

Australian Children's Performing Arts Company

Financial report
for the year ended
30 June 2020



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To the Chair of the Board Australian Children's Performing Arts Company

Opinion

I have audited the financial report of the Australian Children's Performing Arts Company 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 Australian Children's Performing Arts Company 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, the Chair of the Finance, Audit and Risk Committee, the Executive Producer and the Business Manager.

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 Australian Children's Performing Arts Company. 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 Executive Producer and Board for the financial report

The Executive Producer 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 directors 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 the schedule to the *Public Corporations Act 1993*, I have audited the financial report of the Australian Children's Performing Arts Company for the financial year ended 30 June 2020.

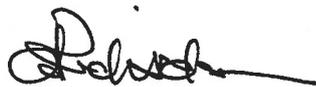
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an 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 Australian Children's Performing Arts Company's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Producer
- 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 communicated with the Executive Producer about, among other matters, the planned scope and timing of the audit.

A handwritten signature in black ink, appearing to read 'Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson
Auditor-General
30 September 2020

AUSTRALIAN CHILDREN'S PERFORMING ARTS COMPANY
Certification of the Financial Statements

We certify that the attached general purpose financial statements for the Australian Children's Performing Arts Company:

- comply with relevant Treasurers Instructions issued under section 41 of the Public Finance and Audit Act 1987, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of authority; and
- present a true and fair view of the financial position of the Australian Children's Performing Arts Company as at 30 June 2020 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Australian Children's Performing Arts Company for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Bruce Speirs
Chair
29 September 2020



Chris Stewart
Chair of Finance, Audit and Risk Committee
29 September 2020



Kaye Weeks
Executive Producer
29 September 2020



Genevieve Fischer
Business Manager
29 September 2020

Australian Children's Performing Arts Company

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Income			
Revenues from SA Government	4.1	1,483	1,194
Commonwealth-sourced grants and funding	4.2	376	548
Program revenues	4.3	367	538
Donations	4.4	102	101
Service fees	4.5	81	60
Other revenues	4.6	29	41
Total income		<u>2,438</u>	<u>2,482</u>
Expenses			
Employee benefits expenses	2.3	880	826
Supplies and services	3.1	1,401	1,662
Grants	3.2	150	-
Depreciation and amortisation	3.3	18	23
Total expenses		<u>2,449</u>	<u>2,511</u>
Net result		<u>(11)</u>	<u>(29)</u>
Total comprehensive result		<u>(11)</u>	<u>(29)</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.

Australian Children's Performing Arts Company

STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

	<i>Note</i>	2020 \$'000	2019 \$'000
CURRENT ASSETS			
Cash and cash equivalents	6.1	896	712
Receivables	6.2	74	154
Total Current Assets		970	866
NON-CURRENT ASSETS			
Plant and equipment	5.1	20	35
Other financial assets	6.3	20	20
Total Non-Current Assets		40	55
TOTAL ASSETS		1,010	921
CURRENT LIABILITIES			
Payables	7.1	103	126
Other liabilities	7.2	322	207
Employee benefits	2.4	36	30
Total Current Liabilities		461	363
NON-CURRENT LIABILITIES			
Payables	7.1	4	4
Employee benefits	2.4	67	65
Total Non-Current Liabilities		71	69
TOTAL LIABILITIES		532	432
NET ASSETS		478	489
EQUITY			
Retained earnings		478	489
TOTAL EQUITY		478	489

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

Australian Children's Performing Arts Company

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2020

	Retained Earnings \$'000	Total Equity \$'000
Balance at 30 June 2018	518	518
Net result for 2018-19	<u>(29)</u>	<u>(29)</u>
Total Comprehensive Result for 2018-19	<u>(29)</u>	<u>(29)</u>
Balance at 30 June 2019	489	489
Net result for 2019-20	<u>(11)</u>	<u>(11)</u>
Total Comprehensive Result for 2019-20	<u>(11)</u>	<u>(11)</u>
Balance at 30 June 2020	<u>478</u>	<u>478</u>

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

Australian Children's Performing Arts Company

STATEMENT OF CASH FLOWS

for the year ended 30 June 2020

	<i>Note</i>	2020 \$'000	2019 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Inflows			
Receipts from SA Government		1,523	1,214
Program and other receipts		576	747
Receipts from Commonwealth-sourced grants		501	497
Deposits recovered		74	-
Interest received		10	12
GST recovered from ATO		-	42
Cash generated from operations		2,684	2,512
Cash Outflows			
Payments for supplies and services		(1,444)	(1,807)
Employee benefit payments		(889)	(837)
Grants paid		(150)	-
Deposits paid		-	(28)
GST paid to the ATO		(14)	-
Cash used in operations		(2,497)	(2,672)
Net Cash provided by (used in) Operating Activities		187	(160)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash Outflows			
Purchases of plant and equipment		(3)	(19)
Cash used in investing activities		(3)	(19)
Net Increase (decrease) in cash and cash equivalents		184	(179)
Cash and cash equivalents at the beginning of the period		712	891
Cash and cash equivalents at the end of the period	6.1	896	712

The accompanying notes form part of these financial statements.

Australian Children's Performing Arts Company

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. About Australian Children's Performing Arts Company

Australian Children's Performing Arts Company (ACPAC) is a subsidiary of the Minister for Education. ACPAC was established by Regulations under the *Public Corporations Act 1993*.

ACPAC has a fully-owned subsidiary, Windmill Pictures Pty Ltd. The activities of Windmill Pictures Pty Ltd are not material and have not been consolidated in accordance with AASB 10. ACPAC will re-assess the materiality of Windmill Pictures Pty Ltd to Windmill Theatre Co annually.

Further details about this subsidiary can be found at note 9.

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 (Reduced Disclosure Requirements)*

For the 2019-20 financial statements ACPAC adopted AASB 15 - Revenue from Contracts with Customers, AASB 16 - Leases and AASB 1058 - Income of Not-for-Profit Entities.

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 of the Australian Children's Performing Arts Company

ACPAC's functions are to produce, present, facilitate, manage and promote high quality performing arts productions and other arts activities for children, young people, families, schools and other groups or bodies, both within the State, nationally and internationally.

1.3 Impact of COVID-19 pandemic

The COVID-19 pandemic has impacted on the operations of ACPAC in 2019-20. The key impact was the forced cancellation of the Beep US and Canada tour in March 2020 due to venue and travel restrictions imposed by the US and Australian Governments. Reduced revenue as a result of this cancellation was partially offset by State and Federal COVID-19 support provided. Further details are provided in the below notes:

- Note 4.1 - Revenues from SA Government
- Note 4.2 - Commonwealth-sourced grants
- Note 4.3 - Program revenues

1.4 Related Party Transactions

Related parties of ACPAC include its subsidiary Windmill Pictures Pty Ltd, 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.

ACPAC has recharged Windmill Pictures Pty Ltd \$70,000 (2019: \$60,000) for producing, marketing and administrative services provided.

ACPAC provided Windmill Pictures Pty Ltd with an operational funding grant of \$150,000 (2019: Nil).

2. Board and employees

2.1 Key Management Personnel

Key management personnel includes the Minister, members of the Board, the Executive Producer and Artistic Director. Total compensation for ACPAC's key management personnel during the reporting period ended 30 June 2020 was \$299,000 (2019: \$293,000).

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*.

ACPAC has not entered into any transactions with KMP's.

2.2 Board members

Members of the Board of Directors during the reporting period were:

Bruce Speirs (Chair)
Ruth Ambler (appointed 1 January 2020)
Rosey Batt
Sophie Doyle
Rodney Harrex (resigned 26 August 2019)
Richard Harris (appointed 1 January 2020)
Deonne Smith
Chris Stewart
Clare Watson (appointed 1 January 2020)

No members of the Board of Directors received remuneration from ACPAC during the reporting period ended 30 June 2020 (2019: Nil).

Except for members of the Board of Directors receiving complimentary tickets to productions, transactions with members are on conditions no more favourable than those that it is reasonable to expect ACPAC would have adopted if dealing with the related party at arm's length in the same circumstances.

2.3 Employee Benefits Expenses

	2020	2019
	\$'000	\$'000
Salaries & wages	699	678
Annual and long service leave	81	50
Employment on-costs - superannuation	73	71
Employment on-costs - other	27	27
Total Employee Benefits Expenses	880	826

Employee benefit expenses include all costs related to employment including salaries and wages, non-monetary benefits and leave entitlements. These are recognised when incurred.

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by ACPAC to various superannuation plans in respect of current services of current ACPAC staff.

Executive Remuneration

	2020	2019
	No.	No.
The number of employees whose remuneration received or receivable falls within the following bands:		
\$154,000 to \$174,000	1	1
Total	1	1

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 and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits.

2.4 Employee benefits liability

	2020	2019
	\$'000	\$'000
Current		
Accrued salaries & wages	-	12
Annual leave	36	18
Total Current Employee benefits	<u>36</u>	<u>30</u>
Non-current		
Long service leave	67	65
Total Non-current Employee Benefits	<u>67</u>	<u>65</u>
Total Employee benefits	<u>103</u>	<u>95</u>

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

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 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.

The liability for long service leave is recognised after an employee has completed 5 years of service. This calculation is consistent with ACPAC's experience of employee retention and leave taken. Details about the measurement of long service leave liability is provided at note 11.1.

3. Expenses

3.1 Supplies and services

	2020	2019
	\$'000	\$'000
Artist / contractor expenses	474	533
Production costs	404	501
Marketing and publicity expenses	61	113
Theatre costs	51	106
Premises lease and outgoings	93	87
Education program expenses	49	65
Marketing productions	37	72
IT & communications	37	34
Travel & accommodation	25	36
Commission	26	-
Audit fees - Auditor-General's Department	24	23
Agent fees	19	-
Office relocation expenses	10	-
Fees, memberships and subscriptions	10	-
Other sundry expenses	81	92
Total Supplies and services	<u>1,401</u>	<u>1,662</u>

Program expenditure (artist/contractor expenses, production costs, theatre costs, marketing productions, commission, agents fees)

Program expenditure related to a performance season is recognised when a season is complete. Program expenditure related to performance seasons in progress at reporting date are recognised in the Statement of Financial Position as an asset (prepayments) until the production is complete. Program expenditure that is not related to a performance season (eg. creative development) is recognised as incurred.

3.2 Grants

	2020	2019
	\$'000	\$'000
Windmill Pictures Pty Ltd operational funding	150	-
Total Grants Paid	<u>150</u>	<u>-</u>

3.3 Depreciation and amortisation

	2020 \$'000	2019 \$'000
Leasehold improvements	6	13
Office equipment	4	6
Computer equipment	8	4
Total Depreciation Expenses	<u>18</u>	<u>23</u>

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.

Useful Life

Depreciation and amortisation are calculated on a straight-line basis over the estimated useful life of the following classes of assets:

Class of Asset	Useful life (years)
Leasehold Improvements	Life of lease
Computer Equipment	3 - 5
Office Equipment	5 - 7

4. Income

4.1 Revenues from SA Government

	2020 \$'000	2019 \$'000
Operating grant	1,138	1,111
Windmill Pictures Pty Ltd operational funding	150	-
Special purpose grants	195	83
Total revenues from SA Government	<u>1,483</u>	<u>1,194</u>

Operating grant and Windmill Pictures Pty Ltd operational funding

These funds are provided by the Department for Education, and are recognised on receipt.

Special purpose grants

ACPAC received special purpose grants from the Department for Education, and Department for Premier and Cabinet, including COVID-19 support. Where special purpose grants have sufficiently specific performance obligations, these grants are recognised at the point in time when the performance obligation is met. Where no sufficiently specific performance obligation is stipulated, special purpose grants are recognised on receipt.

4.2 Commonwealth-sourced grants and funding

	2020 \$'000	2019 \$'000
Australia Council:		
Four year funding	309	306
Special purpose grants	3	242
Australian Taxation Office:		
COVID-19 Cash flow boost	50	-
Austrade:		
Export market development	14	-
Total Commonwealth-sourced grants and funding	<u>376</u>	<u>548</u>

Australia Council

Four year funding

ACPAC's current four year funding agreement with Australia Council expires on 31 December 2020, and a new four year agreement expiring on 31 December 2024 has been executed. Australia Council project grants are program and timeframe specific based upon the success of the individual grant applications. Grants from the Commonwealth government are recognised as revenue when ACPAC obtains control over the funding. Control over grants is normally obtained upon receipt.

Project grants

Project grant revenue is recognised at the point in time when the project is completed. Project grants are recognised in the Statement of Financial Position as a contract liability (unearned revenue) until the performance obligations are completed.

During 2019-20, ACPAC received \$207,000 in project grants from Australia Council to be delivered in 2020-21. As the performance obligations have not been met, a contract liability is recognised for the received grants, refer to Note 7.2.

COVID-19 Support

ACPAC received a cash flow boost payment from the ATO in May 2020. It is anticipated that ACPAC will receive further cash flow boost payments in 2020-21.

4.3 Program Revenues

	2020 \$'000	2019 \$'000
Presenter fees	268	381
Box office	44	79
Program partnerships	-	45
Other program recoveries	55	33
Total Program revenues	367	538

Program revenues are recognised when a performance season is complete. Presenter fees, program partnership fees, box office income and other program recoveries for future productions and productions in progress at reporting date are recognised in the Statement of Financial Position as a contract liability (unearned revenue) until the production is complete.

COVID-19 Impact

Presenter fees were lower than planned in 2019-20 due to the partial cancellation of the Beep US and Canada tour, five weeks into a 12 week season.

4.4 Donations

	2020 \$'000	2019 \$'000
Trusts & foundations	74	74
Individuals	28	27
Total Donations	102	101

Donations are recognised on receipt.

4.5 Service fees

	2020 \$'000	2019 \$'000
Producing Fees	43	38
Administrative Fees	18	12
Marketing Fees	9	10
Directing Fees	11	-
Total Service Fees	81	60

In 2019-20 and 2018-19 ACPAC provided producing, administrative and marketing services to its subsidiary, Windmill Pictures Pty Ltd. These expenses were recharged based on commercial rates for similar services.

In 2019-20 ACPAC provided directing services to a third party.

4.6 Other revenues

	2020 \$'000	2019 \$'000
Interest	10	13
Insurance claim revenue	-	10
Sponsorship - commercial	1	1
Sponsorship - commercial - in kind	13	5
Return on film investment funding	3	5
Education income	-	3
Miscellaneous revenue	2	4
Total Other revenues	29	41

Sponsorship - commercial - in kind

In-kind sponsorship is recognised in the period that the in-kind goods or services are received.

Return on film investment funding.

In 2014-15 ACPAC invested \$255,000 in the feature film 'Girl Asleep'. The return on film investment funding represents ACPAC's entitlement to a share of distribution receipts, in proportions set out in the Production Investment Agreement.

5. Non-financial assets

5.1 Plant and equipment by asset class

Plant and equipment comprises owned tangible assets that do not meet the definition of investment property.

	2020 \$'000	2019 \$'000
Leasehold improvements at cost (deemed fair value)	49	49
Accumulated amortisation at the end of the period	(49)	(43)
Total leasehold improvements	-	6
Office equipment at cost (deemed fair value)	41	41
Accumulated depreciation at the end of the period	(35)	(31)
Total office equipment	6	10
Computer Equipment at cost (deemed fair value)	37	34
Accumulated depreciation at the end of the period	(23)	(15)
Total computer equipment	14	19
Total Plant and equipment	20	35

5.2 Plant and equipment owned by ACPAC

Plant and equipment owned by ACPAC with a value equal to or in excess of \$3,000 is capitalised, otherwise it is expensed.

Plant and equipment owned by ACPAC is recorded at fair value. Detail about ACPAC's approach to fair value is set out in note 11.2.

Impairment

Plant and equipment owned by ACPAC has not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continual use of their service capacity and are subject to regular revaluation.

Reconciliation

The following table shows the movement in plant and equipment during the reporting period:

	Leasehold improvements \$'000	Office equipment \$'000	Computer equipment \$'000	Total \$'000
2019-20				
Carrying amount at the beginning of the period	6	10	19	35
Acquisitions	-	-	3	3
Depreciation/amortisation expenses	(6)	(4)	(8)	(18)
Carrying amount at the end of the period	-	6	14	20

5.3 Property leased by ACPAC

ACPAC's lease for 2/234 Sturt Street at 30 June 2020 was for the period January 2020 to August 2020. Short-term leases of 12 months or less are not recognised as right-of-use assets under AASB 16. The associated lease payments are recognised as an expense and disclosed in note 3.1. Lease commitments at 30 June 2020 are disclosed at note 10.1.

6. Financial assets

6.1 Cash and cash equivalents

	2020 \$'000	2019 \$'000
Cash on hand	1	1
Short term deposit - SAFA	728	482
Cash at bank	167	229
Total Cash and cash equivalents	896	712

Cash is measured at nominal amounts.

Short-term deposits

Short-term deposits are made for varying periods of between one day and three months. The deposits are lodged with SAFA and earn interest at the respective short-term deposit rates.

Unearned revenue

Total cash and cash equivalents in 2019-20 includes \$322,000 of grants and presenter fee deposits received for 2020-21 projects. Total cash and cash equivalents in 2018-19 included \$207,000 of grants and presenter fee deposits for 2019-20 and 2020-21 projects. These funds are recognised as a liability (unearned revenue), and detailed at note 7.2.

6.2 Receivables

	2020 \$'000	2019 \$'000
Debtors	2	2
Prepayments for future productions	33	53
Other prepayments	33	21
Accrued income	6	4
Security deposits paid	-	74
Total Receivables	74	154

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Receivables, prepayments and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting contractual cash flows and they are measured at amortised cost.

6.3 Other financial assets

	2020 \$'000	2019 \$'000
Term deposit	20	20
Total other financial assets	20	20

Other financial assets are measured at historical cost.

7. Liabilities

7.1 Payables

	2020	2019
	\$'000	\$'000
Current		
Creditors	37	43
Employment on-costs	10	27
Accrued expenses	31	31
GST Payable	25	25
Total Current Payables	103	126
Non-current		
Employment on-costs	4	4
Total Non-Current Payables	4	4
Total Payables	107	130

Payables and accruals are raised for all amounts owing but unpaid. Sundry payables are normally settled within 20 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.

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

Employment on-costs

Employment on-costs include WorkCover levies and superannuation contributions and are settled when the respective employee benefits that they relate to is discharged.

ACPAC makes contributions to several 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 superannuation schemes.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave is 42% (41% in 2018-19). The estimated impact of this is immaterial.

7.2 Other liabilities

	2020	2019
	\$'000	\$'000
Unearned revenue - Commonwealth Government	207	140
Unearned revenue - Presenter fees	25	17
Unearned revenue - SA Govt special purpose grants	90	50
Total Other liabilities	322	207

Unearned revenue - Commonwealth Government and SA Govt Special purpose grants

The amounts disclosed as unearned revenue are contract liabilities primarily related to the advance consideration received from Australia Council or the Department of Premier and Cabinet for which revenue is recognised upon completion of the programs. The programs involve the production of online content and national and international touring programs.

8. Changes in accounting policy

8.1 AASB 15 Revenue from Contracts with Customers

AASB 15 Revenue from Contracts with Customers establishes a revenue recognition model for revenue arising from contracts with customers. It requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 supersedes AASB 111 Construction contracts, AASB 118 Revenue and related Interpretations and applies to all revenue arising from contracts with customers.

Impact on retained earnings

On transition, there was no impact on retained earnings.

Accounting policies on transition

ACPAC has adopted AASB 15 on 1 July 2019. The Treasurer's Instructions (Accounting Policy Statements) require certain choices in those transitional provisions to be taken. ACPAC has on transition:

- recognised the cumulative effect of initially applying AASB 15 as an adjustment to the opening balance of retained earnings as at 1 July 2019. Therefore, the comparative information has not been restated.
- not adopted the completed contract expedient, and therefore has not excluded revenue which was fully recognised in previous years in accordance with the former revenue and income accounting standards.
- elected not to restate retrospectively contracts for modifications that occurred before 1 July 2019. Such contract modifications were minor so this is expected to have little impact on the financial statements.

Impacts on the financial statements are explained below together with impacts from adoption of AASB 1058 Income of Not-for-Profit Entities.

Ongoing accounting policies

The Treasurer's Instructions (Accounting Policy Statements) specify requirements for public authorities in applying AASB 15. These requirements are reflected in ACPAC's policies as follows:

- for non-intellectual property licences, low value licences (i.e. assets which have a value of \$15 000 or less) and short-term licences (i.e. being those with a licence term of 12 months or less) are exempt from AASB 15 revenue recognition requirements. ACPAC has elected to recognise revenue at the point in time the licence is issued.
- AASB 15 is applied to a portfolio contracts with similar characteristics.
- there is no adjustment to the promised amount of consideration for the effects of a significant financing component if the period between the transfer of goods/services and the payment date is one year or less.
- the incremental costs of obtaining a contract are expensed when incurred when the amortisation period of the asset that ACPAC would have recognised is one year or less.
- for measuring progress towards satisfaction of performance obligations when the output method is applied, revenue is recognised in the amount to which there is a right to invoice corresponding directly to the value to the customers of the department's performance completed to date.

Significant accounting policies related to the application of AASB 15 are disclosed under relevant notes.

8.2 AASB 1058 Income of Not-for-Profit Entities

AASB 1058 Income of Not-for-Profit Entities establishes new income recognition requirements for not-for-profit entities. Its requirements apply where the consideration to acquire an asset, including cash, is significantly less than fair value principally to the entity to further its objectives. AASB 1058 also contains requirements for the receipt of volunteer services. AASB 1058 supersedes income recognition requirements in AASB 1004 Contributions, AASB 118 Revenue and AASB 111 Construction Contracts. However, elements of AASB 1004 remain in place, primarily in relation to restructures of administrative arrangements and other contributions and distributions by owners.

Impact on retained earnings

On transition, there was no impact on retained earnings.

9. *Subsidiary*

In August 2017, ACPAC established a wholly owned subsidiary, Windmill Pictures Pty Ltd. This entity was established to facilitate stage-to-screen adaptations of Windmill Theatre Co productions. The financial position and performance of the subsidiary for 2019-20 is provided below:

	2020 \$'000	2019 \$'000
Statement of Financial Position		
Current assets	53	49
Non-current assets	-	-
Current liabilities	53	49
Non-current liabilities	-	-
Equity	<u>-</u>	<u>-</u>
	2020 \$'000	2019 \$'000
Statement of Comprehensive Income		
Income		
Grant income	193	168
Total income	<u>193</u>	<u>168</u>
Expense		
Creative fees	71	51
ACPAC Service fees	70	60
Professional fees	9	27
Other expenses	43	30
Total expenses	<u>193</u>	<u>168</u>
Net gain (loss) before tax	<u>-</u>	<u>-</u>

10. *Outlook*

10.1 *Unrecognised contractual commitments*

	2020 \$'000	2019 \$'000
Within one year	6	44
Later than one year and not later than five years	-	-
Total unrecognised contractual commitments	<u>6</u>	<u>44</u>

The commitments disclosed in 2019-20 represent ACPAC's office accommodation and outgoings at 2/234 Sturt Street, Adelaide. This accommodation contract expired in August 2020.

10.2 *Contingent assets and liabilities*

ACPAC is not aware of any contingent assets and liabilities.

10.3 *COVID-19 pandemic outlook*

The COVID-19 pandemic will continue to impact the operations of ACPAC in 2020-21. The key expected impacts are:

- Reduced national and international touring as a result of travel restrictions
- Increased Adelaide performances (depending on any further COVID restrictions), and online resources
- Reduced seating capacity at Adelaide performances due to social distancing requirements.

ACPAC's 2020-21 artistic program has been adapted from ACPAC's 2021. - 2024 strategic plan to accommodate travel and performance restrictions. The revised artistic program, and the ongoing non-commercial nature of ACPAC's performances, will ensure that the financial impact to ACPAC in 2020-21 is minimal.

10.4 Events after the end of reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

ACPAC relocated its premises from 2/234 Sturt Street, Adelaide to TAFE SA Adelaide College of the Arts, Light Square, Adelaide in July 2020. The lease arrangement is through a Memorandum of Administrative Arrangement between ACPAC and TAFE SA for the period July 2020 to June 2022, with an option to renew through to June 2028. The total commitment for the committed initial two year term is \$162,000.

11. Measurement and Risk

11.1 Long Service Leave - Measurement

AASB 119 Employee Benefits contains the calculation methodology for long service leave liability. 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 decreased from 2019 (1.25%) to 2020 (0.5%).

The actuarial assessment performed by the Department of Treasury and Finance decreased the salary inflation rate to 2.5% (2019: 4%).

The net financial effect of the changes in the current year is not material. The impact on future periods is impracticable to estimate.

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. However, if the assets are acquired at no or nominal value as part of a restructure of administrative arrangements, then the assets are recognised at book value (i.e. the amount recorded by the transferor public authority immediately prior to the restructure).

Revaluation

APS116.D requires all items of plant and equipment that had a fair value at the time of acquisition greater than \$1.5 million and had an estimated useful life of greater than 3 years to be revalued. ACPAC has no items of plant and equipment that meet this criteria.

11.3 Financial instruments

Financial risk management

Risk management is managed by the Executive Producer and Business Manager. ACPAC's Risk Management Policy is in accordance with the Risk Management Policy Statement issued by the Premier and Treasurer and the principles established in the Australian Standard Risk Management Principles and Guidelines.

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

Liquidity risk

ACPAC is funded principally by the SA Government. ACPAC works with the Department for Education to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

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.

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

ACPAC measures all financial instruments at amortised cost.

Category of financial asset and financial liability	Note	2020 Carrying amount/ Fair value (\$'000)
Financial assets		
Cash and cash equivalents	6.1	896
Financial assets at amortised cost		
Receivables	6.2	8
Other financial assets	6.3	20
Total financial assets		<u>924</u>
Financial liabilities		
Financial liabilities at amortised cost		
Payables	7.1	58
Total financial liabilities		<u>58</u>

All financial assets and liabilities mature within one year.

Category of financial asset and financial liability	Note	2019 Carrying amount/ Fair value (\$'000)
Financial assets		
Cash and cash equivalents	6.1	712
Financial assets at amortised cost		
Receivables	6.2	80
Other financial assets	6.3	20
Total financial assets		<u>812</u>
Financial liabilities		
Financial liabilities at amortised cost		
Payables	7.1	49
Total financial liabilities		<u>49</u>

Receivables and payables

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees). 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 levies, tax and equivalents, 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 amortised cost).

The receivables amount disclosed here excludes prepayments as they are not financial assets. Prepayments are presented in note 6.2.