

Adelaide Film Festival

Financial report
for the year ended
30 June 2020



Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

To the Chair of the Board Adelaide Film Festival

Opinion

I have audited the financial report of the Adelaide Film Festival for the financial year ended 30 June 2020.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Adelaide Film Festival as at 30 June 2020, 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 2020
- a Statement of Financial Position as at 30 June 2020
- a Statement of Changes in Equity for the year ended 30 June 2020
- a Statement of Cash Flows for the year ended 30 June 2020
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chair, Chief Executive Officer/Creative Director and Manager Finance and Governance.

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 Film Festival. 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 board 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.

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 13(3) of schedule to the *Public Corporation Act 1987* I have audited the financial report of Adelaide Film Festival for the financial year ended 30 June 2020.

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 Film Festival'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

- 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 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

29 September 2020

Adelaide Film Festival Financial Statements

Certification of the Financial Statements

We certify that the attached general purpose financial statements for the Adelaide Film Festival:

- comply with relevant Treasurer's instructions issued under section 41 of the *Public Finance*
- are in accordance with the accounts and records of the Adelaide Film Festival; and
- present a true and fair view of the financial position of the Adelaide Film Festival as at 30

We certify that the internal controls employed by the Adelaide Film Festival for the financial year over its

Signed by
Sandra Sdraulig

Sandra Sdraulig
Chair
Date

Signed by
Mat Kesting

Mat Kesting
CEO/Creative Director
Date

Signed by
Robyn Jones

Robyn Jones
Finance & Governance
Date

Adelaide Film Festival
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2020

	Note No.	2020 \$' 000	2019 \$' 000
Income			
SA Government Grants	6	716	2 171
Revenues from sales		-	311
Interest		19	26
Non SA Government grants & Sponsorships	5	39	962
Investment Returns AFFIF	13	55	21
Other income	7	101	20
Total income		930	3 511
Expenses			
Employee benefits	2	449	750
Supplies and services	4	480	2 835
Depreciation	10	3	8
Total expenses		932	3 593
Net result		(2)	(82)
Total comprehensive result		(2)	(82)

The net result and the total comprehensive result are attributable to the SA Government as owner

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

Adelaide Film Festival
STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2020

	Note No.	2020 \$'000	2019 \$'000
Current assets			
Cash and cash equivalents	8	2 021	1 891
Receivables	9	11	54
Total current assets		2 032	1 945
Non-current assets			
Property, plant and equipment	10	2	5
Total non-current assets		2	5
Total assets		2 034	1 950
Current liabilities			
Payables	11	373	304
Employee benefits	12	27	10
Total current liabilities		400	314
Total liabilities		400	314
Net assets		1 634	1 636
Equity			
Retained earnings		1 634	1 636
Total equity		1 634	1 636

The total equity is attributable to the SA Government as owner

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

Adelaide Film Festival
STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2018	1 718	1 718
Net Result for 2018-19	(82)	(82)
Total Comprehensive Result for 2018-19	(82)	(82)
Balance at 30 June 2019	1 636	1 636
Net Result for 2019-20	(2)	(2)
Total Comprehensive Result for 2019-20	(2)	(2)
Balance at 30 June 2020	1 634	1 634

Adelaide Film Festival STATEMENT OF CASH FLOWS

For the year ended 30 June 2020

	Note No.	2020 Inflows (Outflows) \$'000	2019 Inflows (Outflows) \$'000
Cash flows from operating activities			
Cash inflows			
Receipts from the sale of goods and services		40	506
Interest received		22	20
Receipts from Non SA Government Grants and sponsorships		21	307
GST received from the ATO		-	32
Trust funds received		76	70
Other receipts		229	43
Receipts from SA Government grants		716	2 171
Cash generated from operations		1 104	3 149
Cash outflows			
Employee benefit payments		(429)	(846)
Supplies and services		(444)	(2 458)
Payments on behalf of other entities		-	(73)
GST paid to the ATO		(78)	-
Trust funds payments		(23)	(38)
Cash used in operations		(974)	(3 415)
Net cash provided by (used in) operating activities		130	(266)
Cash flows from Investing Activities			
Cash inflows			
Sale of property, plant and equipment		-	4
Net cash used in investing activities		-	4
Net increase (decrease) in cash and cash equivalents		130	(262)
Cash and cash equivalents at the beginning of the financial year		1 891	2 153
Cash and cash equivalents at the end of the financial year	8	2 021	1 891

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

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS

ADELAIDE FILM FESTIVAL

NOTE INDEX

Basis of Financial Statements, Objectives and Activities	Note 1
Expense notes	
Employee benefits	Note 2
Remuneration of Board and Committee Members	Note 3
Supplies and Services	Note 4
Income notes	
Non SA Government Grants & Sponsorships	Note 5
SA Government Grants	Note 6
Other income	Note 7
Asset notes	
Cash and cash equivalents	Note 8
Receivables	Note 9
Property, plant and equipment	Note 10
Liabilities notes	
Payables	Note 11
Employee benefits liabilities	Note 12
Other notes	
Adelaide Film Festival Investment Fund	Note 13
Hybrid World Adelaide	Note 14
Unrecognised contractual commitments	Note 15
Contingent assets and liabilities	Note 16
Financial instruments/financial risk management	Note 17
Impact of standards and statements not yet implemented	Note 18
COVID-19 pandemic impact and outlook for the AFF	Note 19

Note 1 Basis of Financial Statements, Objectives and Activities

The Adelaide Film Festival (AFF) is a not for profit government agency of the State of South Australia, established under the Regulations pursuant to the *Public Corporations Act 1993*.

The financial statements and accompanying notes include all the controlled activities of AFF.

AFF does not control any other entity and has no interests in unconsolidated structured entities.

Basis of Preparation

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

AFF has applied relevant Australian Accounting Standards with reduced disclosure requirements that are applicable to not-for-profit entities, as AFF is a not-for-profit entity. Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by AFF for the period ending 30 June 2020.

The financial statements have been prepared based on a 12 month 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 on a different basis.

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.

AFF is not subject to income tax. AFF is liable for goods and services tax (GST).

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 (ATO), 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.

Objectives

AFF's objectives are:

- to present a festival which celebrates and explores contemporary Australian and international screen culture with a unique program of screenings and special events, which aim to increase audience knowledge and participation.
- to increase and stimulate innovative and new screen production through the provision of equity finance for the premiering at the Festival.
- to raise the profile of arts and screen culture in South Australia for audiences and practitioners.

Activities

AFF undertakes the following activities:

- Adelaide Film Festival - Biennial Film Festivals held in the city of Adelaide

Significant transactions with government related entities

- The AFF has no significant transactions with government related entities except for SA government grants in note 6

Note 2 Employee benefits

	2020	2019
	\$'000	\$'000
Salaries and wages	394	657
Annual leave	10	10
Long service leave	-	5
Employment on-costs - superannuation	39	70
Employment on-costs - other	6	8
Total employee benefits expenses	449	750

Key Management Personnel

Key management personnel of AFF include the Minister, the Chief Executive Officer and the six members of the Board who have responsibility for the strategic direction and management of AFF.

Total compensation for key management personnel was \$131,000 in 2019-20 and \$161,000 in 2018-19.

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

Note 3 Remuneration of Board and Committee Members

Board members

The following persons held the position of governing board member during the financial year:

Ms Sandra Sdraulig AM

Ms Sandy Verschoor

Ms Maria Ravese

Mr Anton Andreacchio

Mr Andrew Mackie (reappointed September 2019)

Ms Martha Coleman

Remuneration of governing board members

The members of the AFF board have not received remuneration during the financial year.

Unless otherwise disclosed, transactions between board members are on conditions no more favorable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arms length in the same circumstances.

Note 4 Supplies and services

	2020	2019
	\$'000	\$'000
Programmed event		
Box office	-	85
Hospitality	-	15
Marketing	-	958
Production	-	182
Screen Rights-Film	-	59
Travel and accommodation	-	297
Venue Hire	-	42
Artists Fees	-	461
Total programmed event	-	2 099
Administration expenses		
Insurance	2	3
Audit fees	17	20
Travel - Board	7	16
Board & Committee meeting costs	2	2
Plant and Equipment maintenance	3	4
Telecommunications	2	7
Bank fees	1	7
Postage and distribution fees	1	22
Office Rental	18	15
Consultants	-	8
Contractors	30	148
Other Administration Expenses	119	24
Total administration expenses	202	276
Adelaide Film Festival Investment Fund		
Audit fees	2	2
Feature Films/documentaries	198	217
Short films	44	93
Cross Platform	-	100
Legal Costs	9	-
Functions/Premieres	-	27
Marketing	25	21
Total AFFIF	278	460
Total supplies and services	480	2 835

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:

	No	2020	No	2019
		\$'000		\$'000
Below \$10,000	-	-	1	8
Total paid /payable to the consultants engaged	-	-	1	8

Note 5 Non SA Government grants and sponsorships

	2020	2019
	\$'000	\$'000
Non SA Government grants & Sponsorships - Cash	21	252
Sponsorship - In-kind	18	710
Total non SA Government grants and sponsorship	39	962

All in-kind sponsorship as above is included in expenses reflecting the goods/services provided.

Note 6 South Australian Government grants

	2020	2019
	\$'000	\$'000
Department for Industry and Skills: Adelaide Film Festival	509	1 666
South Australian Tourism Commission: Hybrid World Adelaide	-	500
Other South Australian Government Grants	207	5
Total South Australian Government grants	716	2 171

Note 7 Other income

	2020	2019
	\$'000	\$'000
Donations and fundraising	20	-
Bettison and James fees	15	-
Cash Boost Stimulus	50	-
Other income	16	20
Total other income	101	20

Note 8 Cash and cash equivalents

	2020	2019
	\$'000	\$'000
Cash at bank	972	863
Term deposits	1 049	1 028
Total cash and cash equivalents	2 021	1 891

Cash is measured in nominal amounts.

Note 9 Receivables

	2020	2019
	\$'000	\$'000
Debtors	6	46
Accrued interest	4	6
Other receivables	1	2
Total receivables	11	54

No receivables are impaired as at 30 June 2020.

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Debtors and other receivables are non-interest bearing.

The carrying amount of receivables approximates net fair value due to being receivable on demand.

Note 10 Property, plant and equipment

	2020	2019
	\$'000	\$'000
Office furniture and equipment		
Office furniture and equipment at cost (deemed fair value)	9	54
Less accumulated depreciation	7	49
Total office furniture and equipment	2	5
Leasehold improvements		
Leasehold improvements at cost (deemed fair value)	-	5
Less accumulated Amortisation	-	5
Total leasehold improvements	-	-
Total property, plant and equipment	2	5

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

Reconciliation of property, plant and equipment

The following table shows the movement of property, plant and equipment during the reporting period:

	Office furniture and equipment	Total
	\$'000	\$'000
2019-20		
Carrying amount at the beginning of the period	5	5
Depreciation expense	(3)	(3)
Carrying amount at the end of the period	2	2

Useful life

Depreciation is calculated on a straight-line basis over the estimated useful life of the following classes of assets as follows:

Class of Asset	Useful Life (Years)
Office furniture and equipment	3-4

Note 11 Payables

	2020	2019
	\$'000	\$'000
Funds held on behalf of other entities	132	132
Funds held in trust	146	93
Salary on-costs	3	-
Accrued expenses	21	22
Creditors	71	57
Total payables	373	304

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts owing but unpaid. Sundry creditors are normally settled within 30 days from the date the invoice is first received.

The net amount of GST payable to the ATO is included as part of payables.

Funds held on behalf of other entities

Funds held on behalf of other entities relate to the Hive Production Fund (HPF). The HPF was established in 2011 to commission one-off films to premiere at the Adelaide Film Festival and for prime time broadcast on ABC TV. HPF funding is provided by the AFF and three other entities pursuant to a HPF Heads of Agreement for each festival. AFF administers the HPF on behalf of the funding partners Screen Australia and Australia Council, but not ABC, as their contribution is a licence.

The following table details the movement in Funds Held on Behalf of Other Entities for the HPF.

	2020	2019
	\$'000	\$'000
Cash balance as at 1 July	132	205
Income		
Hive Fund % Returns	-	2
Total Income	-	2
Expenses		
Investment in films	-	75
Total Expenses	-	75
Net result as at 30 June	132	132

Salary on-costs

Salary on-costs include Workcover levies and superannuation contributions. AFF 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.

Note 12 Employee benefits liability

	2020	2019
	\$'000	\$'000
Current		
Annual leave	15	5
Accrued wages	12	5
Total current employee liability	27	10

Employee benefits accrue as a result of services provided up to the reporting date that remain unpaid. 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 is expected to be payable in full 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

No liability for long service leave is recorded as no employees have met the minimum service requirements for recognition of a liability.

Note 13 Adelaide Film Festival Investment Fund

The Government of South Australia in association with the South Australian Film Corporation, has established the Adelaide Film Festival Investment Fund (AFFIF) for equity investment in Australian Films.

The closing balance of the AFFIF is included in total cash and cash equivalents at 30 June (refer Note 8).

A number of restrictions apply to the use of the AFFIF balance.

The following table demonstrates the movements in the AFFIF:

	2020	2019
	\$'000	\$'000
Balance as at 1 July	822	854
Income		
Grant from SA Government	500	507
Investment Returns	55	21
Sponsorship	-	14
Interest	9	10
Total Income	564	552
Expenses		
Administration and programming expenses	36	124
Investment in films	242	410
Employee benefits	50	50
Total Expenses	328	584
Balance as at 30 June	1 058	822

Note 14 Hybrid World Adelaide

Hybrid World Adelaide ceased operations in 2018.

	2020	2019
	\$'000	\$'000
Income		
Grant from SA Government	-	500
Other Income	-	32
Total Income	-	532
Expenses		
Administration and programming expenses	-	292
Marketing	-	125
Production	-	101
Employee benefits	-	212
Total Expenses	-	730
Balance as at 30 June	-	(198)

Note 15 Unrecognised contractual commitments

(a) Expenditure commitments

Commitments for expenditure contracted for at the reporting date but not recognised as liabilities are payable as follows:

	2020	2019
	\$'000	\$'000
Within one year	2	2
Total expenditure commitments	2	2

Amounts disclosed include commitments for office accommodation leased from the South Australian Film Corporation. The lease is non-cancellable and expires on 20 August 2020. Rent is payable in advance and is subject to a 2 percent rent review on 20 August.

(b) AFFIF commitments

Commitments arising from AFFIF contractual agreements are payable as follows:

	2020	2019
	\$'000	\$'000
Within one year	327	266
Total AFFIF commitments	327	266

Note 16 Contingent assets and liabilities

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

Note 17 Financial instruments

Financial risk management

Risk management is managed by the AFF Board. The AFF's risk management policies are drafted in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the *Australian Risk Management Principles and Guidelines*.

The AFF's exposure to financial risk is low due to the nature of the financial instruments held.

Categorisation of financial instruments

Details of 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

All financial assets and liabilities have a contractual maturity within one year.

Category	Statement of Financial Position line item	Note	Carrying amount/Fair value	Carrying amount/Fair value
			2020	2019
			\$'000	\$'000
Financial Assets				
Cash and cash equivalents	Cash and cash equivalents	8	2 021	1 891
Financial Assets at amortised	Receivables (1)	9	11	54
Financial Liabilities				
Financial liabilities at	Payables (1)	11	349	282

- (1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, commonwealth tax etc. they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from the amortised cost).

Note 18 Changes in accounting policy and impact of standards and statements not yet effective

There has been no impact to the financial statements from the introduction of AASB 16, AASB 15 and AASB 1058.

We estimate that there will be no material impacts as a result of upcoming accounting standard changes.

Note 19 COVID-19 pandemic impact and outlook for the AFF

The COVID-19 pandemic has not had a significant impact on the AFF during 2019-20 but may have an impact in 2020-21.

The AFF is planning an in-cinema festival in October 2020. Cinema capacities have been impacted due to social distancing requirements. AFF is planning on using multiple cinema's and possibly more screenings to help limit this impact. Box office taking may be less than budgeted, but AFF is already seeing very encouraging sales.

As the situation with COVID-19 evolves, the AFF continues to plan and operate in accordance with advice from SA Health and adapt to ensure the safety and wellbeing of our staff and the community.