

Coast Protection Board

Financial report
for the year ended
30 June 2020



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To the Presiding Member Coast Protection Board

Opinion

I have audited the financial report of the Coast Protection Board 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 Coast Protection Board as at 30 June 2020, its financial performance and its cash flows for the year then ended in accordance with the 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 Presiding Member, Coast Protection Board, and the Chief Executive and Acting Chief Financial Officer of the Department for Environment and Water.

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 Coast Protection Board. 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* have been met.

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

Responsibilities of the Chief Executive and the Board for the financial report

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

The Members of the Board are responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 31(2) of the *Coast Protection Act 1972*, I have audited the financial report of the Coast Protection Board 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.

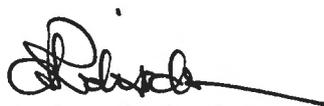
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- 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 Coast Protection Board's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive

- 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 Chief Executive and the Presiding Member, Coast Protection Board about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson

Auditor-General

27 October 2020

Coast Protection Board
Certification of the Financial Statements
for the year ended 30 June 2020

We certify that the attached general purpose financial statements for the Coast Protection Board:

- comply with any 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 Board
- present a true and fair view of the financial position of the Coast Protection Board 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 Coast Protection Board for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Jeff Tate
Presiding Member

21 October 2020



John Schutz
Chief Executive

Department for Environment and Water

21 October 2020



Andrew Geytenbeek

Andrew Geytenbeek

A/Chief Financial Officer

Department for Environment and Water

21 October 2020

Coast Protection Board
Statement of Comprehensive Income
for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Income			
Intra-government transfers	2.1	1 552	539
Fees and charges	2.2	21	18
Total Income		1 573	557
Expenses			
Board member expenses	3.2	21	24
Supplies and services	4.1	619	182
Grants and subsidies	4.2	807	332
Other	4.3	11	10
Total expenses		1 458	548
Net result		115	9
Other comprehensive income			
Changes in property, plant and equipment asset revaluation surplus		1 787	-
Total other comprehensive income		1 787	-
Total comprehensive result		1 902	9

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

Coast Protection Board
Statement of Financial Position
as at 30 June 2020

	Note	2020 \$'000	2019 \$'000
Current			
Cash and cash equivalents	6.1	1 122	426
Receivables	6.2	1	2
Total current assets		1 123	428
Non-current assets			
Property, plant and equipment	5.1	6 917	5 130
Total non-current assets		6 917	5 130
Total assets		8 040	5 558
Current liabilities			
Payables	7.1	703	123
Total current liabilities		703	123
Total liabilities		703	123
Net assets		7 337	5 435
Equity			
Asset revaluation surplus		6 950	5 163
Retained earnings		387	272
Total equity		7 337	5 435

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

Coast Protection Board
Statement of Changes in Equity
for the year ended 30 June 2020

	Asset revaluation surplus \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2018	5 163	263	5 426
Net result for 2018-19	-	9	9
Total comprehensive result for 2018-19	-	9	9
Balance at 30 June 2019	5 163	272	5 435
Net result for 2019-20	-	115	115
Gain/(loss) on revaluation of property, plant and equipment	1 787	-	1 787
Total comprehensive result for 2019-20	1 787	115	1 902
Balance at 30 June 2020	6 950	387	7 337

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

Coast Protection Board
Statement of Cash Flows
for the year ended 30 June 2020

		2020	2019
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash inflows			
Intra-government transfers		1 552	539
Fees and charges		22	21
Cash generated from operations		1 574	560
Cash outflows			
Board member payments		(23)	(12)
Payments for supplies and services		(507)	(254)
Payments for grants and subsidies		(337)	(1 881)
Other payments		(11)	(10)
Cash used in operations		(878)	(2 157)
Net cash provided by / (used in) operating activities		696	(1 597)
Net increase / (decrease) in cash and cash equivalents		696	(1 597)
Cash and cash equivalents at the beginning of the reporting period		426	2 023
Cash and cash equivalents at the end of the reporting period	6.1	1 122	426

The accompanying notes form part of these financial statements.

Coast Protection Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS

1.	About the Coast Protection Board.....	8
1.1.	Basis of preparation.....	8
1.2.	Objectives and programs.....	8
1.3.	Impact of COVID-19 pandemic on the Board	9
2.	Income	9
2.1.	Intra-government transfers.....	9
2.2.	Fees and charges.....	9
3.	Board, committees and employees	10
3.1.	Key management personnel	10
3.2.	Board and committee members	10
4.	Expenses	11
4.1.	Supplies and services.....	11
4.2.	Grants and subsidies.....	11
4.3.	Other expenses	12
5.	Non-financial assets.....	12
5.1.	Property, plant and equipment by asset class	12
6.	Financial assets.....	12
6.1.	Cash and cash equivalents.....	12
6.2.	Receivables.....	13
7.	Liabilities	13
7.1.	Payables	13
8.	Other disclosures	13
8.1.	Equity.....	13
9.	Changes in accounting policy	14
9.1.	AASB 1058 Income for Not-for-Profit Entities	14
9.2.	Presentation of Financial Statements.....	14
10.	Outlook	14
10.1.	Unrecognised contractual commitments	14
10.2.	Contingent assets and liabilities.....	14
10.3.	COVID-19 pandemic impact on the Board	14
10.4.	Events after the reporting period.....	14
11.	Measurement and risk.....	15
11.1.	Fair value	15
11.2.	Financial instruments.....	16

Coast Protection Board

Notes to and forming part of the financial statements

for the year ended 30 June 2020

1. About the Coast Protection Board

The Coast Protection Board (the Board) is a reporting entity established pursuant to section 6 of the *Coast Protection Act 1972* (the Act).

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 provisions of the *Public Finance and Audit Act 1987*
- relevant Australian Accounting Standards with reduced disclosure requirements.

For the 2019-20 financial statements the Board adopted 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.

The Department for Environment and Water (DEW) prepares a Business Activity Statement on behalf of the Board under the grouping provisions of the Goods and Services Tax (GST) legislation. Under these provisions, DEW is liable for the payments and entitled to the receipts associated with GST. Therefore the Board's net GST receivable/payable is recorded in DEW's Statement of Financial Position. GST cash flows applicable to the Board are recorded in DEW's 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.

1.2. Objectives and programs

The Board was established under the Act to manage, maintain, develop and improve coast facilities that are vested in, or are under the care, control and management of the Board.

The major objectives of the Board are to:

- Protect, conserve and, where necessary, restore the beaches and coast of the State. The Board is concerned with understanding and mitigating coastal hazards, and conserving the biodiversity and integrity of the coast
- Responsibility for assets of the Board – the Board owns parcels of coastal land, purchased to further its duties under the Act
- Advice and research:
 - a) The advisory role is a primary method to protect, conserve and restore the coast
 - b) Research is directed towards understanding coastal ecosystem functioning, dynamics and processes in SA, and identifying and examining significant coastal protection and restoration issues.

Coast Protection Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

1.2. Objectives and programs (continued)

Financial arrangements

The financial activities of the Board are administered through the Coast Protection Fund (the Fund) in accordance with the Act. The Fund is a non-interest bearing Deposit Account pursuant to section 21(1) of the *Public Finance and Audit Act 1987*. The Fund's sources of revenue consist of revenue from SA Government together with income derived from development application fees and charges.

The Board has no employees. The functions and activities required by the Act are performed by employees of DEW. These services are provided on a fee for service basis and are recognised in these financial statements.

In achieving its objectives the Board conducts its services through a single activity, Coast and Marine Conservation. The purpose of this activity is to ensure the conservation, protection and ongoing sustainable productivity of South Australia's coastal, estuarine and marine environments.

1.3. Impact of COVID-19 pandemic on the Board

The COVID-19 pandemic impacted from March 2020. DEW on behalf of the Board managed the move of a significant number of staff to work from home arrangements where feasible. DEW also ensured precautions were taken for staff and the public where sites and facilities remained open, adopting best practice advice to ensure personal safety at those sites.

2. Income

2.1. Intra-government transfers

	2020	2019
	\$'000	\$'000
Intra-government transfers	1 552	539
Total intra-government transfers	1 552	539

Intra-government transfers are recognised on receipt.

In 2019-20 the Board received a contribution from the Green Industry Fund of \$1 million to support the delivery of the government's Securing the Future of our Regional Coastline initiative.

2.2. Fees and charges

	2020	2019
	\$'000	\$'000
Fees, levies and licences	21	18
Total fees and charges	21	18

Revenues from fees and charges are derived primarily from fees for development applications. Revenue is recognised when development applications are approved.

Coast Protection Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

3. Board, committees and employees

3.1. Key management personnel

Key management personnel of the Board include the Minister for Environment and Water and the Board members.

Total compensation of key management personnel was \$19 000 (2019: \$22 000).

The compensation disclosed in this note excludes salaries and other benefits the Minister for Environment and Water 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*.

No transactions with key management personnel or related parties occurred during 2019-20.

3.2. Board and committee members

Members the 2020 financial year were:

- J S Tate (Presiding Member appointed June 2020)
- A N Holmes (Presiding Member retired June 2020)
- K Galpin * (retired December 2019)
- P A Hesp (retired May 2020)
- A M Collins *
- J B L Davidson * (appointed December 2019)
- B M Gillanders (appointed August 2019)
- A S Sandery (appointed May 2020)
- A L Wilson (appointed August 2019)

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

Board and committee remuneration

The number of members whose remuneration received or receivable falls within the following bands:	2020 \$'000	2019 \$'000
\$0 - \$19 999	9	7
Total number of members	9	7

The total remuneration received or receivable by members was \$19 000 (2019: \$22 000). Remuneration of members includes sitting fees, super contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax. A further \$2 000(2019: \$2 000) in payroll tax expenses are recognised in 'Board member' expenses.

For the purposes of this table, board member on-costs have not been included as remuneration as they do not form part of remuneration received or receivable by the members.

Coast Protection Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

4. Expenses

4.1. Supplies and services

	2020	2019
	\$'000	\$'000
Aerial photography and survey	354	10
Minor works, maintenance and equipment	69	58
Contribution to Coastal Strategy (DEW)	63	-
Fee for Service - Corporate Fee (DEW)	54	47
Contribution to Coastal Management	35	-
Fee for service	26	17
Contribution to Waverider Buoy maintenance	10	10
Travel	4	17
Other	3	2
Sponsorship	-	9
Contractors	1	12
Total supplies and services	619	182

4.2. Grants and subsidies

	2020	2019
	\$'000	\$'000
Local government ⁽ⁱ⁾	807	332
Total grants and subsidies	807	332

⁽ⁱ⁾ Local government

The District Council of Ceduna	256	-
The District Council of Kingston	181	150
Alexandrina Council	103	4
The District Council of Copper Coast	53	-
Wattle Range Council	49	20
City of Whyalla	29	20
Yorke Peninsula Council	27	-
The District Council of Robe	23	25
Port Augusta City Council	20	30
The District Council of Barunga West	20	-
City of Holdfast	13	-
Yankalilla District Council	8	-
City of Charles Sturt	7	-
The District Council of Lower Eyre Peninsula	7	-
City of Onkaparinga	6	-
The District Council of Grant	5	-
The District Council of Streaky Bay	-	8
Port Adelaide Enfield Council	-	75
Total local government grants and subsidies	807	332

For contributions payable, the contribution will be recognised as a liability and expense when the entity has a present obligation to pay the contribution and the expense recognition criteria are met. Grants are provided to local councils and community groups to help fund projects that sustain, restore, and protect South Australian coastal resources.

Coast Protection Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

4.3. Other expenses

	2020 \$'000	2019 \$'000
Audit fees paid/payable to the Auditor-General's Department	11	10
Total other expenses	11	10

5. Non-financial assets

5.1. Property, plant and equipment by asset class

	2020 \$'000	2019 \$'000
Land		
Land at fair value	6 917	5 130
Total land	6 917	5 130
Total property, plant and equipment	6 917	5 130

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 Board's approach to fair value is set out in note 11.1.

Reconciliation 2019-20

	Land \$'000	Total \$'000
Carrying amount at 1 July 2019	5 130	5 130
Revaluation increment	1 787	1 787
Carrying amount at 30 June 2020	6 917	6 917

6. Financial assets

6.1. Cash and cash equivalents

	2020 \$'000	2019 \$'000
Deposits with the Treasurer	1 122	426
Total cash and cash equivalents	1 122	426

Deposits with the Treasurer are non-interest bearing.

Coast Protection Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

6.2. Receivables

	2020 \$'000	2019 \$'000
<u>Current</u>		
Trade receivables		
From non-government entities	1	-
Total trade receivables	1	-
Accrued revenue	-	2
Total current receivables	1	2
Total receivables	1	2

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

7. Liabilities

7.1. Payables

	2020 \$'000	2019 \$'000
<u>Current</u>		
Creditors	682	101
Accrued expenses	21	22
Total current payables	703	123
Total payables	703	123

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.

8. Other disclosures

8.1. Equity

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

Coast Protection Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

9. Changes in accounting policy

9.1. AASB 1058 Income for 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

The total impact on the Board's retained earnings as at 1 July 2019 was \$ nil.

9.2. 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 department. 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.

10. Outlook

10.1. Unrecognised contractual commitments

The Board had no unrecognised contractual commitments at 30 June 2020.

10.2. Contingent assets and liabilities

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

10.3. COVID-19 pandemic impact on the Board

The COVID-19 pandemic may continue to impact the operations of the Board in 2020-21. Delays in delivery of outputs may continue to arise from travel restrictions, and changes to working arrangements for staff.

10.4. Events after the reporting period

There are no known events after balance date that affect these general purpose financial statements in a material manner.

Coast Protection Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

11. Measurement and risk

11.1. 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 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 restructuring of administrative arrangements then the assets are recognised at book value (that is the amount recorded by the transferor public authority prior to the restructure).

Revaluation

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

Every six years, the Board revalues its land via an independent Certified Practising Valuer. If at any time management considers that 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.

Assets disclosed at independent valuation

The Board's land assets, comprising Crown land dedicated to the Board or held by the Minister for Environment and Water on behalf of the Board, were revalued as at 1 July 2019. The independent revaluation was undertaken by Certified Practising Valuers, Mr Mark Kay, Chief Valuer, Office of the Valuer General and Mr Greg McCloud, Senior Valuer Office of the Valuer General.

A market based method was used when by comparing property data to that of similar sales with consideration of restrictions on use and/ or zoning, property size and shape, topography, location, sale date and market movement, if any, and other relevant factors specific to the land being valued.

Coast Protection Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

11.2. Financial instruments

Financial risk management

Risk management is managed by the DEW's corporate services section and DEW'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 Board'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

The Board is funded principally from revenues from the SA Government. The Board and DEW work with the Department of Treasury and Finance to determine the cash flows associated with the Board's 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.

Classification of financial instruments

The board measures all financial instruments at amortised cost.

Category of financial asset and financial liability	Note	2020 Carrying amount \$'000	2019 Carrying amount \$'000
Financial assets			
Cash and cash equivalents			
Cash and cash equivalents		1 122	426
Financial assets at amortised cost			
Receivables	(1)	1	2
Total financial assets		1 123	428
Financial liabilities			
Financial liabilities at amortised cost			
Payables	(1)	691	111
Total financial liabilities		691	111

Receivables and payables

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (for example, 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, etc. they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at amortised cost.