Long service leave	89	370
Accrued salaries and wages	222	30
Skills and experience retention leave	81	78
Total current employee benefits	1,448	1,627
Non-current		
Long service leave	2,518	2,524
Accrued salaries and wages	-	67
Total non-current employee benefits	2,518	2,591
Total employee benefits	3,966	4,218

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

Salaries and wages, annual leave, skills and experience retention leave (SERL) and sick leave

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

The annual leave liability and the SERL liability in full is expected to be payable within 12-months and is measured at the undiscounted amount expected to be paid.

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

Long service leave

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

4. Expenses

Employee benefits expenses are disclosed in note 3.3.

4.1 Supplies and services

	2021	2020
	\$'000	\$'000
Accommodation	4,072	4,280
Artistic production	2,684	3,566
Advertising and marketing	697	969
Supplies	1,563	1,673
Communications and IT	1,489	1,500
Professional expenses	1,471	1,286
Repairs and maintenance	209	202
Travel and entertainment	206	337
Sponsorship	38	33
Bank and credit charges	130	229
Donated assets	295	-
Other	526	523
Total supplies and services	13,380	14,598

Accommodation costs are principally made up of the costs of utilities, cleaning and maintenance and repairs.

Advertising and marketing and Artistic production expenses relate to the costs involved in the direct provision of performances, festivals and other artistic offerings presented by the trust.

Supplies include cost of goods sold, including food and beverages sold at functions and through the bars, and the cost of materials used in set builds that are produced and on sold by the trust's scenery build workshop.

Consultants

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

	2021		2020	
	No.	\$'000	No.	\$'000
Below \$10,000	1	9	10	48
\$10,000 or above	-	-	1	16
Total	1	9	11	64

4.2 Depreciation and amortisation

	2021	2020
	\$'000	\$'000
Building	776	-
Plant and equipment	622	788
Right-of-use assets	5,047	5,204
Leasehold improvements	9	11
Furniture and Fittings	40	19
Intangible assets	190	257
Total depreciation and amortisation	6,684	6,279

All non-current assets not held for sale and with a limited useful life are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

The trust holds works of art and land on which depreciation is not applied because these items are considered to have an indeterminable useful life.

The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

Useful life

Depreciation and amortisation are calculated on a straight-line basis. Property, plant and equipment and intangible assets depreciation and amortisation are calculated over the estimated useful life as follows:

Class of asset	Useful life (years)
Buildings	80
Leasehold improvements	5-15
Plant and equipment	5-25
Right-of-use assets	3-30
Furniture and fittings	15
Intangibles	5-10

Review of accounting estimates

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

4.3 Borrowing Costs

	2021	2020
	\$'000	\$'000
Interest paid/payable on financial liabilities measured at amortised cost	815	1,017
Interest expense on lease liabilities	2,911	2,949
Total borrowing costs	3,726	3,966

The trust does not capitalise borrowing costs.

4.4 Net loss from the disposal of property, plant and equipment

	2021	2020
	\$'000	\$'000
Plant and equipment		
Proceeds from disposal	-	-
Less net book value of assets disposed	-	217
Total net loss from disposal of property, plant and equipment	-	(217)

5. Non-financial assets

5.1 Property, plant and equipment by asset class

Property plant and equipment comprises of tangible assets owned and right of use (leased) assets. The assets presented below do not meet the definition of investment property.

	2021	2020
	\$'000	\$'000
Land and buildings		
Land at cost	3,240	3,240
Buildings at cost	62,778	-
Accumulated depreciation at the end of the period	(776)	-
Total land and buildings	65,242	3,240
Capital works in progress		
Capital works in progress at cost	672	64,562
Leasehold improvements		
Leasehold improvements at cost	90	90
Accumulated depreciation at the end of the period	(9)	-
Total leasehold improvements	81	90
Plant and equipment		
Plant and equipment at fair value	3,050	3,050
Accumulated depreciation at the end of the period	(376)	-
Plant and equipment at cost	2,770	462
Accumulated depreciation at the end of the period	(247)	(1)
Total plant and equipment	5,197	3,511
Right-of-use assets		
Right-of-use assets at cost	92,034	93,962
Accumulated depreciation at the end of the period	(10,202)	(5,201)
Total right-of-use assets	81,832	88,761
Furniture and fittings		
Furniture and fittings at fair value	164	164
Accumulated depreciation at the end of the period	(18)	-
Furniture and fittings at cost	331	-
Accumulated depreciation at the end of the period	(22)	-
Total furniture and fittings	455	164
Total property, plant and equipment	153,479	160,328

5.2 Property, plant and equipment owned by the trust

Property, plant and equipment with a value greater than or equal to \$10 000 is capitalised, otherwise it is expensed. Property, plant and equipment is recorded at fair value. Detail about the approach to fair value adopted is set out in note 11.2.

Impairment

Property, plant and equipment have been assessed for impairment as part of the stocktake process. There was no indication of impairment.

Reconciliation 2020-21

	Land & Buildings	Capital works in progress	Plant and equipment	Furniture and fittings	Leasehold improvements	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2020	3,240	64,562	3,511	164	90	71,567
Acquisitions	-	1,758	64	-	-	1,822
Depreciation	(776)	-	(622)	(40)	(9)	(1,447)
Transfers between asset classes	62,778	(65,353)	2,244	331	-	-
Transfers to DPC	-	(295)	-	-	-	(295)
Carrying amount at 30 June 2021	65,242	672	5,197	455	81	71,647

5.3 Property, plant and equipment leased by the trust

Right-of-use assets for property, plant and equipment leased by the trust as lessee are measured at cost. Additions to leased property, plant and equipment during 2020-21 were \$nil (\$nil).

Short-term leases of 12-months or less and low value leases where the underlying asset value is less than \$15,000 are not recognised as right-of-use assets. The associated lease payments are recognised as an expense and disclosed in note 4.1.

The trust has a limited number of leases:

- 5 motor vehicle leases with the South Australian Government Financing Authority (SAFA). Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. Motor vehicle lease terms can range from 3 years (60,000 km) up to 5 years (100,000 km). No variable lease payments are provided for in the lease agreements and no options exist to renew the leases at the end of their term.

- Lease of the Adelaide Festival Centre complex encompassing the Festival, Dunstan Playhouse and Space theatres, banquet room, function spaces and bars. The lessor is Minister for the Arts and the term of the lease is 20 years concluding 30 June 2028 with a right of renewal for a further 10 years to 30 June 2038. Rental is indexed annually at 2.5% and the rent for 2020-21 was \$5.38m.

- 2 commercial leases with private landlords for a storage facility at Kilburn with a term of 5 years (expiring 31 January 2022 with a right of renewal for a further 2 years to 31 January 2024) and annual lease payment of \$219,000 and a set building workshop at and a set building workshop at Regency Park. The Regency Park lease expired on 31 October 2020 and was rented on a month by month basis until 31 July 2021. There was no expectation this lease would exceed 12 months and was considered a 'Short-term lease' from October

The lease liabilities related to the right-of-use assets are disclosed in note 7.2. The trust's maturity analysis of its lease liabilities is disclosed in note 11.3. Expenses related to leases, including depreciation and interest expenses, are disclosed in note 4.

Impairment

Property, plant and equipment leased by the trust has been assessed for impairment. There was no indication of impairment.

5.4 Works of art

	2021 \$'000	2020 \$'000
Works of art at fair value	9,589	9,589
Total works of art	9,589	9,589

5.5 Intangible assets

	2021 \$'000	2020 \$'000
Computer software		
Internally developed computer software	293	293
Accumulated amortisation	(293)	(293)
Purchased computer software	2,173	2,172
Accumulated amortisation	(1,955)	(1,764)
Total computer software	218	408

Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$10 000.

The internally developed computer software relates to the development of the AFC website which has been fully depreciated.

Reconciliation 2020-21

	Purchased computer software \$'000
Carrying amount at 1 July 2020	408
Amortisation	(190)
Carrying amount at 30 June 2021	218

5.6 Inventories

	2021 \$'000	2020 \$'000
Theatre set construction work in progress at cost and expected to be recovered not more than 12-months after reporting date	-	53
Materials at cost	127	136
Total inventories	127	189

Cost of inventories

Inventories held for distribution at no or nominal consideration are measured at cost and adjusted when applicable for any loss of service potential. Inventories held for sale are measured at the lower of cost or their net realisable value.

The costs recognised as an expense for raw materials and consumables is \$1.31m (\$1.41m).

6. Financial assets

6.1 Cash and cash equivalents	2021	2020
	\$'000	\$'000
Cash at bank and on hand	8,273	4,018
Cash held in trust for promoters	5,779	1,589
Cash held in donations from foundation	5,153	4,440
Total cash and cash equivalents	19,205	10,047

The trust operates a trust account where box office sales on behalf of promoters is held until the shows have been completed. As an incorporated association and deductible gift recipient, the foundation operates its own bank accounts. Cash is measured at nominal amounts and all bank deposits are interest bearing.

6.2 Receivables	2021	2020
	\$'000	\$'000
Current		
Trade receivables		
From government entities	542	3,806
From non-government entities	483	253
Less impairment loss on receivables	(10)	(35)
Total trade receivables	1,015	4,024
Statutory receivables		
GST input tax recoverable	221	689
Total statutory receivables	221	689
Prepayments	641	446
Accrued revenues	-	1
Total current receivables	1,877	5,160

Trade receivables arise in the normal course of selling goods and services to other government agencies and to the public. Trade receivables are generally settled within 20 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

Statutory receivables do not arise from contracts with customers. The net amount of GST receivable from the ATO is included as part of receivables.

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

Impairment losses relate to contracts with customers external to SA Government. No impairment loss was recognised in relation to statutory receivables.

Refer to note 11.3 for details regarding credit risk and the methodology for determining impairment.

7. Liabilities

Employee benefits liabilities are disclosed in note 3.4.

7.1 Payables

	2021	2020
	\$'000	\$'000
Current		
Trade payables	57	8
Accrued expenses	3,042	3,147
Amounts payable to promoters	4,347	1,589
Statutory payables		
Employment on-costs	187	444
Total current payables	7,633	5,188
Non-current		
Statutory payables		
Employment on-costs	136	244
Total non-current payables	136	244
Total payables	7,769	5,432

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

Statutory payables do not arise from contracts.

The increase in amounts payable to promoters is due to the box office sales for recent festivals and events which have been postponed due to COVID-19 not being passed onto promoters.

The net amount of GST recoverable from the ATO is included as part of receivables. However, if a net GST payable arises then this amount would be disclosed in this Payables note.

Employment on-costs

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

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

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has remain unchanged from the 2020 rate of 42% and the average factor for the calculation of employer superannuation cost on-costs has increased from the 2020 rate (9.8%) to 10.1%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is not material. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

7.2 Financial liabilities

	Note	2021	2020
		\$'000	\$'000
Current			
Lease Liabilities		2,926	2,815
Total current borrowings		2,926	2,815
Non-current			
Borrowings from SA Government		61,598	61,598
Lease Liabilities		83,733	88,459
Total non-current borrowings		145,331	150,057
Total borrowings		148,257	152,872

The trust measures financial liabilities, including borrowings, at amortised cost.

Borrowings

In 2017-18 the trust entered into a funding agreement to finance the redevelopment of HMT. Funds are drawn down as required and the term of the agreement is 10 years. The interest rate is determined by the Treasurer and was 0.35% in 2021 (0.59% in 2020).

7.3 Provisions

	2021	2020
	\$'000	\$'000
Current		
Provision for workers compensation	38	46
Total current provisions	38	46
Non-current		
Provision for workers compensation	87	89
Total non-current current provisions	87	89
Total provisions	125	135
 <i>Movement in provisions</i>		
		2021
		\$'000
Carrying amount at the beginning of the period		135
Additional provisions recognised		1
Reductions arising from payments		(11)
Carrying amount at the end of the period		125

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2021 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector Employment. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The trust is responsible for the payment of workers compensation claims.

7.4 Other liabilities

	2021	2020
	\$'000	\$'000
Current		
Venue hire deposits	638	461
Other deposits	8	8
Income in advance	1,308	487
Unclaimed monies	7	7
Total other liabilities	1,961	963

Income in advance

Income received for the programming, marketing and sponsorship of performances and deposits on functions, where the performance, function or event is being held after balance date.

8. Other disclosures

8.1 Equity

The asset revaluation surplus is used to record increments and decrements in the fair value of property and plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

8.2 Cash flow

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

Total cash outflows for leases was \$5.62m (2020: \$5.64m).

8.3 Controlled entity

The consolidated financial statements at 30 June 2021 include the following controlled entity:

The Adelaide Festival Centre Foundation Incorporated

Significant items in the financial report of the Foundation are:

	2021	2020
	\$'000	\$'000
Revenue	1,056	2,870
Expenses	325	657
Surplus	731	2,213
Cash at bank	5,153	4,440

All gifts and money received by the Adelaide Festival Centre Foundation Incorporated (the foundation) are used to undertake special projects on behalf of the trust including Her Majesty's Theatre Renewal Project, subsidising tickets for disadvantaged children, providing funding for children's programs Something on Saturday and DreamBIG and providing scholarship and internship opportunities in the performing arts.

9. Changes in accounting policy

There were no changes in accounting policy for the reporting period.

10. Outlook

10.1 Unrecognised contractual commitments

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

Capital commitments

	2021	2020
	\$'000	\$'000
Within one year	542	1,591
Total capital commitments	542	1,591

The trust's capital commitments as at 30 June 2021 relate to technical equipment upgrades for the Festival Theatre. The 2020 balances relate to the redevelopment of Her Majesty's Theatre.

Expenditure commitments

	2021	2020
	\$'000	\$'000
Within one year	632	1,583
Later than one year but not longer than five years	128	914
Total expenditure commitments	760	2,497

The trust's expenditure commitments are for agreements for maintenance of computer systems, provision of artistic services and provision of festival related services.

10.2 Expected rental income

Operating lease maturity analysis

	2021	2020
	\$'000	\$'000
Commitments in relation to operating leases contracted for at the reporting date but not recognised as assets are receivable as follows:		
Within one year	184	178
Later than one year but not longer than five years	805	778
Later than five years	446	657
Total operating lease commitments receivable	1,435	1,613

The above table sets out a maturity analysis of operating lease payments receivable, showing the undiscounted lease payments to be received after the reporting date. These amounts are not recognised as assets.

The trust has a 10 year agreement that commenced 1 January 2018 to sub-lease retail spaces in the Adelaide Festival Centre. The rent receivable is determined by the annual rent charge including any set levies, and subject to an annual rent increase of 2%.

See note 5.3 for information about equipment the trust leases out under operating lease.

10.3 Contingent assets and liabilities

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

The trust is not aware of any contingent assets or liabilities.

10.4 COVID-19 pandemic outlook for the trust

The COVID-19 pandemic will continue to impact the operations of the trust in 2021-22. The key expected impacts are:

- a reduction in sales of goods and services relating to theatre operations as constantly changing social distancing requirements, enforced lockdowns and state border closures mean promoters may be hesitant to bring shows Adelaide.
- a reduction in supplies and services and employment expenditure corresponding with the reduction in sales of goods and services.

The net impact of reduced revenue and expenditure relating to theatre operations will be funded through an insurance claim under the trust's business disruption insurance with SAICORP. However, the insurance claim only covers to March 2022 and it is uncertain whether the trust's operations will have returned to pre COVID-19 levels by that time.

10.5 Events after the reporting period

In July 2021, the trust entered into a contract with Ticketek for ticketing services to its theatres. This operation has traditionally been performed inhouse by the trust's BASS ticketing operation. There will be a transition period after which BASS will cease ticketing. The impact on the financial statements is not measurable at this time as it will be dependent on ticket sales volumes and the length of the transition.

The trust ceased its operation of the set build workshop as of 31 July 2021. Due to a reduction in the demand for large scale set builds over the past few financial years, the cessation of set builds is expected to have a net positive impact on the annual financial performance of the trust as the workshop operation has sustained losses in the past 2 financial years. A \$71,000 gain on the sale of workshop assets will be recognised in 2021-22.

Festival Theatre will close for up to seven months from mid-July 2021 to allow for the next stage of building works on the new Festival Plaza. The temporary and unavoidable closure, to strengthen the concrete slab around the southern side of Festival Theatre, avoids up to two years of on-going construction works affecting the theatre's foyers, box office, bars and toilets. We expect this will have significant impact to operation in the next financial year. However the Dunstan Playhouse, Space Theatre and the newly redeveloped 1,467-seat Her Majesty's Theatre will all stay open and can accommodate most of the continuing program of festivals, arts and entertainment.

11. Measurement and Risk

11.1 Long service leave liability – measurement

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

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

AASB 119 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has increased from 0.75% (2020) to 1.25% (2021).

This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$301,000 and employee benefits expense of \$301,000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 2.5% for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

The trust classifies a portion of long service leave as current, based on the past 12-months history of settlements.

11.2 Fair value

AASB 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

Initial recognition

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

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

Revaluation

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

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

At least every 6 years, AFCT re-values its non-current assets via a Certified Practising Valuer or internal estimates based on indices or recent transactions. However, if at any time, management considers the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

Land and buildings

Land is measured at cost and is deemed to be fair value. The land and buildings relate to Her Majesty's theatre, the rebuild of which was completed in July 2020.

Plant and equipment

An independent valuation of plant and equipment was carried out at 30 June 2020 by using the market approach under AASB 13 and also considering the 'highest and best use' of each item. The market approach requires the valuer to observe the market for similar or identical assets to reach an opinion of value.

Works of Art

The trust owns a collection of artworks established in 1970 when over-subscribed funds from the public appeal to build the Festival Theatre were used to commission and purchase works of art by leading artists of the time including Fred Williams and Sydney Ball. In 2001-2003 an indigenous art collection was established through a donation of funds. An independent valuation of the Works of Art collection was carried out by Theodore Bruce Auctions Pty Ltd as at 30 June 2020 using market approach under AASB13 and also considering the 'highest and best use' of each item, observing the market for similar items to reach an opinion of value.

Heritage assets

The trust holds a collection of costumes, costume renderings, set models, theatre furniture and décor referred to as the Performing Arts Collection, which are unique and not capable of being reliably measured. This is due to the type and life of the assets and lack of a market for them.

11.3 Financial instruments

Financial risk management

Risk management is managed by the trust's corporate services section. Risk management policies of the trust are in accordance with the SA Government Risk Management Guide and the principles established in the Australian Standard Risk Management Principles and Guidelines.

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

Impairment of financial assets

Loss allowances for receivables are measured at an amount equal to lifetime expected credit loss using the simplified approach in AASB 9. The trust uses an allowance matrix to measure the expected credit loss of receivables from non-government debtors which comprise a large number of small balances. To measure the expected credit losses, receivables were grouped based on shared risk characteristics and the days past due. When estimating expected credit loss, the trust considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on historical and informed credit assessment, including forward-looking information. The expected credit loss of government debtors is considered to be nil based on the external credit ratings and the nature of the counterparties. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the trust is exposed to credit risk.

Loss rates are calculated based on the probability of a receivable progressing through stages to write-off based on the common risk characteristics of the transaction and debtor and giving consideration to differences between previous and current economic conditions and the trust's view of the forecast economic conditions over the expected life of the receivables.

	Debtor gross carrying amount \$'000	Loss %	Lifetime expected losses \$'000
Current (not past due)	139	0.3	0.4
1 – 30 days past due	166	0.8	1.3
31 – 60 days past due	66	8.5	5.5
61 – 90 days past due	7	14.4	1.0
More than 90 days past due	13	14.1	1.8
Loss allowance			10.0

Impairment losses are presented as net impairment losses within net result, subsequent recoveries of amounts previously written off are credited against the same line. Receivables are written off when there is no reasonable expectation of recovery such as the failure of the debtor to enter into a payment plan and a failure to make contractual payments for a period greater than 180 days past due.

Cash and debt investments

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

All of the trust's debt investments at amortised cost are considered to have low credit risk and the consideration of expected credit loss was limited to 12-months expected losses. The expected credit loss is nil.

Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in the respective financial asset / financial liability note.

Classification of financial instruments

The trust measures all financial instruments at amortised cost.

Maturity analysis of financial instruments

Category of financial asset and financial liability	Note	2021 Carrying amount / Fair value (\$'000)	2021 Contractual maturities*		
			Within 1 year (\$'000)	1-5 years (\$'000)	More than 5 years (\$'000)
Financial assets					
Cash and equivalent					
Cash and cash equivalent	6.1	19,205	19,205	-	-
Financial assets at amortised cost					
Receivables**	6.2	1,015	1,015	-	-
Total financial assets		20,220	20,220	-	-
Financial liabilities					
Financial liabilities at amortised cost					
Payables**	7.1	7,001	7,001	-	-
Borrowings	7.2	61,598	-	-	61,598
Lease liabilities	7.2	86,659	2,926	13,068	70,665
Total financial liabilities		155,258	9,927	13,068	132,263

Category of financial asset and financial liability	Note	2020 Carrying amount / Fair value (\$'000)	2020 Contractual maturities*		
			Within 1 year (\$'000)	1-5 years (\$'000)	More than 5 years (\$'000)
Financial assets					
Cash and equivalent					
Cash and cash equivalent	6.1	10,047	10,047	-	-
Financial assets at amortised cost					
Receivables**	6.2	4,025	4,025	-	-
Total financial assets		14,072	14,072	-	-
Financial liabilities					
Financial liabilities at amortised cost					
Payables**	7.1	3,814	3,814	-	-
Borrowings	7.2	61,598	-	-	61,598
Lease liabilities	7.2	91,274	2,815	13,068	75,391
Total financial liabilities		156,686	6,629	13,068	136,989

*Maturities analysis is presented using the undiscounted cash flows and therefore may not total to equal the carrying amount/fair value of the financial instrument.

** Total amounts disclosed here exclude statutory amounts. Receivables do not include prepayments as these are not financial instruments. Prepayments are presented in note 6.2.

Statutory Receivables and payables

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. This includes Commonwealth, State and Local Government taxes and equivalents, fees and charges; Auditor-General's Department audit fees. This is in addition to employee related payables, such as payroll tax, Fringe Benefits Tax, Pay As You Go Withholding and Return To Work SA levies. In government, certain rights to receive or pay cash may not be contractual but have their source in legislation and therefore, in these situations, the disclosure requirements of AASB 7 will not apply. The standard defines contract as enforceable by law. All amounts recorded are carried at cost.