

Carrick Hill Trust

Financial report
for the year ended
30 June 2020



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To the Chair Carrick Hill Trust

Opinion

I have audited the financial report of Carrick Hill Trust 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 Carrick Hill Trust 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 and the Director.

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 Carrick Hill Trust. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) have been met.

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

Responsibilities of the Director and members of the Trust for the financial report

The 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.

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 18(3) of the *Carrick Hill Trust Act 1985*, I have audited the financial report of Carrick Hill Trust 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 Carrick Hill Trust's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director
- 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 Director and members of the Trust about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

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

Andrew Richardson

Auditor-General

30 September 2020

Carrick Hill Trust

Financial Statements

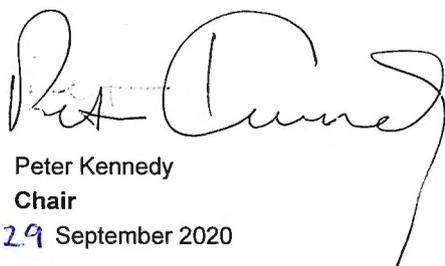
For the year ended 30 June 2020

Carrick Hill Trust
Certification of the Financial Statements
for the year ended 30 June 2020

We certify that the attached general purpose financial statements for the Carrick Hill Trust:

- comply with relevant Treasurer's 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 the Carrick Hill Trust; and
- present a true and fair view of the financial position of the Carrick Hill Trust as at 30 June 2020 and the results of its operations and cash flows for the financial year.

We certify that the internal controls employed by the Carrick Hill Trust for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Peter Kennedy
Chair
29 September 2020



Tony Kanellos
Director
29 September 2020

Carrick Hill Trust
Statement of Comprehensive Income
for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Income			
State Government grants	2.1	1 423	3
Donations	2.2	1 158	202
Recurrent operating grants	2.3	1 003	1 181
Resources received free of charge	2.4	117	204
Donations of heritage assets		52	228
Facilities hire		52	57
Sponsorship		8	8
Admissions		4	144
Interest		3	11
Sale of goods		2	44
Rent		1	-
Other		16	27
Total income		3 839	2 109
Expenses			
Staff benefits expenses	3.3	648	1 034
Supplies and services	4.1	456	599
Depreciation and amortisation	4.3	180	176
Accommodation and facilities	4.2	165	211
Total expenses		1 449	2 020
Net result		2 390	89
Other comprehensive income			
Items that will not be reclassified to net result			
Change in asset revaluation surplus	5.2	10 999	-
Total other comprehensive income		10 999	-
Total comprehensive result		13 389	89

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

Carrick Hill Trust
Statement of Financial Position
as at 30 June 2020

	Note	2020 \$'000	2019 \$'000
Current assets			
Cash and cash equivalents	6.1	1 453	735
Receivables	6.2	105	18
Inventories	5.6	12	13
Total current assets		1 570	766
Non-current assets			
Property, plant and equipment	5.1	23 609	10 774
Intangible assets	5.4	-	1
Heritage collections	5.5	37 534	37 482
Total non-current assets		61 143	48 257
Total assets		62 713	49 023
Current liabilities			
Payables	7.1	470	138
Staff benefits	3.4	109	114
Financial liabilities	7.3	9	-
Provisions	7.2	1	2
Unearned income		24	36
Total current liabilities		613	290
Non-current liabilities			
Payables	7.1	4	7
Staff benefits	3.4	47	84
Financial liabilities	7.3	18	-
Provisions	7.2	3	3
Total non-current liabilities		72	94
Total liabilities		685	384
Net Assets		62 028	48 639
Equity			
Asset revaluation surplus	8.1	51 515	40 516
Retained earnings		10 513	8 123
Total Equity		62 028	48 639

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

Carrick Hill Trust
Statement of Changes in Equity
for the year ended 30 June 2020

	Asset revaluation surplus	Retained earnings	Total equity
	\$'000	\$'000	\$'000
Balance at 1 July 2018	40 516	8 034	48 550
Net result for 2018-19	-	89	89
Total comprehensive result for 2018-19	-	89	89
Balance at 30 June 2019	40 516	8 123	48 639
Net result for 2019-20	-	2 390	2 390
Gain/(loss) on revaluation of property, plant and equipment	10 999	-	10 999
Total comprehensive result for 2019-20	10 999	2 390	13 389
Balance at 30 June 2020	51 515	10 513	62 028

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

Carrick Hill Trust
Statement of Cash Flows
for the year ended 30 June 2020

	2020 Inflows (Outflows) \$'000	2019 Inflows (Outflows) \$'000
<u>Cash flows from operating activities</u>		
Cash inflows		
State Government grants	1 323	3
Donations	1 158	202
Recurrent operating grant	1 003	1 181
Facilities hire	51	69
Sponsorships	8	8
Admissions	4	144
Sale of goods	3	83
Interest	3	11
Rent	1	-
Other	13	31
Cash generated from operations	3 567	1 732
Cash outflows		
Staff benefits payments	(694)	(1 001)
Payments for supplies and services	(1)	(319)
Payments for accommodation and facilities	(162)	(211)
Cash used in operations	(857)	(1 531)
Net cash provided by / (used in) operating activities	2 710	201
<u>Cash flows from investing activities</u>		
Cash inflows		
Proceeds from the sale of property, plant and equipment	-	4
Cash generated from investing activities	-	4
Cash outflows		
Purchase of property, plant and equipment	(1 984)	(154)
Cash used in investing activities	(1 984)	(154)
Net cash provided by / (used in) investing activities	(1 984)	(150)
<u>Cash flows from financing activities</u>		
Cash outflows		
Repayment of leases	(8)	-
Cash used in financing activities	(8)	-
Net increase in cash and cash equivalents	718	51
Cash and cash equivalents at the beginning of the period	735	684
Cash and cash equivalents at the end of the period	1 453	735

The accompanying notes form part of these financial statements.

Carrick Hill Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

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Carrick Hill Trust
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Carrick Hill Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

1. About the Carrick Hill Trust

The Carrick Hill Trust (the Trust) is constituted pursuant to section 4 of the *Carrick Hill Trust Act 1985* (the Act).

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

The Carrick Hill Trust is a not-for-profit entity.

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.

For the 2019-20 financial statements the Trust adopted *AASB 15 – Revenue from Contracts with Customers*, *AASB 16 – Leases* and *AASB 1058 – Income of Not-for-Profit Entities*. Further information is provided in note 9.

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 (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 excluded.

The net GST receivable/payable to the ATO is not recognised as a receivable/payable in the Statement of Financial Position as the Trust is a member of an approved GST group, of which Arts South Australia, a division of the Department of the Premier and Cabinet (DPC), is responsible for the remittance and collection of GST. As such, there are no cash flows relating to GST transactions with the ATO in the Statement of Cash Flows.

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.

Carrick Hill Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

1.2. Objectives

Objectives

The Trust is committed to preserving and improving the real and personal property forming the original Hayward Bequest to the South Australian Government in 1983, and to encourage the use of the property as a widely based cultural, botanical and recreational resource.

Activities

The activities of the Trust are:

- a) to administer, develop and maintain Carrick Hill for any one or more of the following purposes:
 - as a gallery for the display of works of art
 - as a museum
 - as a botanic garden
- b) to promote and encourage the interest of the public in Carrick Hill, its collections and the services and amenities provided by the Trust
- c) to perform any other functions assigned to the Trust by this Act or the Minister.

1.3. Impact of COVID-19 pandemic on the Trust

The COVID-19 pandemic has impacted on the operations of the Trust and the impacts are included under the relevant disclosure notes. The key impacts in 2019-20 were:

- Loss of income due to wedding ceremony and venue hire cancellations
- Loss of commission revenue from functions held at Carrick Hill

Carrick Hill Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

2. Income

2.1. State Government grants

	2020	2019
	\$'000	\$'000
State Government grants	1 423	3
Total State Government grants	1 423	3

Grants are recognised on receipt.

Grants of \$1.423 million were received from the Department of the Premier and Cabinet, including \$0.50 million and \$0.825 million towards the Pavilion Project and the House Renovation Project respectively.

2.2. Donations

	2020	2019
	\$'000	\$'000
Donations	1 158	202
Total donations	1 158	202

Donations are recognised on receipt.

Donations of \$1.06 million were received from the Carrick Hill Development Foundation for the House Renovation Project.

2.3. Recurrent operating grants

	2020	2019
	\$'000	\$'000
Recurrent operating grants	1 003	1 181
Total recurrent operating grants	1 003	1 181

Recurrent operating grants are recognised on receipt.

2.4. Resources received free of charge

	2020	2019
	\$'000	\$'000
Services received free of charge - Shared Services SA	20	30
Artlab Conservation services	97	174
Total resources received free of charge	117	204

Resources received free of charge are recorded as income and expenditure in the Statement of Comprehensive Income at their fair value.

Under an arrangement with Artlab Australia, a division of the Department of the Premier and Cabinet, Artlab Australia receives SA Government appropriation to perform conservation services on the Trust's heritage collections. The value of this work performed is recognised as resources received free of charge in income and a corresponding amount included as conservation work expenditure in note 4.1 Supplies and services.

Carrick Hill Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

3. Board, committees and staff

3.1. Key management personnel

Key management personnel of the Trust include the Premier of the State of South Australia as responsible Minister for the Arts, the Presiding Member and members, and members of the Executive Team who have responsibility for the strategic direction and management of the Trust.

Total compensation for the Trust's key management personnel was \$138 000 (2019: \$146 000).

The compensation disclosed in this note excludes salaries and other benefits the Minister for the Arts 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 of the *Parliamentary Remuneration Act 1990*.

Transactions with key management personnel and other related parties

There were no significant transactions between key management personnel and other related parties.

The Trust received annual recurrent operating grant of \$1.003 million (2019: \$1.181 million) from the Department of the Premier and Cabinet. The operating grant is the primary source of revenue for the Trust and disclosed under note 2.3.

In addition, the Trust receives business services from Shared Services SA, a division of the Department of Treasury and Finance, and conservation services from Artlab Australia, a division of the Department of the Premier and Cabinet. These services received free of charge are disclosed under note 2.4.

3.2. Board and committee members

Members during the 2020 financial year were:

PH Kennedy (Chair)
KB Lloyd AM (term expired 15 May 2020)
SW Mason
J Mincham (appointed 1 August 2019)
MJ Picton (term expired 22 July 2019)
DA Schultz
Cr L Taeuber
I Tamm (appointed 1 August 2019)
VM West

Board and Committee Remuneration

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

	2020	2019
\$0 - \$19 999	9	8
Total	9	8

The total remuneration received or receivable by members was \$12 000 (2019: \$9 000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

Carrick Hill Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

3.3. Staff benefits expenses

	2020	2019
	\$'000	\$'000
Salaries and wages	527	741
Employment on-costs - superannuation	52	74
Annual Leave	41	71
Employment on-costs - other	31	46
Targeted voluntary separation packages	-	35
Long service leave	(16)	31
Board Fees	12	8
Skills and experience retention leave	(1)	2
Other staff related expenses	2	26
Total staff benefits expenses	648	1 034

Employment on-costs - superannuation

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

Executive Remuneration

There were no staff whose remuneration exceeded the executive base level remuneration rate of \$154 000 in 2019-20 or 2018-19.

Targeted voluntary separation packages (TVSP)

	2020	2019
	\$'000	\$'000
Amounts paid during the reporting period to separated staff:		
TVSPs	-	35
Annual leave, LSL and SERL paid to those staff	-	2
	<u>-</u>	<u>37</u>
Recovery from the Department of Treasury and Finance	-	(37)
Net cost to the department	<u>-</u>	<u>-</u>
Number of staff who received a TVSP during the reporting period	-	1

Carrick Hill Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

3.4. Staff benefits liability

	2020	2019
	\$'000	\$'000
Current		
Annual leave	56	57
Long service leave	39	45
Skills and experience retention leave	1	1
Accrued salaries and wages	13	11
Total current staff benefits	109	114
Non-current		
Long service leave	47	84
Total non-current staff benefits	47	84
Total staff benefits	156	198

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

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

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

The annual leave liability and the skills and experience retention 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 staff 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 staff up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided as note 11.1.

Carrick Hill Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

4. Expenses

Staff benefits expenses are disclosed in note 3.3.

4.1. Supplies and services

	2020	2019
	\$'000	\$'000
Artlab conservation services	97	174
Insurance	56	54
Contract services expenses	-	25
Cost of goods sold	4	24
Contractors	49	44
Administration	13	38
Business services charge	19	30
Audit fees	19	19
Marketing	13	16
Motor vehicle expenses	9	14
Minor equipment	98	80
Consultants	8	12
Maintenance	30	10
Information technology and communication charges	13	9
Projects	4	4
Bad and doubtful debts	(4)	4
Exhibitions	2	1
Other supplies and services	26	41
Total supplies and services	456	599

Consultants

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

	2020	2020	2019	2019
	Number	\$'000	Number	\$'000
Below \$10 000	2	8	-	-
\$10 000 or above	-	-	1	12
Total paid / payable to the consultants engaged	2	8	1	12

4.2. Accommodation and facilities

	2020	2019
	\$'000	\$'000
Accommodation	52	56
Electricity and Gas	25	41
Facilities	88	114
Total accommodation and facilities	165	211

Carrick Hill Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

4.3. Depreciation and amortisation

	2020	2019
	\$'000	\$'000
Buildings and improvements	170	172
Plant and equipment	-	2
Intangible assets	1	2
Right-of-use vehicles	9	-
Total depreciation and amortisation	180	176

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.

Heritage collections are kept under special conditions so that there is no physical deterioration and they are anticipated to have very long and indeterminate useful lives. No amount for depreciation has been recognised, as their service potential has not, in any material sense, been consumed during the reporting period.

Useful life

Depreciation/amortisation 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)
Buildings and improvements	10 to 100
Plant and equipment	3 to 10
Intangible assets	3 to 10
Right-of-use vehicles	Lease term

Review of accounting estimates

Assets' residual values, useful lives and depreciation/amortisation methods are reviewed and adjusted if appropriate, on an annual basis. Changes in the expected 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.

There were no changes to accounting estimates in 2019-20.

Carrick Hill Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

5. Non-financial assets

5.1. Property, plant and equipment by asset class

Property, plant and equipment comprises owned and right-of-use (leased) tangible assets that do not meet the definition of investment property.

	2020	2019
	\$'000	\$'000
Land		
Land at fair value	16 500	7 950
Total land	<u>16 500</u>	<u>7 950</u>
Buildings and improvements		
Buildings and improvements at fair value	9 249	9 670
Accumulated depreciation at the end of the period	(4 307)	(7 007)
Total buildings and improvements	<u>4 942</u>	<u>2 663</u>
Plant and equipment:		
Plant and equipment at cost (deemed fair value)	90	127
Accumulated depreciation at the end of the period	(90)	(127)
Total plant and equipment	<u>-</u>	<u>-</u>
Work in progress		
Work in progress at cost	2 140	161
Total work in progress	<u>2 140</u>	<u>161</u>
Right-of-use vehicles		
Right-of-use vehicles (deemed fair value)	34	-
Accumulated depreciation	(7)	-
Total right-of-use vehicles	<u>27</u>	<u>-</u>
Total property, plant and equipment	<u><u>23 609</u></u>	<u><u>10 774</u></u>

Carrick Hill Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

5.2. Property, plant and equipment owned by the Trust

Property, plant and equipment with a value equal to or in excess of \$10 000 is capitalised, otherwise it is expensed.

Property, plant and equipment is recorded at fair value. Detail about the Trust's approach to fair value is set out more in 11.2.

Impairment

Property, plant and equipment have 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 2019-20

	Land	Buildings and improvements	Plant and equipment	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the 1 July 2019	7 950	2 663	-	161	10 774
Acquisitions	-	-	-	1 980	1 980
Depreciation	-	(170)	-	-	(170)
Net revaluation increment	8 550	2 449	-	-	10 999
Other	-	-	-	(1)	(1)
Carrying amount at the end of period	16 500	4 942	-	2 140	23 582

5.3. Property, plant and equipment leased by the Trust

Property, plant and equipment leased by the Trust is recorded at cost. Additions to leased property, plant and equipment during 2019-20 were \$34 000.

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 other expenses and are disclosed in note 4.1 under other expenses.

The Trust has a limited number of leases:

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

The lease liabilities related to the right-of-use assets are disclosed in note 7.3. The Trust's maturity analysis of its lease liabilities is disclosed in note 11.3. Expenses related to leases, including depreciation and interest expenses, are disclosed in note 4.

Carrick Hill Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

5.4. Intangible assets

	2020	2019
	\$'000	\$'000
Computer software	13	13
Accumulated amortisation	(13)	(12)
Total intangible assets	<u>-</u>	<u>1</u>

Reconciliation 2019-20

	<u>Intangibles</u>	<u>Total</u>
	\$'000	\$'000
Carrying amount at the 1 July 2019	1	1
Amortisation	(1)	(1)
Carrying amount at the end of period	<u>-</u>	<u>-</u>

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

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

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5.5. Heritage collections

	2020			2019		
	At valuation \$'000	At cost \$'000	Total \$'000	At valuation \$'000	At cost \$'000	Total \$'000
Paintings, works on paper and sculptures	35 725	285	36 010	35 725	233	35 958
Furniture and artefacts	1 170	20	1 190	1 170	20	1 190
Books	334	-	334	334	-	334
Total heritage collections	37 229	305	37 534	37 229	253	37 482

Valuation of heritage collections

The Trust's collections have been valued at fair value using a market approach.

Reconciliation 2019-20

	Paintings, works on paper and sculptures \$'000	Furniture and artefacts \$'000	Books \$'000	Total \$'000
2020				
Carrying amount at the 1 July 2019	35 958	1 190	334	37 482
Additions	52	-	-	52
Carrying amount at the 30 June 2020	36 010	1 190	334	37 534

5.6. Inventories

	2020 \$'000	2019 \$'000
Inventories held for distribution		
Inventories held for distribution - at cost	12	13
Total inventories	12	13

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

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6. Financial assets

6.1. Cash and cash equivalents

	2020	2019
	\$'000	\$'000
Deposits with the Treasurer	1 450	732
Cash on hand	3	3
Total cash and cash equivalents	1 453	735

Deposits with the Treasurer

Deposits with the Treasurer are a combination of funds held in the "Carrick Hill Trust", an account held with the Treasurer of South Australia pursuant to section 21 of the *Public Finance and Audit Act 1987*, and funds held in the Arts South Australia Operating Account, an account held with the Treasurer of South Australia pursuant to section 8 of the *Public Finance and Audit Act 1987*.

Cash on hand

Cash on hand includes petty cash and an advance account.

6.2. Receivables

	2020	2019
	\$'000	\$'000
<u>Current</u>		
<u>Trade Receivables</u>		
From government entities	100	-
From non-government entities	4	17
Less impairment loss on receivables	-	(4)
Total trade receivables	104	13
Prepayments	1	5
Total current receivables	105	18

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 the contractual cash flows and they are measured at amortised cost.

Allowance for impairment loss on receivables

	2020	2019
	\$'000	\$'000
Carrying amount at the beginning of the period	4	-
Increase/(decrease) in the allowance	(4)	4
Carrying amount at the end of the period	-	4

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7. Liabilities

Staff Benefits liabilities are disclosed in note 3.4.

7.1. Payables

	2020	2019
	\$'000	\$'000
Current		
Trade Payables & accruals	455	123
Employment on-costs	15	15
Total current payables	<u>470</u>	<u>138</u>
Non-current		
Employment on-costs	4	7
Total non-current payables	<u>4</u>	<u>7</u>
Total payables	<u><u>474</u></u>	<u><u>145</u></u>

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

Employment on-costs

Employment on-costs include payroll tax and superannuation contributions and are settled when the respective staff benefits that they relate to is discharged.

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

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has changed from the 2019 rate (41%) to 42% and the average factor for the calculation of employer superannuation contribution on-costs has remained the same (9.8%). These rates are used in the employment on-cost calculation. The net financial impact of these changes in the current financial year is immaterial.

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7.2. Provisions

	2020 \$'000	2019 \$'000
Current		
Provision for workers' compensation	1	2
Total current provisions	<u>1</u>	<u>2</u>
Non-current		
Provision for workers' compensation	3	3
Total non-current provisions	<u>3</u>	<u>3</u>
Total provisions	<u><u>4</u></u>	<u><u>5</u></u>
Movement in provision		
Carrying amount at the beginning of the period	5	3
Increase / (decrease) in provision recognised	(1)	2
Carrying amount at the end of the period	<u>4</u>	<u>5</u>

A provision has been reported to reflect unsettled workers compensation claims. The worker's compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2020 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 staff as required under current legislation.

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

7.3. Financial liabilities

	2020 \$'000	2019 \$'000
Current		
Lease liabilities	9	-
Total current financial liabilities	<u>9</u>	<u>-</u>
Non-current		
Lease liabilities	18	-
Total non-current financial liabilities	<u>18</u>	<u>-</u>
Total financial liabilities	<u><u>27</u></u>	<u><u>-</u></u>

The Trust measures financial liabilities at amortised cost.

All material cash outflows are reflected in the lease liabilities disclosed above. For 2018-19 the lease liabilities reflect only finance leases recognised in accordance with AASB 117 of which there were none.

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8. Other disclosures

8.1. Equity

Asset revaluation surplus

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

8.2. Cash flow

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

The total cash outflow for leases is \$8 000 relating to the repayment of leases.

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9. Changes in accounting policy

9.1. AASB 16 Leases

AASB 16 sets out a comprehensive model for lessee accounting that addresses recognition, measurement, presentation and disclosure of leases. Lessor accounting is largely unchanged. *AASB 16 Leases* replaces *AASB 117 Leases and related interpretations*.

The adoption of *AASB 16 Leases* from 1 July 2019 resulted in adjustments to the amounts recognised from a lessee perspective in the financial statements:

- *AASB 117 Leases* only required the recognition of an asset and lease liability in relation to finance leases. *AASB 16 Leases* applies a comprehensive model to all leases. Applying AASB 16 will result in leases previously classified as operating leases having right-of-use assets and related lease liabilities being recognised in the Statement of Financial Position
- *AASB 117 Leases* resulted in operating lease payments being recognised as an expense under Supplies and Services. *AASB 16 Leases* largely replaces this with depreciation expenses that represents the use of the right-of-use asset and borrowing costs that represent the cost associated with financing the right-of-use asset.

Impact on retained earnings

The total impact on the Trust's retained earnings as at 1 July 2019 is as follows:

	as at 1 July 2019 \$'000
Closing retained earnings 30 June 2019 - AASB 117	8 123
<u>Assets</u>	
Property, plant and equipment	4
<u>Liabilities</u>	
Financial liabilities	(4)
Opening retained earnings 1 July 2019 - AASB 16	8 123

The Trust disclosed in its 2018-19 financial report total undiscounted operating lease commitments of \$7 000 under AASB 117.

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9.1. AASB 16 Leases (continued)

Accounting policies on transition

AASB 16 sets out accounting policies on transition in its transitional provisions. The *Treasurer's Instructions (Accounting Policy Statements)* requires certain choices in those transitional provisions to be taken. The Trust has adopted the following accounting policies:

- to apply AASB 16 retrospectively. The cumulative effect of initially applying the Standard was recognised at 1 July 2019. Comparatives have not been restated.
- at 1 July 2019 AASB 16 was applied only to contracts that were previously identified as containing a lease under AASB 117 and related interpretations.
- the initial measurement of lease liability was the present value of the remaining lease payments discounted using the relevant incremental borrowing published by the Department of Treasury and Finance rate as at 1 July 2019 based on the SA Government's cost of borrowing. The average weighted incremental borrowing rate for this purpose was 1.38%.
- the initial measurement of right-of-use assets has been calculated as an amount equal to the lease liability on transition adjusted for prepaid or accrued lease payments and lease incentive liabilities.
- the initial measurement of lease liabilities and right-of-use assets excludes all leases that ended by 30 June 2020, except for vehicles leased from SAFA.

Ongoing accounting policies

The *Treasurer's Instructions (Accounting Policy Statements)* specify required accounting policies for public authorities in applying AASB 16. These requirements are reflected in the Trust's accounting policies as follows:

- AASB 16 is not applied to leases of intangible assets.
- right-of-use assets and lease liabilities are not recognised for leases of low value assets, being assets which have a value of \$15 000 or less, nor short-term leases, being those with a lease term of 12 months or less.
- the Trust, in the capacity of a lessee, does not include non-lease components in lease amounts.
- right-of-use assets are not measured at fair value on initial recognition for leases that have significantly below-market terms and conditions principally to enable the public authority to further its objectives.
- right-of-use assets are subsequently measured applying a cost model.

Significant accounting policies relating to the application of AASB 16 are disclosed under relevant notes and are referenced at note 5.3.

9.2. AASB 15 Revenue from Contracts with Customers

The Trust has adopted AASB 15 on 1 July 2019. *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 11 Construction contracts*, *AASB 118 Revenue and related Interpretations* and applies to all revenue arising from contracts with customers.

The total impact on the Trust is immaterial.

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9.3. 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.

Accounting policies on transition

On transition, there was no impact on retained earnings.

9.4. Presentation of Financial Statements

Treasurer's Instructions (Accounting Policy Statements) issued on 1 June 2020 removed the previous requirement for financial statements to be prepared using the net cost of services format. The net cost of services is the total cost of services less any revenue retained by public authorities involved in the provision of services but does not include items classified as revenues from and payments to the South Australian Government.

Presentation of the Statement of Comprehensive Income on an 'income and expense' basis allows information to be presented in such a way that eliminates potential confusion as to the source of funding for the Trust. As well as changes to the format of the Statement of Comprehensive Income, there are presentational changes to remove the net cost of services format from the Statement of Cash Flows. These statements now show income before expenses, and cash receipts before cash payments. Related disclosures also reflect this changed format.

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10. Outlook

10.1. Unrecognised contractual commitments

Commitments include operating and outsourcing commitments arising from contractual or statutory sources and are disclosed at their nominal value.

Operating lease commitments

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

	2020	2019
	\$'000	\$'000
Within one year		7
Total operating lease commitments	-	7
Representing:		
Non-cancellable operating leases		7
Total operating lease commitments	-	7

Operating lease commitments is provided for the comparative year only as *AASB 16 Leases* does not distinguish between operating and finance leases for the lessee.

Capital commitments

Capital commitments at the reporting date but not recognised as liabilities are payable as follows:

	2020	2019
	\$'000	\$'000
Within one year	1 121	2 602
Later than one year but not longer than five years	-	-
Total capital commitments	1 121	2 602

10.2. Contingent assets and liabilities

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

10.3. COVID-19 pandemic outlook for the Trust

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

- Wedding Ceremony and venue hire cancellations for existing bookings and a decline in future bookings
- Reduced commission revenue from functions held at Carrick Hill

10.4. Events after the reporting date

Since 30 June 2020, the Trust has been advised that an insurance claim in relation to loss of income due to business interruptions as a result of COVID 19 has been accepted and will result in a payment of \$9 000.

Carrick Hill Trust
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11. Measurement and risk

11.1. Long service leave liability - measurement

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

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

AASB 119 Employee Benefits requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased from 1.25% (2019) to 0.75% (2020).

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

The net financial effect of the changes to actuarial assumptions in the current financial year is immaterial. 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 reduced the salary inflation rate from 4.0% to 2.5% for long service leave liability. As a result the net financial effect is \$8 000 resulting from changes in the salary inflation rate.

The current portion of long services leave reflects the expected amount of long service leave to be taken in the next 12 months based on historical data.

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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

All non-current tangible assets are valued at fair value and revaluation of non-current assets or a group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years.

Land and buildings and heritage collections are revalued at least every six years via Certified Practising Valuer or internal estimates based on indices or recent transactions. If at any time management considers the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset. Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

Land and buildings

An independent valuation of land and buildings owned by the Trust was performed as at 30 June 2020 by a Certified Practising Valuer from Liquid Pacific Holdings Pty. Ltd.

Fair value of land has been determined using the market approach. The valuation was based on recent market transactions for similar land in the area and includes adjustment for factors specific to the land such as size and location. For land classified as restricted in use, adjustments to the fair value were applied to reflect the restriction.

The fair value of buildings was determined using current replacement cost, due to there not being an active market. The current replacement cost considered the need for ongoing provision of government services, specialised nature and restricted use of the assets, their size, condition and location.

The valuation used estimates about construction materials that would be required to replace the buildings, information about current construction costs were derived from building costs guides / internal records such as recent tender documents, construction invoices etc. and the estimated useful life due to age and condition of the building.

The fair value of land and buildings may be impacted by market changes due to the impact of COVID-19 however there was no market evidence to support the extent of any impact available at the time of preparing these financial statements.

Plant and equipment

All items of plant and equipment owned by the Trust had a fair value at the time of acquisition less than \$1.5 million and had an estimated useful life of no less than three years. Plant and equipment has not been revalued in accordance with *Accounting Policy Statement 116.D*. The carrying value of these items are deemed to approximate fair value.

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11.2. Fair value (continued)

Heritage assets

An independent valuation of heritage assets was performed in June 2016 by a Certified Practising Valuer from RHAS, an operating division of Aon Risk Services as at 30 June 2016. Fair value was determined by estimating the current replacement cost based on the limited market information available for similar heritage assets and reproduction materials.

11.3. Financial instruments

Financial risk management

Risk management is managed by the Trust and the Department of the Premier and Cabinet's Corporate Services section. The Trust's risk management policies are 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*.

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

Impairment of financial assets

Loss allowances for receivables are measured at an amount equal to lifetime expected credit loss using the simplified approach in AASB 9. The Trust uses an allowance matrix to measure the expected credit loss of receivables from non-government debtors which comprise a large number of small balances.

To measure the expected credit losses, receivables are grouped based on shared risks characteristics and the days past due. When estimating expected credit loss, the Trust considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Trust's historical experience and informed credit assessment, including forward-looking information.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Trust is exposed to credit risk.

The expected credit loss of government debtors is considered to be nil based on the external credit ratings and nature of the counterparties.

Loss rates are calculated based on the probability of a receivable progressing through stages to write off based on the common risk characteristics of the transaction and debtor.

Loss rates are based on actual history of credit loss, these rates have been adjusted to reflect differences between previous economic conditions, current conditions and the Trust's view of the forecast economic conditions over the expected life of the receivables.

Impairment losses are presented as net impairment losses within net result, subsequent recoveries of amounts previously written off are credited against the same line item.

Categorisation of financial instruments

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

Classification of financial instruments

The Trust measures all financial instruments at amortised cost.

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11.3. Financial instruments (continued)

Category of financial asset and financial liability	Statement of Financial Position line item	Note	2020 Carrying amount / fair value \$'000	2020 Contractual maturities		2019 Carrying amount / fair value \$'000
				Within 1 year \$'000	1-5 years \$'000	
Financial assets at amortised cost						
Cash and cash equivalents	Cash	6.1	1 453	1 453	-	735
Loans and receivables	Receivables	6.2	104	104	-	13
Total financial assets			1 557	1 557	-	748
Financial liabilities at amortised cost						
Financial liabilities at cost	Payables	7.1	436	436	-	104
Lease liabilities	Lease liabilities	7.3	27	9	18	-
Total financial liabilities			463	445	18	104

For 2018-19 the lease liabilities reflect only finance leases recognised in accordance with AASB 117.

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.