

# Adelaide Festival Corporation

Financial report  
for the year ended  
30 June 2021



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## To the Chair Adelaide Festival Corporation

### Opinion

I have audited the financial report of the Adelaide Festival Corporation 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 Corporation as at 30 June 2021, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 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 Chair, the Executive Director and the Head of Corporate Services.

### 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 Corporation. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independent 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 Executive Director and members of the Board for the financial report**

The Executive Director 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 Executive Director 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 Board are responsible for overseeing the entity's financial reporting process.

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

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 19(3) of the *Adelaide Festival Corporation Act 1998*, I have audited the financial report of the Adelaide Festival Corporation 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.

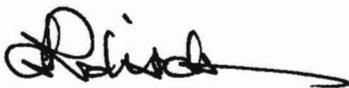
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- 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 Corporation's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Director
- conclude on the appropriateness of the Executive Director'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 Executive Director and the members of the Board about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson

**Auditor-General**

24 September 2021

Certification of the Financial Statements

We certify that the:

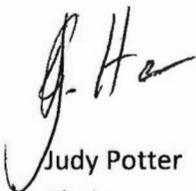
- financial statements of the Adelaide Festival Corporation:
  - are in accordance with the accounts and records of the authority; and
  - comply with relevant Treasurer's instructions; and
  - comply with relevant accounting standards; and
  - present a true and fair view of the financial position of the authority 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 Corporation for the financial year over its financial reporting and its preparation of financial statements have been effective.



Elaine Chia  
Executive Director



Elizabeth Brooks  
Head of Corporate Services



Judy Potter  
Chair

17/9/21

Date

**Adelaide Festival Corporation**  
**Financial Statements For the year ended 30 June 2021**

**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 30 June 2021

|   | Note<br>No. | 2021<br>\$'000 | 2020<br>\$'000 |
|---|-------------|----------------|----------------|
| <b>Income</b>   |             |                |                |
| SA Government grants  | 2.1         | 8 867          | 9 077          |
| Non-SA Government grants                                    | 2.1         | 321            | 109            |
| Box Office sales  | 2.5         | 3 538          | 5 152          |
| Other sales   | 2.5         | 342            | 495            |
| Interest  | 2.2         | 13             | 70             |
| Other income  | 2.3         | 1 155          | 1 967          |
| Sponsorship   | 2.4         | 1 968          | 2 043          |
| <b>Total income</b>   |             | <b>16 204</b>  | <b>18 913</b>  |
| <b>Expenses</b>   |             |                |                |
| Employee benefits expense                                   | 3.3         | 4 210          | 4 129          |
| Supplies and services                                       | 4.1         | 11 204         | 14 373         |
| Depreciation and amortisation                               | 4.2         | 556            | 329            |
| Borrowing costs   | 4.3         | 4              | 7              |
| Net loss from the disposal of property, plant and equipment | 4.4         | 13             | -              |
| <b>Total expenses</b>                                       |             | <b>15 987</b>  | <b>18 838</b>  |
| <b>Net result</b>   |             | <b>217</b>     | <b>75</b>      |
| <b>Total comprehensive result</b>                           |             | <b>217</b>     | <b>75</b>      |

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

**Adelaide Festival Corporation**  
**Financial Statements For the year ended 30 June 2021**

**STATEMENT OF FINANCIAL POSITION**

As at 30 June 2021

|                                      | Note<br>No. | 2021<br>\$'000 | 2020<br>\$'000 |
|--------------------------------------|-------------|----------------|----------------|
| <b>Current assets</b>                |             |                |                |
| Cash and cash equivalents            | 6.1         | 2 023          | 1 886          |
| Receivables                          | 6.3         | 432            | 327            |
| <b>Total current assets</b>          |             | <b>2 455</b>   | <b>2 213</b>   |
| <b>Non-current assets</b>            |             |                |                |
| Property, plant and equipment        | 5.1         | 794            | 671            |
| Intangible Assets                    | 5.4         | 87             | 99             |
| <b>Total non-current assets</b>      |             | <b>881</b>     | <b>770</b>     |
| <b>Total assets</b>                  |             | <b>3 336</b>   | <b>2 983</b>   |
| <b>Current liabilities</b>           |             |                |                |
| Payables                             | 7.1         | 323            | 253            |
| Financial liabilities                | 7.2         | 215            | 195            |
| Employee benefits                    | 3.4         | 100            | 74             |
| Provisions                           | 7.3         | 4              | 4              |
| Contract liabilities                 | 7.4         | 253            | 103            |
| <b>Total current liabilities</b>     |             | <b>895</b>     | <b>629</b>     |
| <b>Non-current liabilities</b>       |             |                |                |
| Payables                             | 7.1         | 19             | 14             |
| Financial liabilities                | 7.2         | 61             | 261            |
| Employee benefits                    | 3.4         | 185            | 139            |
| Provisions                           | 7.3         | 25             | 6              |
| <b>Total non-current liabilities</b> |             | <b>290</b>     | <b>420</b>     |
| <b>Total liabilities</b>             |             | <b>1 185</b>   | <b>1 049</b>   |
| <b>Net Assets</b>                    |             | <b>2 151</b>   | <b>1 934</b>   |
| <b>Equity</b>                        |             |                |                |
| Retained earnings                    |             | 2 151          | 1 934          |
| <b>Total Equity</b>                  |             | <b>2 151</b>   | <b>1 934</b>   |

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

**Adelaide Festival Corporation**  
**Financial Statements For the year ended 30 June 2021**

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 30 June 2021

|  | Retained<br>earnings<br>\$'000 | Total<br>Equity<br>\$'000 |
|--|--------------------------------|---------------------------|
| Balance at 1 July 2019                 | 1 859                          | 1 859                     |
| Net Result for 2019-20                 | 75                             | 75                        |
| Total Comprehensive Result for 2019-20 | 75                             | 75                        |
| <b>Balance at 30 June 2020</b>         | <b>1 934</b>                   | <b>1 934</b>              |
| Net Result for 2020-21                 | 217                            | 217                       |
| Total Comprehensive Result for 2020-21 | 217                            | 217                       |
| <b>Balance at 30 June 2021</b>         | <b>2 151</b>                   | <b>2 151</b>              |

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

**Adelaide Festival Corporation**  
**Financial Statements For the year ended 30 June 2021**

**STATEMENT OF CASH FLOWS**

For the year ended 30 June 2021

|   | Note<br>No. | 2021<br>\$'000  | 2020<br>\$'000  |
|---|-------------|-----------------|-----------------|
| <b>Cash flows from operating activities</b>                 |             |                 |                 |
| <b>Cash inflows</b>   |             |                 |                 |
| Receipts from SA Government                                 |             | 8 867           | 9 077           |
| Receipts from customers, sponsors, donors and others        |             | 7 488           | 8 924           |
| Receipts from Commonwealth-sourced grants                   |             | 301             | 40              |
| Receipts from Overseas Governments                          |             | 20              | 69              |
| Interest received   |             | 13              | 70              |
| GST recovered from the ATO                                  |             | -               | 716             |
| <b>Cash generated from operations</b>                       |             | <b>16 689</b>   | <b>18 896</b>   |
| <b>Cash outflows</b>  |             |                 |                 |
| Employee benefit payments                                   |             | (4 102)         | (4 245)         |
| Payments for supplies and services                          |             | (11 364)        | (14 383)        |
| Interest paid   |             | (4)             | (5)             |
| GST paid to the ATO   |             | (239)           | -               |
| <b>Cash used in operations</b>                              |             | <b>(15 709)</b> | <b>(18 633)</b> |
| <b>Net cash provided by operating activities</b>            |             | <b>980</b>      | <b>263</b>      |
| <b>Cash flows from investing activities</b>                 |             |                 |                 |
| <b>Cash outflows</b>  |             |                 |                 |
| Purchase of plant and equipment                             |             | (640)           | (124)           |
| Purchase of Intangibles                                     |             | (23)            | (18)            |
| <b>Net cash used in investing activities</b>                |             | <b>(663)</b>    | <b>(142)</b>    |
| <b>Cash flows from financing activities</b>                 |             |                 |                 |
| <b>Cash outflows</b>  |             |                 |                 |
| Repayment of principal portion of lease liabilities         |             | (180)           | (140)           |
| <b>Net cash used in financing activities</b>                |             | <b>(180)</b>    | <b>(140)</b>    |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |             | <b>137</b>      | <b>(19)</b>     |
| Cash and cash equivalents at the beginning of the period    |             | 1 886           | 1 905           |
| <b>Cash and cash equivalents at the end of the period</b>   | 6.1         | <b>2 023</b>    | <b>1 886</b>    |

The accompanying notes form part of these financial statements.

**Adelaide Festival Corporation**  
**Notes to the Financial Statements For the year ended 30 June 2021**

## 1. About the Adelaide Festival Corporation

The Adelaide Festival Corporation (the Corporation) was established pursuant to the *Adelaide Festival Corporation Act 1998*. Our vision is to be recognised nationally and internationally, as one of the world's greatest large-scale, multi-arts festivals that:

- brings to its audience the power of great art;
- pursues new creative horizons;
- places Adelaide at the centre of Australia's cultural life;
- creates a transformational impact on our city, making art central to the culture of our society.

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

### 1.1. Basis of preparation

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

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurers 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, the Corporation 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.

### 1.2. Objectives

The functions of the Corporation, as prescribed under the *Adelaide Festival Corporation Act 1998*, are to:

- (a) Conduct in Adelaide and other parts of the State the multifaceted arts event that is known as the Adelaide Festival of Arts;
- (b) Continue and further develop the Adelaide Festival of Arts as an event of international standing and excellence;
- (c) Conduct or promote other events and activities;
- (d) Provide advisory, consultative, managerial or support services within areas of the Corporation's expertise;

**Adelaide Festival Corporation**  
**Notes to the Financial Statements For the year ended 30 June 2021**

- (e) Undertake other activities that promote the arts or public interest in the arts, or that otherwise involve an appropriate use of its resources; and
- (f) Carry out other functions assigned to the Corporation by or under the *Adelaide Festival Corporation Act 1998* or any other Act, or by the Minister.

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

The March 2021 Festival of Arts completed successfully on 14 March. Box office targets were set 30% lower than the previous years. However, expenditure was also reduced by 22% due to very little international content being available for the 2021 Festival.

By 31 March 2021, the core staff had been reduced to 26 FTEs as planned and all were successfully set up for flexible working arrangements with no lost hours. The core staff continue to work on flexible working arrangements by working from home and attending the office when safe to do so.

Due to future uncertainties the Management and Board continue to monitor the progress of the pandemic so as to minimise any impact on the Corporation.

## 2. Income

The 2021 Festival program exceeded targeted box office from its original budget as permitted attendances was increased from 50% to 75% due to easing of COVID-19 restrictions. The level of funding from SA Government remained at a similar level as 2020 and the SA Government's overall contribution to the Festival Program was 54.7% (2020: 47.9%) of total income.

### 2.1. Revenues from Governments

|  | <b>2021</b>   | <b>2020</b>   |
|--|---------------|---------------|
|  | <b>\$'000</b> | <b>\$'000</b> |
| SA Government grants                   | 8 867         | 9 077         |
| Commonwealth-sourced grants            | 301           | 40            |
| Overseas Government grants             | 20            | 69            |
| <i>Non-SA Government grants</i>        | 321           | 109           |
| <b>Total revenues from Governments</b> | <b>9 188</b>  | <b>9 186</b>  |

Revenues from Governments mainly relate to a recurring annual operating grant with the Department of the Premier and Cabinet (DPC) through a Memorandum of Administrative Arrangement (MOAA). The Corporation has concluded that the MOAA does not contain sufficiently specific performance obligations, therefore the grant funding is recognised under AASB 1058 upon receipt.

**Adelaide Festival Corporation**  
**Notes to the Financial Statements For the year ended 30 June 2021**

**2.2. Interest**

|   | <b>2021</b>   | <b>2020</b>   |
|---|---------------|---------------|
|   | <b>\$'000</b> | <b>\$'000</b> |
| Interest on short term deposits with SAFA | 13            | 70            |
| <b>Total interest</b>                     | <b>13</b>     | <b>70</b>     |

**2.3. Other income**

|                           | <b>2021</b>   | <b>2020</b>   |
|---------------------------|---------------|---------------|
|                           | <b>\$'000</b> | <b>\$'000</b> |
| Sundry                    | 247           | 531           |
| Friends membership        | 111           | 110           |
| Donations                 | 797           | 1 326         |
| <b>Total other income</b> | <b>1 155</b>  | <b>1 967</b>  |

Donations are recognised upon receipt under AASB 1058. The Corporation engaged volunteers to provide ushering and information services during the Festival events, these services were not recognised because they did not form a core part of the Festival program and services of this nature would not have otherwise been purchased.

Friends membership and sundry income are recognised under AASB 15 and refer note 2.5 for further information.

**2.4. Sponsorship**

|                          | <b>2021</b>   | <b>2020</b>   |
|--------------------------|---------------|---------------|
|                          | <b>\$'000</b> | <b>\$'000</b> |
| Sponsorship – Cash       | 1 281         | 1 212         |
| Sponsorship – In-kind    | 687           | 831           |
| <b>Total sponsorship</b> | <b>1 968</b>  | <b>2 043</b>  |

Expenses related to in-kind sponsorship have been recognised in supplies and services.

**Adelaide Festival Corporation**  
**Notes to the Financial Statements For the year ended 30 June 2021**

**2.5 Summary of revenue from contracts with customers**

| <b>Revenues recognised under AASB 15</b>       | <b>2021</b>   | <b>2020</b>   |
|--|---------------|---------------|
|  | <b>\$'000</b> | <b>\$'000</b> |
| Box Office sales                               | 3 538         | 5 152         |
| Sponsorship                                    | 1 968         | 2 043         |
| Other sales                                    | 342           | 495           |
| Commonwealth-sourced grants                    | 304           | 40            |
| Sundry   | 247           | 531           |
| Friends membership                             | 111           | 110           |
| Overseas Government grants                     | 17            | 69            |
| <b>Total Revenues recognised under AASB 15</b> | <b>6 527</b>  | <b>8 440</b>  |

The above income streams are classified as revenue from contracts with customers under AASB15 as the contracts contain sufficiently specific performance obligations, which are generally satisfied within the same financial year.

For multiple year sponsorship with funding received in advance, the Corporation recognises revenue over time when its performance obligations are satisfied at the end of each festival. The unfulfilled portion is recognised as contract liabilities and disclosed in note 7.4.

**3. Board, committees and employees**

**3.1. Key management personnel**

Key management personnel of the Corporation include the Minister, the Executive Director and the Board who have responsibility for the strategic, artistic direction and management of the Corporation.

The Board members are appointed by the Government in accordance with the *Adelaide Festival Corporation Act 1998*.

Total compensation for key management personnel was \$678 000 (2020: \$598 000).

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

**3.2. Board and committee members**

Members during the 2021 financial year were:

**Board**

Ms Judy Potter (Chair)  
 Ms Alison Beare  
 Mr David Knox  
 Mr Mark Roderick  
 Mr Alan James Whalley  
 Hon. Amanda Vanstone  
 Mr Ian McRae  
 Right Hon. The Lord Mayor of Adelaide Sandy Verschoor

**Audit and Risk Committee**

Mr Mark Roderick (Chair)  
 Ms Judy Potter  
 Mr Alan James Whalley  
 Ms Megan Hender

**Adelaide Festival Corporation**  
**Notes to the Financial Statements For the year ended 30 June 2021**

**Board and committee remuneration**

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

|                                | <b>2021</b> | <b>2020</b> |
|--------------------------------|-------------|-------------|
| \$0 - \$19,999                 | 8           | 9           |
| <b>Total number of members</b> | <b>8</b>    | <b>9</b>    |

The total remuneration received or receivable by members was \$58 000 (2020: \$46 000). From which \$19 000 (\$19 000) was donated back to the Corporation. Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

From time to time, Board members will receive complimentary tickets to shows or events conducted by the Corporation. These benefits are provided to attend Festival events solely for the purpose of the execution of duties of office and direct hosting of guests, sponsors and donors.

**3.3. Employee benefits expense**

|  | <b>2021</b>   | <b>2020</b>   |
|--|---------------|---------------|
|  | <b>\$'000</b> | <b>\$'000</b> |
| Salaries and wages                     | 3 612         | 3 537         |
| Employment on-costs - superannuation   | 345           | 359           |
| Employment on-costs - other            | 195           | 187           |
| Board fees                             | 58            | 46            |
| <b>Total employee benefits expense</b> | <b>4 210</b>  | <b>4 129</b>  |

**Employment on-costs - superannuation**

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

**Executive remuneration**

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

|                        | <b>2021</b> | <b>2020</b> |
|------------------------|-------------|-------------|
|                        | <b>No</b>   | <b>No</b>   |
| \$154 001 to \$174 000 | 1           | 1           |
| \$174 001 to \$194 000 | -           | 1           |
| \$194 001 to \$214 000 | -           | 1           |
| \$214 001 to \$234 000 | 2           | -           |
| <b>Total</b>           | <b>3</b>    | <b>3</b>    |

The total remuneration received by these employees for the year was \$620 000 (2020: \$552 000).

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

**Adelaide Festival Corporation**  
**Notes to the Financial Statements For the year ended 30 June 2021**

**3.4. Employee benefits liability**

|  | <b>2021</b>   | <b>2020</b>   |
|--|---------------|---------------|
|  | <b>\$'000</b> | <b>\$'000</b> |
| <b>Current</b>                             |               |               |
| Accrued Salaries and Wages                 | 19            | 28            |
| Annual Leave                               | 81            | 27            |
| Long Service Leave                         | -             | 19            |
| <i>Total current employee benefits</i>     | <u>100</u>    | <u>74</u>     |
| <b>Non-Current</b>                         |               |               |
| Long Service Leave                         | 185           | 139           |
| <i>Total non-current employee benefits</i> | <u>185</u>    | <u>139</u>    |
| <b>Total employee benefits</b>             | <u>285</u>    | <u>213</u>    |

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

**Salaries and wages, annual leave 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 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 sick leave 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 are provided as note 11.1.

**4. Expenses****4.1. Supplies and services**

The current breakdown of supplies and services for the 2021 Festival shows that 73.7% went towards the presentation of the Festival, 13.7% went to the promotion of the Festival, 4.5% went to servicing our corporate sponsorship and philanthropy programs, and 8.1% went to corporate governance and artistic direction.

**Adelaide Festival Corporation**  
**Notes to the Financial Statements For the year ended 30 June 2021**

|  | <b>2021</b>   | <b>2020</b>   |
|--|---------------|---------------|
|  | <b>\$'000</b> | <b>\$'000</b> |
| <b>Presentation of the Festival</b>                          |               |               |
| Event staging and contracts                                  | 4 212         | 4 234         |
| Cost of goods for sale                                       | 490           | 743           |
| Royalty and license fees                                     | 258           | 149           |
| Artist fees and payments                                     | 2 733         | 4 246         |
| Artist travel and accommodation                              | 559           | 1 502         |
| <b>Total presentation of the Festival</b>                    | <b>8 252</b>  | <b>10 874</b> |
| <b>Promotion of the Festival</b>                             |               |               |
| Marketing, advertising and media                             | 1 292         | 1 413         |
| Design, printing and distribution costs                      | 239           | 384           |
| <b>Total promotion of the Festival</b>                       | <b>1 531</b>  | <b>1 797</b>  |
| <b>Corporate governance and artistic direction</b>           |               |               |
| Short-term and low-value leases                              | 48            | 14            |
| Communications and information technology                    | 172           | 262           |
| Insurance  | 48            | 89            |
| Other expenditure  | 648           | 739           |
| <b>Total corporate governance and artistic direction</b>     | <b>916</b>    | <b>1 104</b>  |
| <b>Corporate sponsorship and philanthropy programs</b>       |               |               |
| Hospitality, sponsorship and ticketing                       | 505           | 598           |
| <b>Total corporate sponsorship and philanthropy programs</b> | <b>505</b>    | <b>598</b>    |
| <b>Total supplies and services</b>                           | <b>11 204</b> | <b>14 373</b> |

**Consultants**

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

|                   | <b>No</b> | <b>2021</b>   | <b>No</b> | <b>2020</b>   |
|-------------------|-----------|---------------|-----------|---------------|
|                   |           | <b>\$'000</b> |           | <b>\$'000</b> |
| \$10 000 or above | 1         | 24            | 1         | 14            |
| <b>Total</b>      | <b>1</b>  | <b>24</b>     | <b>1</b>  | <b>14</b>     |

**Adelaide Festival Corporation**  
**Notes to the Financial Statements For the year ended 30 June 2021**

**4.2. Depreciation and amortisation**

|  | 2021<br>\$'000 | 2020<br>\$'000 |
|--|----------------|----------------|
| Plant and equipment                        | 310            | 79             |
| Right-of-use buildings                     | 211            | 218            |
| Purchased computer software                | 35             | 32             |
| <b>Total depreciation and amortisation</b> | <b>556</b>     | <b>329</b>     |

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

**Useful life**

Depreciation 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:

| <b>Class of Asset</b>       | <b>Useful life (years)</b> |
|-----------------------------|----------------------------|
| Plant and equipment         | 3-10                       |
| Right-of-use buildings      | life of lease              |
| Purchased computer software | 4-5                        |

**Review of accounting estimates**

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, on an annual basis. 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.

**4.3. Borrowing costs**

|                                       | 2021<br>\$'000 | 2020<br>\$'000 |
|---------------------------------------|----------------|----------------|
| Interest expense on lease liabilities | 4              | 7              |
| <b>Total borrowing costs</b>          | <b>4</b>       | <b>7</b>       |

The Corporation does not capitalise borrowing costs.

**Adelaide Festival Corporation**  
**Notes to the Financial Statements For the year ended 30 June 2021**

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

|  | <b>2021</b>   | <b>2020</b>   |
|--|---------------|---------------|
|  | <b>\$'000</b> | <b>\$'000</b> |
| Net proceeds from disposal of plant and equipment    | -             | -             |
| Less carrying amount of assets disposed              | 13            | -             |
| <b>Net loss from disposal of plant and equipment</b> | <b>13</b>     | <b>-</b>      |

**5. Non-financial assets**

The Festival has continued to invest in improvement to software, databases and website design.

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

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

|   | <b>2021</b>   | <b>2020</b>   |
|---|---------------|---------------|
|   | <b>\$'000</b> | <b>\$'000</b> |
| Plant and equipment at cost (deemed Fair Value) | 1 748         | 1 145         |
| Less: Accumulated depreciation                  | (1 182)       | (904)         |
| <i>Total plant and equipment</i>                | <b>566</b>    | <b>241</b>    |
| Right-of-use buildings                          | 658           | 653           |
| Less: Accumulated depreciation                  | (430)         | (223)         |
| <i>Total Right-of-use buildings</i>             | <b>228</b>    | <b>430</b>    |
| <b>Total Property, plant and equipment</b>      | <b>794</b>    | <b>671</b>    |

During the 2021 financial year the Summerhouse Club structure was designed and built, with an expected life of three Festivals up to 2023. The total costs for the Club were \$608 000 and its carrying amount at 30 June 2021 was \$405 000. It has been included in the Plant and equipment at cost.

**Adelaide Festival Corporation**  
**Notes to the Financial Statements For the year ended 30 June 2021**

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

Property, plant and equipment owned by the Corporation with a value equal to or in excess of \$1 000 is capitalised, otherwise it is expensed. Property, plant and equipment owned by the Corporation is recorded at fair value. Details about the Corporation's approach to fair value are set out in note 11.2.

#### Impairment

Property, plant and equipment owned by the Corporation has been assessed for impairment. As a result, an impairment loss of \$13 000 has been recognised.

#### Reconciliation 2020-2021

|   | <b>Plant and<br/>equipment<br/>\$'000</b> | <b>Right-of-<br/>use<br/>buildings<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|---|---|---|-------------------------|
| Carrying amount at the beginning of the period  | 241                                       | 430   | 671                     |
| Additions                                       | 640                                       | 17  | 657                     |
| Disposal of assets                              | (13)                                      | -   | (13)                    |
| Depreciation                                    | (310)                                     | (211)   | (521)                   |
| Asset reclassification                          | 8   | (8)   | -                       |
| <b>Carrying amount at the end of the period</b> | <b>566</b>                                | <b>228</b>  | <b>794</b>              |

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

Right-of-use assets for property, plant and equipment leased by the Corporation as lessee are measured at cost. The Corporation's right-of-use assets mainly relate to a lease of 605.5m<sup>2</sup> floor of a building in the Adelaide CBD, being the registered office of the Corporation. The Corporation also has a warehouse/storage space in Richmond and an outdoor storage in Netley, both leases are with the Department for Infrastructure and Transport (DIT).

The warehouse/storage lease in Richmond commenced on 1 July 2019 and ends on 30 June 2022. The Corporation has retrospectively recognised this lease. The impact on last year's financial statements has been summarised in the table below, all the comparatives have been restated.

**Adelaide Festival Corporation**  
**Notes to the Financial Statements For the year ended 30 June 2021**

| <b>Balance</b>  | <b>2020 reported</b> | <b>Adjustments</b> | <b>Restated</b> |
|---|----------------------|--------------------|-----------------|
| <b>Statement of Financial Position</b>                    |                      |                    |                 |
| Right-of-use buildings                                    | 519                  | 134                | 653             |
| Accumulated depreciation                                  | (178)                | (45)               | (223)           |
| Current financial liabilities                             | 151                  | 44                 | 195             |
| Non-current financial liabilities                         | 214                  | 47                 | 261             |
| Equity  | 1 936                | (2)                | 1 934           |
| <b>Statement of Comprehensive Income</b>                  |                      |                    |                 |
| Supplies and services                                     | 14 418               | (45)               | 14 373          |
| Borrowing costs   | 5                    | 2                  | 7               |
| Depreciation and amortisation<br>(right-of-use buildings) | 173                  | 45                 | 218             |
| Net result  | 77                   | (2)                | 75              |

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 are disclosed in note 4.1.

The lease liabilities related to the right-of-use assets are disclosed in note 7.2. The Corporation's maturity analysis of its lease liabilities is disclosed in note 11.3.

### **Impairment**

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

**Adelaide Festival Corporation**  
**Notes to the Financial Statements For the year ended 30 June 2021**

**5.4. Intangible assets**

|                                | 2021<br>\$'000 | 2020<br>\$'000 |
|--------------------------------|----------------|----------------|
| Purchased computer software    | 181            | 158            |
| Less: accumulated amortisation | (94)           | (59)           |
| <b>Total intangible assets</b> | <b>87</b>      | <b>99</b>      |

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 \$1 000.

**Reconciliation 2020-2021**

|   | Purchased<br>computer<br>software<br>\$'000 | Total<br>\$'000 |
|---|---|-----------------|
| Carrying amount at beginning of the period      | 99  | 99              |
| Additions                                       | 23  | 23              |
| Amortisation                                    | (35)  | (35)            |
| <b>Carrying amount at the end of the period</b> | <b>87</b>                                   | <b>87</b>       |

**6. Financial assets****6.1. Cash and cash equivalents**

|  | 2021<br>\$'000 | 2020<br>\$'000 |
|--|----------------|----------------|
| Cash at bank                           | 295            | 551            |
| Cash at hand                           | 1              | 1              |
| Short term deposits with SAFA          | 1 727          | 1 334          |
| <b>Total cash and cash equivalents</b> | <b>2 023</b>   | <b>1 886</b>   |

**6.2. Deposits with SAFA**

Short term deposits are made on an at-call basis with funds transferred within 24 hours upon request. The deposits are lodged with SAFA and earn interest at the respective short term deposit rate on a monthly basis.

**Adelaide Festival Corporation**  
**Notes to the Financial Statements For the year ended 30 June 2021**

**Foreign exchange**

All transactions undertaken in a foreign currency are translated into the functional currency of the Corporation. Foreign exchange transactions are recorded on initial recognition by applying the foreign currency amount at the spot rate at the date of transaction. The date of transaction is the date on which the transaction first qualifies for recognition. Gains or losses arising from translation are taken directly to revenues or expenses.

**6.3. Receivables**

|                                  | <b>2021</b>   | <b>2020</b>   |
|----------------------------------|---------------|---------------|
|                                  | <b>\$'000</b> | <b>\$'000</b> |
| <b>Current</b>                   |               |               |
| <b>Trade receivables</b>         |               |               |
| From non-government entities     | 175           | 111           |
| <b>Statutory receivables</b>     |               |               |
| GST input tax recoverable        | 175           | 156           |
| Prepayments                      | 82            | 1             |
| Accrued revenues                 | -             | 59            |
| <b>Total current receivables</b> | <b>432</b>    | <b>327</b>    |

Trade receivables arise in the normal course of selling goods and services to other government agencies and to the public. Trade receivables are normally settled within 14 days after the receipt of an invoice or the goods/services have been provided under contractual agreement.

Statutory receivables do not arise from contracts with customers. They are recognised and measured similarly to contractual receivables (except impairment) but are not classified as financial instruments for disclosure purposes.

The net amount of GST recoverable 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 they are measured at amortised cost.

The Corporation has assessed the collectability of its trade receivables and does not believe that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand.

**Adelaide Festival Corporation**  
**Notes to the Financial Statements For the year ended 30 June 2021**

**7. Liabilities**

Employee benefits liabilities are disclosed in note 3.4.

**7.1. Payables**

|                                     | <b>2021</b>   | <b>2020</b>   |
|-------------------------------------|---------------|---------------|
|                                     | <b>\$'000</b> | <b>\$'000</b> |
| <b>Current</b>                      |               |               |
| Trade payables and accrued expenses | 181           | 132           |
| <b>Statutory payables</b>           |               |               |
| Audit fees, payroll tax and other   | 126           | 117           |
| Employment on-costs                 | 16            | 4             |
| <i>Total current payables</i>       | <u>323</u>    | <u>253</u>    |
| <b>Non-Current</b>                  |               |               |
| <b>Statutory payables</b>           |               |               |
| Employment on-costs                 | 19            | 14            |
| <i>Total non-current payables</i>   | <u>19</u>     | <u>14</u>     |
| <b>Total payables</b>               | <u>342</u>    | <u>267</u>    |

Payables and accruals are raised for all amounts owing but unpaid. 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.

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

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 remained at 42% and the average factor for the calculation of employer superannuation on-costs has changed from the 2020 rate of 9.8% to 10.1%. These rates are used in the employment on-cost calculation.

**Adelaide Festival Corporation**  
**Notes to the Financial Statements For the year ended 30 June 2021**

**7.2. Financial liabilities**

|                                    | <b>2021</b>   | <b>2020</b>   |
|------------------------------------|---------------|---------------|
|                                    | <b>\$'000</b> | <b>\$'000</b> |
| <b>Current</b>                     |               |               |
| Lease Liabilities                  | 215           | 195           |
| <i>Total current payables</i>      | <u>215</u>    | <u>195</u>    |
| <b>Non-Current</b>                 |               |               |
| Lease Liabilities                  | 61            | 261           |
| <i>Total non-current payables</i>  | <u>61</u>     | <u>261</u>    |
| <b>Total financial liabilities</b> | <u>276</u>    | <u>456</u>    |

The Corporation measures financial liabilities including borrowings/debt at amortised cost.

**7.3. Provisions**

|                                     | <b>2021</b>  | <b>2020</b>  |
|-------------------------------------|--------------|--------------|
|                                     | <b>\$000</b> | <b>\$000</b> |
| <b>Current</b>                      |              |              |
| Provision for workers compensation  | 4            | 4            |
| <i>Total current provisions</i>     | <u>4</u>     | <u>4</u>     |
| <b>Non-current</b>                  |              |              |
| Provision for remedial costs        | 15           | -            |
| Provision for workers compensation  | 10           | 6            |
| <i>Total non-current provisions</i> | <u>25</u>    | <u>6</u>     |
| <b>Total provisions</b>             | <u>29</u>    | <u>10</u>    |

**Movement in provisions**

|   | <b>2021</b>   | <b>2020</b>   |
|---|---------------|---------------|
|   | <b>\$'000</b> | <b>\$'000</b> |
| Carrying amount at beginning of the period      | 10            | 8             |
| Additional provisions recognised                | <u>19</u>     | <u>2</u>      |
| <b>Carrying amount at the end of the period</b> | <u>29</u>     | <u>10</u>     |

**Adelaide Festival Corporation**  
**Notes to the Financial Statements For the year ended 30 June 2021**

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. The provision is for the estimated cost of ongoing payments to employees as required under the current legislation.

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

An additional provision has also been recognised to reflect the possible end of lease remedial costs for the office lease.

**7.4 Contract liabilities**

|                                   | 2021<br>\$'000 | 2020<br>\$'000 |
|-----------------------------------|----------------|----------------|
| <b>Current</b>                    |                |                |
| Contract liabilities              | 253            | 103            |
| <b>Total contract liabilities</b> | <b>253</b>     | <b>103</b>     |

Contract liabilities relate to sponsorship received in advance with performance obligations to be fulfilled in future years.

**8. Other disclosures**

**8.1. 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 the operating cash flows.

Total cash outflow for leases was \$225 000 (2020: \$206 000).

**9. Outlook**

**9.1. Unrecognised commitments**

Expenditure commitments

|   | 2021<br>\$'000 | 2020<br>\$'000 |
|---|----------------|----------------|
| Within one year                                   | 24             | 2              |
| Later than one year but not longer than two years | 48             | 15             |
| <b>Total expenditure commitments</b>              | <b>72</b>      | <b>4</b>       |

**Adelaide Festival Corporation**  
**Notes to the Financial Statements For the year ended 30 June 2021**

The Corporation's expenditure commitments relate to a low value lease for storage facilities with DIT and two computer equipment leases. The storage lease was effective from 1 July 2019 for 3 years with a fixed 3% per annum increase and renewed with greater space from 25 March 2021 for 3.75 years to June 2024. Rent is payable in advance. There are two 3-year equipment leases, one commencing in August 2019 to July 2022 and the other one from January 2021 to December 2023, both on interest free terms.

## **9.2. Contingent assets and liabilities**

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

The Corporation is not aware of any contingent assets and liabilities.

## **10. Measurement and risk**

### **10.1. Long service leave liability – measurement**

AASB 119 *Employee benefits* contain the calculations 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.

AASB119 *Employee benefits* requires the use of 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 0.5% to 1%. This rate is used as the rate to discount future long service leave cash flows.

The net financial effect of the changes to actuarial assumptions in the current financial year is an increase in the long service leave liability of \$27 000 and employment benefits expense of \$27 000. 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 current long service leave reflects the portion of leave expected to be settled within the next 12 months, based on previous experience and known applications for leave.

### **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.

**Adelaide Festival Corporation**  
**Notes to the Financial Statements For the year ended 30 June 2021**

**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**

All items of plant and equipment had a fair value at the time of acquisition less than \$1.5 million and had an estimated useful life of less than 3 years. Those plant and equipment have not been revalued in accordance with APS 116D. The carrying value of these items are deemed to approximate fair value.

**11.3. Financial instruments**

**Financial risk management**

Risk management is managed by the Corporation's corporate services section. The Corporation's exposure to financial risk (liquidity, credit and market risk) is low due to the nature of financial instruments held.

**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 instruments are disclosed in the respective financial asset/financial liability note.

**Adelaide Festival Corporation**  
**Notes to the Financial Statements For the year ended 30 June 2021**

**Classification of Financial Instruments:**

The Corporation measures all financial instruments at amortised cost.

Maturity analysis of financial instruments

| Category of financial asset and financial liability | Note | 2021<br>Carrying amount/Fair Value<br>\$'000 | 2021 Contractual maturities* |                     |
|---|------|--|------------------------------|---------------------|
|   |      |  | Within 1 year<br>\$'000      | 1-5 years<br>\$'000 |
| <b>Financial assets</b>                             |      |  |                              |                     |
| Cash and cash equivalents                           | 6.1  | 2 023  | -                            | -                   |
| <b>Financial assets at amortised cost</b>           |      |  |                              |                     |
| Receivables**                                       | 6.3  | 175  | -                            | -                   |
| <b>Total financial assets</b>                       |      | <b>2 198</b>                                 | <b>-</b>                     | <b>-</b>            |
| <b>Financial liabilities</b>                        |      |  |                              |                     |
| <b>Financial liabilities at amortised cost</b>      |      |  |                              |                     |
| Payables**  | 7.1  | 181  | 181                          | -                   |
| Lease liabilities                                   | 7.2  | 277  | 216                          | 61                  |
| <b>Total financial liabilities</b>                  |      | <b>458</b>                                   | <b>397</b>                   | <b>61</b>           |

| Category of financial asset and financial liability | Note | 2020<br>Carrying amount<br>\$'000 |
|---|------|-----------------------------------|
| <b>Financial assets</b>                             |      |                                   |
| Cash and cash equivalents                           | 6.1  | 1 886                             |
| <b>Financial assets at amortised cost</b>           |      |                                   |
| Receivables**                                       | 6.3  | 111                               |
| <b>Total financial assets</b>                       |      | <b>1 997</b>                      |
| <b>Financial liabilities</b>                        |      |                                   |
| <b>Financial liabilities at amortised cost</b>      |      |                                   |
| Payables**  | 7.1  | 132                               |
| Lease liabilities                                   | 7.2  | 458                               |
| <b>Total financial liabilities</b>                  |      | <b>590</b>                        |

**Adelaide Festival Corporation**  
**Notes to the Financial Statements For the year ended 30 June 2021**

\*Maturities analysis is presented using the undiscounted cash flows and therefore may not total to equal the carrying amount 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 6.3.

**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 ReturnToWorkSA 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 amortised cost.