

Minister for Primary Industries  
and Regional Development -  
South Australian Sheep Industry Fund

Financial report  
for the year ended  
30 June 2020



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## To the Minister for Primary Industries and Regional Development – South Australian Sheep Industry Fund

### Qualified opinion

I have audited the financial report of the Minister for Primary Industries and Regional Development – South Australian Sheep Industry Fund (the fund) for the financial year ended 30 June 2020.

In my opinion, except for the effects of the possible matter described in the 'Basis for qualified opinion' section of my report, the accompanying financial report gives a true and fair view of the financial position of the Minister for Primary Industries and Regional Development – South Australian Sheep Industry Fund 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 Chief Executive, Department of Primary Industries and Regions (the Chief Executive), signed for and on behalf of the Minister for Primary Industries and Regional Development (the Minister) and the Acting Chief Financial Officer, Department of Primary Industries and Regions.

### Basis for qualified opinion

As referred to in note 2.1 to the financial statements, pursuant to regulation 6 of the Primary Industry Funding Schemes (Sheep Industry Fund) Regulations 2014, under the *Primary Industry Funding Schemes Act 1998*, contributions are required to be paid into the fund by sellers where five or more sheep are sold during the period for an average price of \$5 or more.

While there are adequate internal controls over contributions actually received, there are no procedures in place to ensure contributions were received for all contracts of sales for five or more sheep during the period for an average price of \$5 or more. Consequently, I am unable to express an opinion on whether income recognised as contributions from industry of \$3 884 755 (\$3 817 914) is complete.

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 Minister and the Department of Primary Industries and Regions which administers the fund on the Minister's behalf. 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 qualified opinion.

### **Responsibilities of the Minister and the Chief Executive 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 Australian Accounting Standards, and for such internal control as the Chief Executive determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

The Minister is 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*, I have audited the financial report of the Minister for Primary Industries and Regional Development – South Australian Sheep Industry Fund for the financial year ended 30 June 2020.

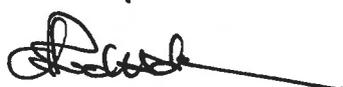
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an 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 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
- 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 the Minister 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**

18 January 2021

**Minister for Primary Industries and Regional  
Development**

**South Australian Sheep Industry Fund**

**Financial Statements**

For the year ended 30 June 2020

**Minister for Primary Industries and Regional Development – South Australian Sheep Industry Fund**  
**Certification of Financial Statements**  
*for the year ended 30 June 2020*

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We certify that the attached general purpose financial statements for the Minister for Primary Industries and Regional Development – South Australian Sheep Industry Fund :

- 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 South Australian Sheep Industry Fund
- present a true and fair view of the financial position of the South Australian Sheep Industry Fund as at 30 June 2020 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Minister for Primary Industries and Regional Development –South Australian Sheep Industry Fund for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Michelle Edge  
Chief Executive  
Department of Primary Industries and Regions  
For and on behalf of the Minister for Primary Industries  
and Regional Development  
Per authorisation dated 17 November 2020  
13 January 2021



Mark Williams  
Acting Chief Financial Officer  
Department of Primary Industries and Regions  
13 January 2021

**Minister for Primary Industries and Regional Development – South Australian Sheep Industry Fund**  
**Statement of Comprehensive Income**  
*for the year ended 30 June 2020*

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	Note	2020 \$	2019 \$
<b>Income</b>			
Contributions from industry	2.1	3 884 755	3 817 914
Recoveries		-	2 388
Interest		23 862	59 710
<b>Total income</b>		<b>3 908 617</b>	<b>3 880 012</b>
<b>Expenses</b>			
Board and committee expenses	3.3	5 689	34 335
Projects	4.1	3 249 974	2 838 761
Refund of contributions		26 934	30 252
Supplies and services	4.2	49 038	69 915
Auditor's remuneration		12 600	12 300
<b>Total expenses</b>		<b>3 344 235</b>	<b>2 985 563</b>
<b>Net result</b>		<b>564 382</b>	<b>894 449</b>
<b>Total comprehensive result</b>		<b>564 382</b>	<b>894 449</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.

**Minister for Primary Industries and Regional Development – South Australian Sheep Industry Fund**  
**Statement of Financial Position**  
*for the year ended 30 June 2020*

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	Note	2020 \$	2019 \$
<b>Current assets</b>			
Cash and cash equivalents	5.1	4 807 056	4 491 708
Receivables	5.2	433 423	5 217
<b>Total current assets</b>		<b>5 240 479</b>	<b>4 496 925</b>
<b>Total assets</b>		<b>5 240 479</b>	<b>4 496 925</b>
<b>Current liabilities</b>			
Payables	6.1	13 430	108 844
<b>Total current liabilities</b>		<b>13 430</b>	<b>108 844</b>
<b>Total liabilities</b>		<b>13 430</b>	<b>108 844</b>
<b>Net assets</b>		<b>5 227 049</b>	<b>4 388 081</b>
<b>Equity</b>			
Retained earnings		5 227 049	4 388 081
<b>Total equity</b>		<b>5 227 049</b>	<b>4 388 081</b>
Contingent liabilities	8.1		

The accompanying notes form part of these financial statements.

Total equity is attributable to the SA Government as owner.

**Minister for Primary Industries and Regional Development – South Australian Sheep Industry Fund**  
**Statement of Changes in Equity**  
*for the year ended 30 June 2020*

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	Retained earnings	Total equity
	\$	\$
<b>Balance at 30 June 2018</b>	<b>3 493 632</b>	<b>3 493 632</b>
Net result for 2018-19	894 449	894 449
<b>Total comprehensive result for 2018-19</b>	<b>894 449</b>	<b>894 449</b>
<b>Balance at 30 June 2019</b>	<b>4 388 081</b>	<b>4 388 081</b>
Changes in accounting policy on adoption of AASB1058	274 586	274 586
<b>Adjusted balance at 1 July 2019</b>	<b>4 662 667</b>	<b>4 662 667</b>
Net result for 2019-20	564 382	564 382
<b>Total comprehensive result for 2019-20</b>	<b>564 382</b>	<b>564 382</b>
<b>Balance at 30 June 2020</b>	<b>5 227 049</b>	<b>5 227 049</b>

The accompanying notes form part of these financial statements.

All changes in equity are attributable to the SA Government as owner.

**Minister for Primary Industries and Regional Development – South Australian Sheep Industry Fund**  
**Statement of Cash Flows**  
*for the year ended 30 June 2020*

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	2020	2019
	Inflows	Inflows
	(Outflows)	(Outflows)
	\$	\$
<b>Cash flows from operating activities</b>		
<b>Cash inflows</b>		
Contributions from industry	3 750 929	3 817 914
Interest received	28 649	58 674
Recoveries received	-	2 388
<b>Cash generated from operations</b>	<b>3 779 578</b>	<b>3 878 976</b>
<b>Cash outflows</b>		
Payments for projects	(3 368 482)	(2 744 834)
Refund of contributions	(28 568)	(28 618)
Payments for Board and committee expenses	(5 689)	(34 335)
Payments for supplies and services	(49 191)	(69 732)
Auditor's remuneration	(12 300)	(12 000)
<b>Cash used in operations</b>	<b>(3 464 230)</b>	<b>(2 889 519)</b>
<b>Net cash provided by / (used in) operating activities</b>	<b>315 348</b>	<b>989 457</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>315 348</b>	<b>989 457</b>
Cash and cash equivalents at the beginning of the reporting period	4 491 708	3 502 251
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>4 807 056</b>	<b>4 491 708</b>

The accompanying notes form part of these financial statements.

# Minister for Primary Industries and Regional Development – South Australian Sheep Industry Fund

## Notes to and forming part of the financial statements

for the year ended 30 June 2020

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### 1. About the South Australian Sheep Industry Fund

The South Australian Sheep Industry Fund (the Fund) is established pursuant to the *Primary Industry Funding Schemes (Sheep Industry Fund) Regulations 2014* (Regulations), administered by the Minister for Primary Industries and Regional Development and is controlled by the Crown. The Department of Primary Industries and Regions (PIRSA) provides administrative support services to the Fund.

#### 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

For the 2019-20 financial statements the Fund adopted AASB 15 – *Revenue from Contracts with Customers* and AASB 1058 – *Income of Not-for-Profit Entities*. Further information is provided in note 7.

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.

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.

The Fund has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Fund is a not-for-profit entity.

The Fund is not subject to Income Tax. The Fund is liable for Goods and Services Tax (GST). GST collections and payments are carried out by PIRSA on behalf of the Fund. GST in relation to the Fund is reported in the PIRSA Controlled Financial Statements.

#### 1.2. Objectives of the Fund

The Fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 28 October 1999. These Regulations were revoked on 14 August 2014. New Regulations, *Primary Industry Funding Schemes (Sheep Industry Fund) Regulations 2014* were issued on 14 August 2014 with minimal changes made.

The primary purposes of the Fund are to:

- fund the operations of the South Australian Sheep Advisory Group (SASAG)
- make payments of financial assistance to farmers in line with the Regulations
- undertake programs as advised by the SASAG
- assist in the maintenance of the dog fence

The Regulations were amended on 7 November 2019, refer to note 4.1 for further information.

#### 1.3. Impact of COVID-19 pandemic on the Fund

The COVID-19 pandemic has not had a material impact on the operations of the Fund in 2019-20.

# Minister for Primary Industries and Regional Development – South Australian Sheep Industry Fund

## Notes to and forming part of the financial statements

for the year ended 30 June 2020

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### 2. Income

#### 2.1. Contributions from industry

Contributions payable to the Minister for payment into the Fund are made pursuant to Regulation 6.

Contributions are recognised as an asset and income when the Fund obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met (that is, the amount can be reliably measured and the flow of resources is probable).

### 3. Board, committees and employees

#### 3.1. Key management personnel

Key management personnel of the Fund includes the Minister for Primary Industries and Regional Development who has responsibility for the strategic direction and management of the Fund.

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 transactions with key management personnel and other related parties entered into by the Fund.

**Minister for Primary Industries and Regional Development – South Australian Sheep Industry Fund**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**3.2. Board and committee members**

Members during the 2019-20 financial year were:

**South Australian Sheep Advisory Group**

Ceased as of 02 June 2020

I H Rowett (Chair) (reappointed 02 July 2019)  
 B J Bateman (reappointed 02 July 2019)  
 K T Bolto  
 K I Dennis (deputy member) (reappointed 02 July 2019)  
 J I Fischer  
 R E Giles  
 J Kellock  
 A J P MacLachlan (deputy member) (reappointed 02 July 2019)  
 Dr E K Matthews\* (deputy member) (reappointed 10 July 2019)  
 L J Mills  
 J Owens (appointed 10 July 2019)  
 A S Pearce (reappointed 02 July 2019)  
 P J Schulz (deputy member) (reappointed 02 July 2019)  
 W L Stewart  
 M M Whittlesea (deputy member) (reappointed 02 July 2019)

*\*In accordance with the Premier and Cabinet Circular PC016, government employees did not receive any remuneration for board/committee duties during the financial year.*

**Board and committee remuneration**

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

	2020	2019
\$0 - \$19 999	15	16
<b>Total number of members</b>	<b>15</b>	<b>16</b>

The total remuneration received or receivable by members was \$1 998 (\$18 122). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

**3.3. Board and committee expenses**

	2020	2019
	\$	\$
Mileage reimbursements	3 538	15 310
Board and committee fees and related on-costs	2 151	19 025
<b>Total Board and committee expenses</b>	<b>5 689</b>	<b>34 335</b>

**Minister for Primary Industries and Regional Development – South Australian Sheep Industry Fund**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**4. Expenses**

**4.1. Projects**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Footrot Control Program	721 652	703 020
Livestock SA Contribution <sup>(1)</sup>	444 903	388 203
Dog Fence Rebuild Contribution	375 643	-
National Livestock Identification System - Sheep	348 745	321 745
Enhanced Abattoir Surveillance	280 053	339 730
Dog Fence Board (Levy Payment)	244 419	232 780
Farm Biosecurity and Endemic Disease Management Program	227 862	402 629
Sheep Lice Control Program	157 961	152 731
Biteback: Dingo Removal from the SA Sheep Pastoral Zone	151 536	183 840
Growth Of Red Meat & Wool Industries Program	150 000	-
Wild Dog Trapper Program	37 500	37 500
SheepConnect SA Communications	32 000	31 983
Control and prevention of Toxoplasma gondii associated production loss in sheep	32 000	-
SA Merino Sire Evaluation	23 000	-
SA Sheep Expo <sup>(2)</sup>	7 000	9 500
Farm Gross Margin Guide Update	5 600	9 000
Box Flat Dingo Control Contribution	5 100	5 100
Wool Tag Toolbox Sponsorship	5 000	5 000
Livestock SA Dry Times Engagement	-	10 000
Mid North Young Guns Improving Welfare & Health Program	-	5 000
2019 University of Adelaide National Merino Challenge Team Sponsorship	-	1 000
<b>Total projects</b>	<b>3 249 974</b>	<b>2 838 761</b>

<sup>(1)</sup> The total contribution paid to Livestock SA Incorporated includes \$70,000 governance and administration service costs for the new Sheep Industry Fund Board, of which \$24,581 is recoverable for unexpended funding. Refer to note 5.2.

<sup>(2)</sup> \$4 500 was recovered from the South Australian Sheep Expo Council Incorporated in 2019-20.

Regulations provide that the Fund may be applied for a number of specific purposes. Until its cessation on 2 June 2020, the South Australian Sheep Advisory Group acted as a consultative committee for the Fund and made recommendations to the Minister on projects that should be sponsored for the benefits that they deliver to the industry. The recommendations were based on industry feedback and were consistent with the Fund management plan that is reviewed annually.

For project funding payable, the payments will be recognised as a liability and expense when the Fund has a present obligation to pay the funding and the expense recognition criteria are met.

All project funding paid by the Fund has been made in accordance with the Fund's Regulations and management plan and with conditional stipulations attached.

Transition to a new governance and administration model for the Sheep Industry Fund occurred during the 2019-20 financial year and included changes to the Regulations that removed reference to SASAG as a consultative committee. Under the new model, the Minister recognised Livestock SA as 'a body that represents sheep producers' for the purposes of regulation 7(c). From 2020-21 onwards, Livestock SA will be eligible to make application under regulation 7(c) for payments from the Sheep Industry Fund for projects as outlined in its application.

**Minister for Primary Industries and Regional Development – South Australian Sheep Industry Fund**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**4.2. Supplies and services**

	2020	2019
	\$	\$
Administrative and operating costs <sup>(1)</sup>	9 068	16 319
SA Sheep Advisory Group Executive Officer Services	27 616	53 596
National Sheep Health Statement printing costs	12 354	-
<b>Total supplies and services</b>	<b>49 038</b>	<b>69 915</b>

<sup>(1)</sup> Includes fees for administration and preparation of the financial statements.

**5. Financial assets**

**5.1. Cash and cash equivalents**

Cash in the Statement of Financial Position comprises deposits at call with the Department of Treasury and Finance.

**5.2. Receivables**

	2020	2019
	\$	\$
Accrued interest - Department of Treasury and Finance	430	5 217
Refund recoverable from Livestock SA	24 581	-
Receivables – Contributions from Industry	408 412	-
<b>Total receivables</b>	<b>433 423</b>	<b>5 217</b>

**6. Liabilities**

**6.1. Payables**

	2020	2019
	\$	\$
Audit fee payable to the Auditor-General's Department	12 600	12 300
Other payables	830	810
Enhanced Abattoir Surveillance (EAS) Program	-	94 100
Refund of contributions	-	1 634
<b>Total payables</b>	<b>13 430</b>	<b>108 844</b>

Goods and services provided and unpaid at the end of the reporting period are recognised as other payables.

A refund liability is recognised once a refund is approved for payment.

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

**Minister for Primary Industries and Regional Development – South Australian Sheep Industry Fund**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**7. Changes in accounting policy**

**7.1. AASB 15 Revenue from Contracts with Customers**

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

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

AASB 15 *Revenue from Contracts with Customers* requirements are effective for annual reporting periods beginning on or after 1 January 2019.

**Impact on retained earnings**

The Fund does not have any contract with customers to be recognised under AASB 15, therefore there is no impact on retained earnings.

**7.2. AASB 1058 Income of Not-for-Profit Entities**

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

By adopting AASB 1058, the Fund recognises contributions as revenue when information becomes available to the Fund regarding contributions due for the prescribed period. The corresponding asset is a statutory receivable under AASB 9.

Previously the fund recognised revenue when contributions were received.

**Impact on retained earnings**

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

	<u>\$</u>
<b>Closing retained earnings 30 June 2019</b>	<b>4 388 081</b>
<b><u>Assets</u></b>	
Receivables – Contributions from Industry	274 586
<b>Opening retained earnings 1 July 2019</b>	<u><b>4 662 667</b></u>

**Accounting policies on transition**

The Fund has adopted AASB 1058 on 1 July 2019. The *Treasurer's Instructions (Accounting Policy Statements)* require certain choices in those transitional provisions to be taken. The Fund has on transition recognised the cumulative effect of initially applying AASB 1058 as an adjustment to the opening balance of retained earnings as at 1 July 2019. As a result, comparative information has not been restated.

**Minister for Primary Industries and Regional Development – South Australian Sheep Industry Fund**

**Notes to and forming part of the financial statements**

*for the year ended 30 June 2020*

**7.3. Effects on financial statements from AASB 15 and AASB 1058**

The following tables show the effects of adopting AASB 15 and AASB 1058 on the Fund's financial statements for the year ending 30 June 2020.

**Statement of Comprehensive Income**

For the year ended 30 June 2020

		Adjustments	Adjustments	Balances without	
	As reported	AASB 15	AASB 1058	adoption of AASB 15	
	\$	\$	\$	& 1058	
Note				\$	
Contributions from Industry	2.1	3 884 755	-	133 826	3 750 929
<b>Total income</b>		<b>3 884 755</b>	<b>-</b>	<b>133 826</b>	<b>3 750 929</b>

**Statement of Financial Position**

As at 30 June 2020

		Adjustments	Adjustments	Balances without	
	As reported	AASB 15	AASB 1058	adoption of AASB 15	
	\$	\$	\$	& 1058	
Note				\$	
Receivables – Contributions from Industry	5.2	408 412	-	408 412	-
<b>Total assets</b>		<b>408 412</b>	<b>-</b>	<b>408 412</b>	<b>-</b>

**Minister for Primary Industries and Regional Development – South Australian Sheep Industry Fund**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**8. Outlook**

**8.1. Contingent liabilities**

*Refunds of contributions*

Under Regulation 6(7) a person who was the vendor of sheep at the time contributions became payable in respect of a contract of sale may claim a refund from the Fund for the contributions made in the financial year immediately preceding the financial year in which the person makes the claim in respect of contracts of sale of the person's sheep.

At the reporting date the possible emergence of valid refund requests within the following 12 month period is present. However, as uncertainty exists as to the number of refund requests that will be received, and their timing and amount, these potential obligations cannot be reliably estimated and therefore represent a contingent liability for the Fund.

Once a valid refund request has been received from a past contributor and it is approved by the Minister or delegate, a present obligation to pay the refund arises. The refund amount is then recognised as a liability and expense of the Fund.

**8.2. COVID-19 pandemic outlook for the Fund**

The COVID-19 pandemic is not expected to have a material impact on the operations of the Fund in 2020-21.

**8.3. Events after the reporting period**

No events have occurred after balance date that would affect the financial statements of the Fund as at 30 June 2020.

**9. Measurement and risk**

**9.1. Financial instruments**

**Liquidity risk**

The Fund's revenue comes from contributions received from industry members at rates prescribed in the Regulations for the Fund. All payments from the Fund are made in accordance with the Fund's Regulations and the management plan developed in consultation with the industry.

The continued existence of the Fund in its present form, and with its present programs, is dependent on State Government policy and the industry's on-going support for the Fund.