

# South Australian Film Corporation

Financial report  
for the year ended  
30 June 2021



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## To the Chairman South Australian Film Corporation

### Opinion

I have audited the financial report of the South Australian Film Corporation for the financial year ended 30 June 2021.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the South Australian Film Corporation as at 30 June 2021, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2021
- a Statement of Financial Position as at 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- a Statement of Cash Flows for the year ended 30 June 2021
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chair, Chief Executive and the Chief Operating Officer.

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

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

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

In preparing the financial report, the Chief Executive is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Chief Executive is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

The members of the South Australian Film Corporation 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 *South Australian Film Corporation Act 1972*, I have audited the financial report of South Australian Film Corporation for the financial year ended 30 June 2021.

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

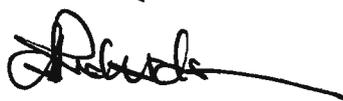
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the {the entity's} internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- conclude on the appropriateness of the Chief Executive's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chief Executive and members of the South Australian Film Corporation 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**

13 September 2021

**Certification of Financial Statements**

We certify that the:

- financial statements for the South Australian Film Corporation:
  - are in accordance with the accounts and records of the South Australian Film Corporation;
  - comply with relevant Treasurer' instructions
  - comply with relevant accounting standards; and
  - present a true and fair view of the financial position of the South Australian Film Corporation at the end of the financial year and the result of its operations and cash flows for the financial year.
- internal controls employed by the South Australian Film Corporation for the financial year over its financial reporting and its preparation of financial statements have been effective.



Peter Hanlon  
Chair  
10 September 2021



Kate Croser  
Chief Executive Officer  
10 September 2021



Noelene Buddle  
Chief Operating Officer  
10 September 2021

**SOUTH AUSTRALIAN FILM CORPORATION**

**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 30 June 2021

	Note No.	2021 \$'000	2020 \$'000
<b>OPERATIONS</b>			
<b>Income</b>			
Revenue from SA Government	4.1	3 320	2 068
Adelaide Studio Income	4.2	732	1 141
Film distribution returns		253	472
Interest revenues	4.3	39	186
Other revenues	4.4	14	60
<b>Total operations income</b>		<b>4 358</b>	<b>3 927</b>
<b>Expenses</b>			
Employee benefits expenses	2.3	1 830	2 061
Supplies and services	3.3	1 242	1 175
Depreciation	3.4	134	139
<b>Total operations expenses</b>		<b>3 206</b>	<b>3 375</b>
<b>Net result from Operations</b>		<b>1 152</b>	<b>552</b>
<b>SCREEN INDUSTRY PROGRAMS</b>			
<b>Income</b>			
Revenue from SA Government	4.1	1 209	1 287
<b>Total Screen Industry income</b>		<b>1 209</b>	<b>1 287</b>
<b>Expenses</b>			
Screen Industry programs	3.1	1 098	1 614
<b>Total Screen Industry expenses</b>		<b>1 098</b>	<b>1 614</b>
<b>Net result from Screen Industry programs</b>		<b>111</b>	<b>(327)</b>
<b>PRODUCTION FUNDING</b>			
<b>Income</b>			
Revenue from SA Government	4.1	7 080	4 502
<b>Total Production Funding Income</b>		<b>7 080</b>	<b>4 502</b>
<b>Expenses</b>			
Production Funding	3.2	6 511	8 519
<b>Total Production Funding expenses</b>		<b>6 511</b>	<b>8 519</b>
<b>Net result from Production Funding</b>		<b>569</b>	<b>(4 017)</b>
<b>Total Comprehensive Result</b>		<b>1 832</b>	<b>(3 792)</b>

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

**SOUTH AUSTRALIAN FILM CORPORATION**

**STATEMENT OF FINANCIAL POSITION**

As at 30 June 2021

	Note No.	2021 \$'000	2020 \$'000
<b>Current assets</b>			
Cash and cash equivalents	6.1	17 118	15 354
Receivables	6.2	255	311
Revolving Film Fund Loans	6.3	-	965
<b>Total current assets</b>		<b>17 373</b>	<b>16 630</b>
<b>Non-current assets</b>			
Equipment	5.1	368	443
Revolving Film Fund Loans	6.3	50	270
<b>Total non-current assets</b>		<b>418</b>	<b>713</b>
<b>Total assets</b>		<b>17 791</b>	<b>17 343</b>
<b>Current liabilities</b>			
Payables	7.1	14 632	16 066
Employee benefits	2.4	139	132
Contract liabilities		92	1
<b>Total current liabilities</b>		<b>14 863</b>	<b>16 199</b>
<b>Non-current liabilities</b>			
Employee benefits	2.4	151	201
Payables	7.1	14	12
Provisions	7.2	9	9
<b>Total non-current liabilities</b>		<b>174</b>	<b>222</b>
<b>Total liabilities</b>		<b>15 037</b>	<b>16 421</b>
<b>Net Assets</b>		<b>2 754</b>	<b>922</b>
<b>Equity</b>			
Contributed capital		8 460	8 460
Retained earnings		(5 706)	(7 538)
<b>Total Equity</b>		<b>2 754</b>	<b>922</b>

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

**SOUTH AUSTRALIAN FILM CORPORATION****STATEMENT OF CHANGES IN EQUITY**

For the year ended 30 June 2021

	<b>Note No.</b>	<b>Contributed capital \$'000</b>	<b>Retained earnings \$'000</b>	<b>Total Equity \$'000</b>
<b>Balance at 30 June 2019</b>		<b>8 460</b>	<b>(3 746)</b>	<b>4 714</b>
Net result for 2019-20		-	(3 792)	(3,792)
<b>Balance at 30 June 2020</b>		<b>8 460</b>	<b>(7,538)</b>	<b>922</b>
Net result for 2020-21		-	1 832	1 832
<b>Balance at 30 June 2021</b>		<b>8 460</b>	<b>(5 706)</b>	<b>2 754</b>

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

**SOUTH AUSTRALIAN FILM CORPORATION**

**STATEMENT OF CASH FLOWS**

For the year ended 30 June 2021

	Note No.	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>			
<b>Cash inflows</b>			
Receipts from SA Government		11 609	7 857
Adelaide Studios and other income		1 347	1 798
Revolving Film Fund Loan repayments		1 185	-
GST received from the ATO		894	664
Interest received		38	187
<b>Cash generated from operations</b>		<b>15 073</b>	<b>10 506</b>
<b>Cash outflows</b>			
Production funding		(8 318)	(6 037)
Employee benefits payments		(1 873)	(2 114)
Screen Industry Programs		(1 500)	(1 690)
Payments for supplies and services		(1 559)	(1 263)
Revolving Film Fund Loan advances		-	(1 185)
<b>Cash used in operations</b>		<b>(13 250)</b>	<b>(12,289)</b>
<b>Net cash provided by/(used in) operating activities</b>		<b>1 823</b>	<b>(1 783)</b>
<b>Cash outflows</b>			
Purchase of property, plant and equipment		(59)	(60)
<b>Cash used in investing activities</b>		<b>(59)</b>	<b>(60)</b>
<b>Net cash provided by/(used in) investing activities</b>		<b>(59)</b>	<b>(60)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1 764</b>	<b>(1 843)</b>
Cash and cash equivalents at the beginning of the period		15 354	17 197
<b>Cash and cash equivalents at the end of the period</b>	6.1	<b>17 118</b>	<b>15 354</b>

The accompanying notes form part of these financial statements.

# SOUTH AUSTRALIAN FILM CORPORATION

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## **1. ABOUT THE SOUTH AUSTRALIAN FILM CORPORATION**

The South Australian Film Corporation (SAFC) is a Board, established pursuant to the *South Australian Film Corporation Act 1972*. The responsible Minister is the Minister for Innovation and Skills. The SAFC is a not-for-profit entity.

The SAFC 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 SAFC.

Administered items are insignificant in relation to the SAFC's overall financial performance and position and are disclosed in Note 12.

### **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 with reduced disclosure requirements.

The financial statements are prepared based on a 12 month period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

### **1.2 OBJECTIVES**

The core functions of the SAFC are:

- to foster the creation and delivery of critically acclaimed and commercially successful ideas, moving images and sound for any viewing medium;
- to support the SA screen industry in a dynamic and responsive manner; and
- to optimise opportunities for production and post-production in South Australia.

The SAFC provides financial assistance by way of grants, loans and equity investments across 2 key programs of Screen Industry Programs and Production Funding. The activities within these programs include funding for screen project development, production and development and access to professional development opportunities to screen industry practitioners via workshops, seminars and information.

The SAFC operates the Adelaide Studios which includes production and post-sound facilities and long-term tenancies for screen practitioners.

The SAFC's principal sources of funds are State Government grants and revenue from the Adelaide Studios operations.

The ongoing activities of the SAFC are dependent on the annual provision of grants from the State Government.

## SOUTH AUSTRALIAN FILM CORPORATION

### 1.3 IMPACT OF COVID-19 PANDEMIC

The key impact of COVID-19 in 2020-21 were

- Work from home arrangements were supported for staff members
- Reduction in studio hire income for delayed productions
- Small increase in cleaning and sanitisation costs

## 2. BOARD, COMMITTEES AND EMPLOYEES

The Chief Executive Officer is appointed by the Chief Executive Officer of the Department for Innovation and Skills as the Employing Authority under Section 9(1) of the *South Australian Film Corporation Act 1972*. SAFC employees are appointed by the Chief Executive Officer SAFC under a sub-delegation provided by the Employing Authority under Section 9A(7) of the *South Australian Film Corporation Act 1972*.

The Executive Team comprises the Chief Executive Officer, Head of Production and Development, Head of Communications and Marketing, and Chief Operating Officer.

### 2.1 KEY MANAGEMENT PERSONNEL

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

Total compensation for key management personnel was \$290,000 (\$371,000).

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*.

#### ***Transactions with key management personnel and other related parties***

The Board is comprised largely of individuals who work within both the local and national screen industry. This is a longstanding historical practice and is consistent with Board composition in similar agencies across Australia. There is a clear and industry accepted benefit for this practice, as practitioners provide important expertise and understanding about financing and production, and strategic insights about the future directions for the SAFC. The SAFC has policies and procedures in place to ensure that potential and perceived conflicts of interest are managed in a robust and transparent manner. Related party disclosures are recognised at the time of Board approval. Relevant Board members do not participate in the approval process relating to that commitment.

During 2020-21, payments of \$627,567 were made to Yes Chef Productions, of which Rebecca Summerton is Producer, in relation to the *Aftertaste* production project. The amounts paid were completed on normal business terms. In line with SAFC policies and procedures, Ms Summerton declared her interest and absented herself from any Board discussion or decision.

## SOUTH AUSTRALIAN FILM CORPORATION

### 2.2 BOARD MEMBERS

Members during the 2021 financial year were:

- Mr Peter Hanlon (Chair)
- Ms Kate Croser \*
- Ms Ann-Maree Davies
- Ms Miriam Silva
- Ms Rebecca Summerton
- Mr Tony Ayres

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

#### **Board remuneration**

The number of members whose remuneration received or receivable falls within the following bands:	2021 No	2020 No
\$0 - \$ 19 999	5	7
<b>Total</b>	<b>5</b>	<b>7</b>

The total remuneration received or receivable by members was \$15,000 (\$15,000). Remuneration of members include sitting fees, superannuation contributions and salary sacrifice benefits.

### 2.3 EMPLOYEE BENEFITS EXPENSE

	2021 \$'000	2020 \$'000
Salaries	1 534	1 684
Employment on-costs – superannuation	161	161
Annual leave	85	130
Employment on-costs – other	62	77
Board fees	15	15
Workers compensation	-	2
LSL	(27)	(8)
<b>Total employee benefits expenses</b>	<b>1 830</b>	<b>2 061</b>

#### **Employment on-cost superannuation**

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

#### **Executive Remuneration**

The number of employees whose remuneration received or receivable falls within the following bands.	2021 No	2020 No
\$255,000 to \$275,000	1	-
<b>Total</b>	<b>1</b>	<b>-</b>

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

## SOUTH AUSTRALIAN FILM CORPORATION

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.

The total remuneration received during the 2020-2021 year was \$275,000.

### 2.4 EMPLOYEE BENEFITS LIABILITY

	2021 \$'000	2020 \$'000
<b>Current</b>		
Annual leave	87	86
Accrued salaries and wages	52	46
<b>Total current employee benefits</b>	<b>139</b>	<b>132</b>
<b>Non-current</b>		
Long service leave	151	201
<b>Total non-current employee benefits</b>	<b>151</b>	<b>201</b>
<b>Total employee benefits</b>	<b>290</b>	<b>333</b>

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.

#### ***Salaries and wages, annual leave and sick leave***

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

#### ***Long service leave***

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Details of the measurement of long service leave liability is provided as note 11.1.

## SOUTH AUSTRALIAN FILM CORPORATION

### 3. EXPENSES

Employee benefit expenses are disclosed in note 2.3.

The SAFC's key expenditure items relate to:

- screen industry programs;
- production funding; and
- management of the Adelaide Studios facilities.

#### 3.1 SCREEN INDUSTRY PROGRAMS

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Industry development	548	709
Project development	429	577
Company support	90	205
Production attraction	31	95
Professional development	-	28
<b>Total screen industry programs</b>	<b>1 098</b>	<b>1 614</b>

Screen industry programs are undertaken by the SAFC to support the skills and capabilities of screen industry practitioners and company viability. These programs are recognised as an expense upon approval given the applicant is advised of the approval and there is sufficient certainty of the obligation to pay.

Where the funding is for a specific financial year the expense is recognised in that financial year. Prior to that year the obligation is recognised as an unrecognised contractual commitment where a contract has been executed.

#### 3.2 PRODUCTION FUNDING

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
PDV Rebate	4 458	4 960
Production Funding	1 746	3 559
VGD Rebate	307	-
<b>Total production funding</b>	<b>6 511</b>	<b>8 519</b>

Production Funding relates to the SAFC contribution towards the production of digital content including drama and documentary screen content. In particular, projects that are creative and original, possess overall appeal to diverse audiences, display good market prospects and have significant economic benefits to the South Australian production and post-production screen sector. Funding to the production is by way of investment or grant and the SAFC is one of a number of funding partners.

Post Production, Digital and Visual Effects (PDV) Rebate supports post production, and digital and visual effect work undertaken in South Australia and is designed to complement the Australian Federal Government's Australian Screen Production Incentive Producer Offset and PDV Offset. Eligible projects may seek a rebate equivalent to 10% of expenditure on post production, digital and visual effects where the South Australian expenditure is greater than \$250,000.

Video Games Development (VGD) Rebate enables video games studios to claim a percentage of costs incurred to develop a video game in South Australia.

## SOUTH AUSTRALIAN FILM CORPORATION

At the point of approval there is always a degree of uncertainty in relation to the projects proceeding given the number of parties to the agreements. As a result, production funding is only recognised as an expense when there is sufficient certainty the project will proceed. Prior to that point the obligation is recognised as a contingent liability.

### 3.3 SUPPLIES AND SERVICES

	2021 \$'000	2020 \$'000
Utility and communication expenses	218	250
Facility expenses	182	120
Computer and related expenses	161	156
General administrative expenses	152	166
Industry promotion and participations	143	109
Tenant and production recovered charges	129	137
Audit and legal fees	85	70
Consultants	78	62
Staff related expenses	74	39
Minor asset purchase and maintenance	15	25
Travel	5	41
<b>Total supplies and services</b>	<b>1 242</b>	<b>1 175</b>

#### *Consultants*

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

	No	2021 \$'000	No	2020 \$'000
Below \$10 000	2	4	6	26
Above \$10 000	1	74	3	36
<b>Total</b>	<b>3</b>	<b>78</b>	<b>9</b>	<b>62</b>

### 3.4 DEPRECIATION

	2021 \$'000	2020 \$'000
Office equipment	82	86
Production equipment	52	53
<b>Total depreciation</b>	<b>134</b>	<b>139</b>

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

#### *Review of accounting estimates*

Asset's residual values, useful lives and 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 assets are account for prospectively by changing the time period or method, as appropriate.

## SOUTH AUSTRALIAN FILM CORPORATION

### *Useful life*

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

<b>Class of asset</b>	<b>Useful Life (years)</b>
Production equipment	3-25
Office equipment	3-20

## 4. INCOME

The majority of the SAFC's income is sourced from the State Government as a grant from the Department for Innovation and Skills under a 3 year Memorandum of Administrative Arrangement. This funding is supplemented for specific projects during the year where the SAFC annual budget has been exhausted. The SAFC also generates income sourced from the private sector for long term office rentals, the short term hire of production and post sound facilities and from distributions from previous film investments.

### 4.1 REVENUE FROM SA GOVERNMENT

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Production Funding	7 080	4 502
Operations	3 320	2 068
Screen Industry Programs	1 209	1 287
<b>Total revenue from SA Government</b>	<b>11 609</b>	<b>7 857</b>

Revenue from SA Government is recognised on receipt.

Where money has been received in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of the SAFC and the appropriation is recorded as contributed equity. Refer to the Statement of Changes in Equity.

The SAFC is funded via the Department for Innovation and Skills for activities undertaken. The SAFC is required to seek approval from the Minister for the annual budget allocation against various activities. That approval delineates the funding allocation to the three areas of the SAFC's activities of Operations, Screen Industry Programs and Production funding. The allocation of funding against these areas of activities is not amended during the year unless supplemented by additional funding approved for specific purposes.

The SAFC receives funding for the South Australian Post Production, Digital and Visual Effects (SA PDV) Rebate and Video Game Development (VGD) Rebate from the Department of Treasury and Finance following approval of individual projects by the SAFC delegate.

In addition, the SAFC may secure grant funding from other parts of the South Australian Government such as the Department for Premier and Cabinet for specific programs. This income is recognised in the relevant activity dependent on the purpose of the program.

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### 4.2 ADELAIDE STUDIOS INCOME

	2021 \$'000	2020 \$'000
Studio Hire	445	627
Tenant Rental	143	363
Other	144	151
<b>Total Adelaide Studios income</b>	<b>732</b>	<b>1 141</b>

### 4.3 INTEREST REVENUE

	2021 \$'000	2020 \$'000
Deposits with the SA Government Financing Authority	30	160
Revolving Film Fund Loans	7	22
Deposits with non-SA Government financial institutions	2	4
<b>Total interest revenues</b>	<b>39</b>	<b>186</b>

### 4.4 OTHER REVENUE

	2021 \$'000	2020 \$'000
Sundry income	14	19
Asset acquired at no cost	-	26
Revolving Film loan administration fees	-	15
<b>Total other income</b>	<b>14</b>	<b>60</b>

## 5. NON-FINANCIAL ASSETS

The SAFC's assets comprise production equipment and office equipment. Production equipment is used to undertake sound mixing and recording services and is income generating for the SAFC. Office equipment includes the provision of the IT and phone network for the Adelaide Studios site in addition to traditional office equipment such as desks and chairs. Where this equipment is deployed in the production and office tenancies it contributes to the generation of income for the SAFC.

## SOUTH AUSTRALIAN FILM CORPORATION

### 5.1 EQUIPMENT

	2021 \$'000	2020 \$'000
<b>Production Equipment</b>		
Production equipment at cost (deemed fair value)	1 185	1 185
Accumulated depreciation at the end of the period	(1 069)	(1 017)
<b>Total production equipment</b>	<b>116</b>	<b>168</b>
<b>Office Equipment</b>		
Office equipment at cost (deemed fair value)	1 143	1 120
Accumulated depreciation at the end of the period	(891)	(845)
<b>Total office equipment</b>	<b>252</b>	<b>275</b>
<b>Total equipment</b>	<b>368</b>	<b>443</b>

Equipment with a value equal to or in excess of \$1,000 is capitalised, otherwise it is expensed.

#### **Impairment**

Equipment has not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continued use of their service capacity and are subject to regular stocktake and visual inspection.

#### **Reconciliation 2020-21**

	Production equipment \$'000	Office equipment \$'000	Total \$'000
<b>Carrying amount at the beginning of the period</b>	168	275	443
Acquisitions	-	59	59
Depreciation	(52)	(82)	(134)
<b>Carrying amount at the end of the period</b>	<b>116</b>	<b>252</b>	<b>368</b>

### 5.2 PROPERTY LEASED BY THE SAFC

Property leased by the SAFC is recorded at cost.

A concessionary lease is held with the Premier for the Adelaide Studio precinct located at Glenside. The building is used to enable the operation of the Adelaide Studios and to support, encourage and facilitate creative industries including but not limited to film, television, audio-visual and multi-media production, investment and development and ancillary purposes. The building may not be used for any other purpose. Without the supply of this lease at concessionary terms, the SAFC would incur costs for an alternative property to deliver its objectives.

The lease commenced on 1 July 2011 and expires on 30 June 2036. Rent of \$1 for the term of the loan is payable if demanded.

**SOUTH AUSTRALIAN FILM CORPORATION**

**6. FINANCIAL ASSETS**

**6.1 CASH AND CASH EQUIVALENTS**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Short-term deposits with SAFA	16 934	15 142
Cash at bank and on hand	184	212
<b>Total cash and cash equivalents</b>	<b>17 118</b>	<b>15 354</b>

***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.

**6.2 RECEIVABLES**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Receivables	83	220
Less allowance for doubtful debts	-	-
Prepayments	159	45
GST input tax recoverable	7	39
Accrued revenues	6	7
<b>Total current receivables</b>	<b>255</b>	<b>311</b>

Receivables arise in the normal course of providing services 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.

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

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

***Impairment of receivables***

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Carrying amount at the beginning of the period</b>	<b>-</b>	<b>2</b>
Amounts written off	-	-
Amounts recovered during the year	-	-
Increase/(Decrease) in the allowance recognised in profit or loss	-	(2)
<b>Carrying amount at the end of the period</b>	<b>-</b>	<b>-</b>

## SOUTH AUSTRALIAN FILM CORPORATION

### 6.3 REVOLVING FILM FUND LOANS

	2021 \$'000	2020 \$'000
Current	-	965
Non-Current	50	270
<b>Total Revolving Film Fund Loans</b>	<b>50</b>	<b>1 235</b>

The SAFC provides Revolving Film Fund secured loans to film and television producers.

As at 30 June 2021 loans provided were either interest bearing or non-interest bearing basis and secured, with due regard to the credit worthiness of the producer and its track record for delivery, by a combination of:

- (a) a first ranking security over guarantees provided by either
  - film distributors and/or sales agents: or
  - the federal Government through its Producer Offset Scheme;
- (b) a further security interest over the producer's company entitlement to gross proceeds from exploitation of the film;
- (c) where the borrower is a special purpose vehicle (SPV) created solely for the production of the film, surety provided by the parent company in the form of a Deed of Guarantee; and
- (d) in exceptional circumstances, a bank guarantee may be required.

There were no impaired loans in 2021 or 2020.

## 7. LIABILITIES

Employee benefit liabilities are disclosed in note 2.4.

### 7.1 PAYABLES

	2021 \$'000	2020 \$'000
<b>Current</b>		
Production funding	14 054	15 124
Screen Industry programs	399	668
Accrued expenses	125	138
Creditors	33	116
Employment on-costs	21	20
<b>Total current payables</b>	<b>14 632</b>	<b>16 066</b>
<b>Non-current</b>		
Employment on-costs	14	12
<b>Total non-current payables</b>	<b>14</b>	<b>12</b>
<b>Total payables</b>	<b>14 646</b>	<b>16 078</b>

Creditors and accrued expenses are raised for all amounts owing but unpaid. Creditors are normally settled within 30 days from the date the invoice is first received. All payables are

## SOUTH AUSTRALIAN FILM CORPORATION

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 employee benefits that they relate to is discharged.

The SAFC contribute to several externally managed and State Government 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 report date relates to any contributions due but not yet paid to those 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 has been maintained at the rate of 42% in 2021.

## **7.2 PROVISIONS**

<b>Non-current</b>	<b>2021 \$'000</b>	<b>2020 \$'000</b>
Provision for workers compensation	9	9
<b>Total non-current provisions</b>	<b>9</b>	<b>9</b>
<b>Total provisions</b>	<b>9</b>	<b>9</b>

	<b>2021 \$'000</b>	<b>2020 \$'000</b>
<b><i>Movement in provisions</i></b>		
<b>Carrying amount at the beginning of the period</b>	9	7
Additional provisions	-	2
Amounts used	-	-
<b>Carrying amount at the end of the period</b>	<b>9</b>	<b>9</b>

The SAFC has no open workers compensation claims.

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on actuarial assessment of the outstanding liability as at 30 June 2021 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector Employment. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

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

## **8. OTHER DISCLOSURES**

### **8.1 CASH FLOW**

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

## **9. CHANGES IN ACCOUNTING POLICY**

No changes in accounting policy impacted the 2020/21 Financial Statements.

## SOUTH AUSTRALIAN FILM CORPORATION

### 10. OUTLOOK

#### 10.1 UNRECOGNISED CONTRACTUAL COMMITMENTS

Commitments include Screen Industry projects for funding for a future financial year that have been contractually committed and are disclosed at their nominal value.

	2021 \$'000	2020 \$'000
<b>Screen Industry programs</b>		
Within one year	-	75
Later than one year but not longer than 5 years	-	-
<b>Total unrecognised contractual commitments</b>	-	75

#### 10.2 CONTINGENT ASSETS AND LIABILITIES

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

The SAFC is not aware of any contingent assets.

Where production funding has been approved and the applicant has been advised and there remains a degree of uncertainty that the projects will proceed, the approval is recognised as a contingent liability.

	2021 \$'000	2020 \$'000
<b>Liabilities</b>		
Production funding	1 014	550
Industry development program	800	-
<b>Total contingent liabilities</b>	1 814	550

#### 10.3 COVID-19 PANDEMIC OUTLOOK

The COVID-19 pandemic may continue to impact the operations of the SAFC in 2021-22. The extent of the impact is currently unknown, however studio hire income could be impacted if productions are unable to proceed due to COVID-19.

#### 10.4 EVENTS AFTER THE REPORTING PERIOD

There are no events occurring after the end of the reporting period.

### 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 employee departures and periods of service. These assumptions are based on employee 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

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liability. The yield on long-term Commonwealth Government bonds has increased from 2020 (0.75%) to 2021 (1.25%).

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

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability and employee benefits expense of \$24,969. 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 maintained the salary inflation rate at 2.5% in 2021 for long service leave liability.

The SAFC is not expecting any payment for long service leave in the next 12 months. As a result the full quantum of long service leave has been classified as non-current.

### 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.

#### *Revaluation*

Non-current tangible assets are subsequently measured at fair value after allowing for accumulated depreciation. 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 \$1.5M or estimated useful life is greater than three years.

Equipment has not been revalued in accordance with APS 116.E. The carrying amount of these items are deemed to be approximate fair value.

### 11.3 FINANCIAL INSTRUMENTS

#### *Financial Risk Management*

Risk management is managed by the SAFC's Executive Team. SAFC 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 SAFC's exposure to financial risk (liquidity, credit and market risks) is low due to the nature of financial instruments held.

#### *Liquidity risk*

The SAFC is funded principally from the Department for Innovation and Skills under a 3 year Memorandum of Administrative Arrangement. The SAFC works with the Department to determine the cash flows associated with its approved program of work and to ensure funding is provided to meet the expected cash flows.

Refer to note 7.1 for further information.

#### *Categorisation of financial instruments*

Details of the significant accounting policies and methods adopted include 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 and financial liability are disclosed in the respective financial asset/liability note.

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### *Classification of financial instruments*

The SAFC measures all financial instruments, except equity investments, at amortised cost.

Category of financial asset and financial liability	Notes	2021 Carrying amount (\$'000)	2020 Carrying amount (\$'000)
<b>Financial assets</b>			
Cash and equivalent	6.1	17 118	15 354
Financial assets at amortised cost			
- Receivables	6.2	89	227
- Revolving Film Fund Loans	6.3	50	1 235
<b>Total financial assets</b>		<b>17 257</b>	<b>16 816</b>
<b>Financial liabilities</b>			
Financial liabilities at amortised cost			
- Production funding	7.1	14 054	15 124
- Screen Industry Programs	7.1	399	668
- Payables	7.1	113	176
<b>Total financial liabilities</b>		<b>14 566</b>	<b>15 968</b>

### *Receivables and payables*

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (eg Commonwealth, State and Local Govt 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 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.

## **12. ADMINISTERED ITEMS**

The SAFC previously provided a service to producers for disbursing investment returns to investors (non-S AFC titles) in addition to managing the disbursement of investment returns for SAFC titles. The SAFC has acquitted all disbursement of non SAFC titles and the balances below reflect the funds held in relation to SAFC titles only.

The SAFC does not have control of, or discretion to apply these investment returns towards achieving the SAFC's objectives unless the SAFC is contractually entitled to a proportion of these funds, generally as the original producer of these titles. Therefore, prior to reconciliation, disbursement returns are not recognised in the financial statements but are reflected below.

Once the SAFC has determined the quantum that may be attributable to the SAFC as producer of these titles these funds are transferred to the SAFC controlled accounts and reflected as Investment Returns in the Statement of Comprehensive Income. Funds that are due to other investors of SAFC titles are disbursed directly from the accounts below.

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	2021 \$'000	2020 \$'000
<b>Disbursement Returns Account</b>		
Balance at 1 July	172	48
Add:		
Royalties and distribution advances	79	134
Less:		
Disbursements to investors	(102)	(10)
<b>Balance at 30 June</b>	<b>149</b>	<b>172</b>
	2021 \$'000	2020 \$'000
<b>Unclaimed Investor Returns Accounts</b>		
Balance at 1 July	55	55
Add:		
Royalties and distribution advances	38	-
<b>Balance at 30 June</b>	<b>93</b>	<b>55</b>