

# StudyAdelaide

Financial report  
for the year ended  
30 June 2020



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## To the Presiding Officer StudyAdelaide

### Opinion

I have audited the financial report of StudyAdelaide 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 StudyAdelaide 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 Presiding Officer and the Chief Executive.

### 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 StudyAdelaide. 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 the members of 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 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 management 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 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*, I have audited the financial report of StudyAdelaide 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 StudyAdelaide'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 members of the 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**

25 September 2020

## StudyAdelaide Certification of the Financial Statements

We certify that the attached general purpose financial statements for StudyAdelaide:

- 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 StudyAdelaide; and
- present a true and fair view of the financial position of StudyAdelaide 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 StudyAdelaide for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Karyn Kent  
**Chief Executive**



Sean Keenihan  
**Presiding Officer**

Date 17/9/2020

## StudyAdelaide

### Statement of Comprehensive Income

for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
<b>Income</b>			
Contributions and memberships	4.2	1,455	1,417
Commonwealth grants and payments	4.3	150	67
Interest	4.4	10	21
Sponsorship Income		13	79
Conference Income	4.5	-	115
Other income		7	22
Revenues from SA Government	4.1	2,650	2,653
<b>Total income</b>		<b>4,285</b>	<b>4,374</b>
<b>Expenses</b>			
Employee benefits expenses	2.3	1,194	1,187
Supplies and services	3.1	2,328	3,199
Depreciation and amortisation	3.2	7	5
Other expenses	3.3	16	12
<b>Total expenses</b>		<b>3,545</b>	<b>4,403</b>
<b>Net result</b>		<b>740</b>	<b>(29)</b>
<b>Total comprehensive result</b>		<b>740</b>	<b>(29)</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.

## StudyAdelaide

### Statement of Financial Position

as at 30 June 2020

	Note	2020 \$'000	2019 \$'000
<b><u>Current assets</u></b>			
Cash and cash equivalents	6.1	1,468	639
Receivables	6.2	31	82
<b>Total current assets</b>		<b>1,499</b>	<b>721</b>
<b><u>Non-current assets</u></b>			
Plant and equipment	5.1	22	5
<b>Total non-current assets</b>		<b>22</b>	<b>5</b>
<b>Total assets</b>		<b>1,521</b>	<b>726</b>
<b><u>Current liabilities</u></b>			
Payables	7.1	209	158
Financial Liabilities	7.2	3	-
Employee benefits	2.4	92	99
<b>Total current liabilities</b>		<b>304</b>	<b>257</b>
<b><u>Non-current liabilities</u></b>			
Payables	7.1	11	10
Employee benefits	2.4	130	123
<b>Total non-current liabilities</b>		<b>141</b>	<b>133</b>
<b>Total liabilities</b>		<b>445</b>	<b>390</b>
<b>Net Assets</b>		<b>1,076</b>	<b>336</b>
<b><u>Equity</u></b>			
Retained earnings		1,076	336
<b>Total Equity</b>		<b>1,076</b>	<b>336</b>

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

## StudyAdelaide

### Statement of Changes in Equity

for the year ended 30 June 2020

	Note	Retained Earnings \$'000	Total Equity \$'000
Balance at 1 July 2018		365	365
<b>Net result for 2018-19</b>			
<b>Total comprehensive result for 2018-19</b>		(29)	(29)
<b>Balance at 30 June 2019</b>		<b>336</b>	<b>336</b>
<b>Net result for 2019-20</b>			
<b>Total comprehensive result for 2019-20</b>		740	740
<b>Balance at 30 June 2020</b>		<b>1,076</b>	<b>1,076</b>

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

## StudyAdelaide

### Statement of Cash Flows

for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
<b>Cash flows from operating activities</b>			
<i>Cash inflows</i>			
Contributions	4.2	1,455	1,255
Receipts from Commonwealth	4.3	150	67
Interest received	4.4	10	21
GST recovered from the ATO (net)		138	157
Other receipts		102	442
Receipts from SA Government	4.1	2,650	2,653
<b>Cash generated from operations</b>		<b>4,505</b>	<b>4,595</b>
<i>Cash outflows</i>			
Employee benefits payments		(1,181)	(1,121)
Payments for supplies and services		(2,472)	(3,433)
<b>Cash used in operations</b>		<b>(3,653)</b>	<b>(4,554)</b>
<b>Net cash provided by operating activities</b>		<b>852</b>	<b>41</b>
<b>Cash flows from investing activities</b>			
<i>Cash outflows</i>			
Purchase of plant and equipment	5.2	(19)	-
<b>Cash used in investing</b>		<b>(19)</b>	<b>-</b>
<b>Net cash used in investing activities</b>		<b>(19)</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
<i>Cash outflows</i>			
Repayment of leases	8.1	(4)	-
<b>Cash used in financing</b>		<b>(4)</b>	<b>-</b>
<b>Net cash provided by financing activities</b>		<b>(4)</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>		<b>829</b>	<b>41</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>639</b>	<b>598</b>
<b>Cash and cash equivalents at the end of the period</b>	6.1	<b>1,468</b>	<b>639</b>

The accompanying notes form part of these financial statements.

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# 1. About StudyAdelaide

StudyAdelaide is a Statutory Corporation of the State Government of South Australia and is a subsidiary of the Minister for Trade and Investment, established pursuant to the *Public Corporations Act 1993*.

The normal business activities of StudyAdelaide are dependent on the continuation of grants from the State Government, universities and other bodies. StudyAdelaide believes funding will continue in the foreseeable future. Accordingly, this financial report has been prepared on a going concern basis.

## 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 StudyAdelaide adopted AASB 15 – *Revenue from Contracts with Customers*, AASB 16 – *Leases* and AASB 1058 – *Income for 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.

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

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

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

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

## 1.2. Objectives and programs

The functions of StudyAdelaide are limited to the following:

- engaging in marketing campaigns promoting Adelaide as a viable and attractive destination for international students (destination marketing);
- engaging in other high level marketing campaigns that support StudyAdelaide's destination marketing;
- fostering community support for international students in South Australia;
- communications management, as required from time to time, of any situation that may adversely affect South Australia's reputation as an education destination;
- acquisition and management of resources and services of StudyAdelaide in accordance with the laws of this jurisdiction and any other jurisdiction in which StudyAdelaide carries out its functions; and
- to carry out any other function (consistent with the StudyAdelaide's strategic direction) that is conferred on StudyAdelaide by the Minister.

## 1.3. Impact of COVID-19 pandemic

The COVID-19 pandemic has impacted on the operations of StudyAdelaide and the key impacts in 2019-20 were:

- inability to travel to key markets after February/March 2020 to deliver offshore marketing programs that promote Adelaide as a study destination. This resulted in expenditure savings in areas such as:
  - outbound activities (e.g. offshore roadshows/events)
  - merchandise
  - travel & related costs
- inability for stakeholders to travel to Australia after February/March. This impacted expenditure in areas including:
  - events and exhibitions (Adelaide was to host a trade event in April 2020 that required around 200 offshore agents to participate in)
  - inbound familiarisations for education agents
  - online promotion and consumer marketing activities were paused once borders closed and the situation was unfolding
- inability to deliver a range of student events and activities due to social distancing restrictions
- an additional \$80,000 in Export Market Development Grant (EMDG) funding was received with relatively late notice (April) and at a time when marketing initiatives (and therefore spending) was being severely impacted
- requested and received approval for a carryover of underspend in the amount of \$640,000 to 2020-21.

## 2. Board, committees and employees

### 2.1. Key management personnel

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

Total compensation for key management personnel was \$587,000 in 2019-20 and \$432,000 in 2018-19.

The compensation disclosed in this note excludes salaries and other benefits the Minister of Trade and Investment 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*.

### 2.2. Board and committee members

Members during the 2020 financial year were:

#### **Board of Directors**

Sean Keenihan (Chair) ^	
Henrik (Sebastian) Raneskold	
Gabrielle Rolan	
Simon Hou	
Chirag Trivedi	
John Kweh	
Katina Jones	(appointed 1 January 2020)
Priya Kamineni *	(appointed 1 January 2020)
Taliessin Reaburn *	(appointed 1 June 2020)
Ben Grindlay	(appointed 1 June 2020)
Peta Smith *	(appointed 1 June 2020)
Pascale Qvester	(appointed 1 January 2020 and resigned 22 April 2020)
Angela Allison	(term ended 31 December 2019)
Karen Weston *	(resigned 16 March 2020)
Nancy Cromar	(resigned 2 July 2019)
Brett Mahoney *	(resigned 14 August 2019)
Gerald Lipman	(term ended 31 December 2019)
Peter Klar *	(resigned 18 November 2019)

#### **Audit Committee**

Peter Klar *	
Chirag Trivedi	(appointed 22 April 2020)
Taliessin Reaburn *	(appointed 22 April 2020)
Tania Beard	(appointed 22 April 2020)
Angela Allison	(term ended 31 December 2019)
Brett Mahoney *	(resigned 14 August 2019)
Gerald Lipman	(term ended 31 December 2019)

^ The only Board member entitled to remuneration was Mr Sean Keenihan.

\* 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 and committee remuneration***

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

\$20 000 - \$39 999

Total number of members

2020 No	2019 No
1	1
1	1

The total remuneration received or receivable by members was \$24,000 (2018-19 \$24,000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

### 2.3. Employee benefits expenses

	2020 \$'000	2019 \$'000
Salaries and wages	1,022	981
Long service leave	12	49
Annual leave	21	9
Employment on-costs - superannuation	99	96
Employment on-costs - other	-	8
Board and committee fees	24	24
Workers compensation	5	7
Other employee related expenses	11	13
<b>Total employee benefits expenses</b>	<b>1,194</b>	<b>1,187</b>

#### ***Employment on-costs - superannuation***

The superannuation employment on-cost charge represents StudyAdelaide's contributions to superannuation plans in respect of current services of current employees.

#### ***Executive remuneration***

	2020 No	2019 No
The number of employees whose remuneration received or receivable falls within the following bands:		
\$254,001 to \$274,000	-	1
\$274,001 to \$294,000	1	-
<b>Total</b>	<b>1</b>	<b>1</b>

The total remuneration received by those employees for the year was \$279,000 (2018-19 \$269,000).

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits.

## 2.4. Employee benefits liability

	2020 \$'000	2019 \$'000
<b>Current</b>		
Accrued salaries and wages	8	39
Annual leave	80	60
Long service leave	4	-
<b>Total current employee benefits</b>	<b>92</b>	<b>99</b>
<b>Non-current</b>		
Long service leave	130	123
<b>Total non-current employee benefits</b>	<b>130</b>	<b>123</b>
<b>Total employee benefits</b>	<b>222</b>	<b>222</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 the reporting date.

The annual leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

### ***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 about the measurement of long service leave liability is provided at note 11.1.

### 3. Expenses

Employee benefits expenses are disclosed in note 2.3.

#### 3.1. Supplies and services

	2020 \$'000	2019 \$'000
Advertising, promotion and entertainment	1,796	2,559
Travel Expenses	124	155
Website development	69	144
Office accommodation	77	91
Office expenses	81	55
Couriers and freight	9	11
Printing	2	2
Consultants	-	1
Low-value leases	3	3
Other	167	178
<b>Total supplies and services</b>	<b>2,328</b>	<b>3,199</b>

#### *Office Accommodation*

StudyAdelaide's accommodation is provided by the Department of Planning, Transport and Infrastructure under Memoranda of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies. MoAA do not meet the definition of lease set out in AASB 16.

In prior years expenses associated with MoAA have been classified as operating lease payments. Expenses associated with MoAA have been re-classified as accommodation expenses for both the current year and the comparative. Further details about this re-classification is set out in note 9.1.

#### *Consultants*

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

	No	2020 \$'000	No	2019 \$'000
Below \$10 000	-	-	1	1
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>

### 3.2. Depreciation and amortisation

	2020 \$'000	2019 \$'000
Plant and equipment	3	5
Right-of-use Asset	4	-
<b>Total depreciation and amortisation</b>	<b>7</b>	<b>5</b>

All non-current assets with a limited useful life are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

#### *Useful life*

Depreciation and amortisation are calculated on a diminishing value basis over the estimated useful life as follows:

Class of asset	Useful life (years)
Plant and equipment	3-5
Right-of-use Asset	Lease term

#### *Review of accounting estimates*

Assets' 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 asset are accounted for prospectively by changing the time period or method, as appropriate.

During the year StudyAdelaide has reviewed the residual value, useful life and amortisation method of all assets and determined no reassessments were required.

### 3.3. Other expenses

	Note	2020 \$'000	2019 \$'000
Capital expenditure		14	12
Plant and equipment write-offs		2	-
<b>Total other expenses</b>		<b>16</b>	<b>12</b>

#### *Plant and equipment write-offs*

During the year, a new server was purchased by StudyAdelaide. The old server was deemed worthless and scrapped.

## 4. Income

### 4.1. Revenues from SA Government

	2020 \$'000	2019 \$'000
Department for Trade and Investment <i>(excludes Conference income disclosed at note 4.5)</i>	2,500	2,503
Department for Education (DE)	75	75
TAFE SA	75	75
<b>Total revenues from SA Government</b>	<b>2,650</b>	<b>2,653</b>

### 4.2. Contributions and memberships

	2020 \$'000	2019 \$'000
Adelaide City Council	268	262
Flinders University	335	331
University of Adelaide	335	331
University of South Australia	335	331
Other Memberships	182	162
<b>Total contributions and memberships</b>	<b>1,455</b>	<b>1,417</b>

Contributions refer to income governed by a Funding Agreement between StudyAdelaide and the entity. Contributions are recognised as an asset and income when StudyAdelaide obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met.

Generally, StudyAdelaide has obtained control or the right to receive:

- contributions with unconditional stipulations – this will be when the agreement becomes enforceable i.e. the earlier of when the receiving entity has formally been advised that the contribution (e.g. grant application) has been approved; agreement/contract is executed; and/or the contribution is received.
- Membership refers to funding from providers which is not covered by a funding agreement.

### 4.3. Commonwealth grants and payments

	2020 \$'000	2019 \$'000
Export Market Development Grants	150	67
<b>Total Commonwealth grants and payments</b>	<b>150</b>	<b>67</b>

All Commonwealth revenues received by StudyAdelaide have been contributions with unconditional stipulations attached and have been recognised as income upon receipt.

#### 4.4. Interest

	2020 \$'000	2019 \$'000
Investment with SAFA – amortised cost	7	16
Cash and cash equivalents	3	5
<b>Total interest revenues</b>	<b>10</b>	<b>21</b>

#### 4.5. Conference Income

	2020 \$'000	2019 \$'000
Department for Trade and Investment	-	82
Members	-	33
<b>Total conference income</b>	<b>-</b>	<b>115</b>

StudyAdelaide received a substantial reimbursement from the Department for Trade and Investment in 2018-19 in the form of a subsidy for education institutions to participate in a trade event in April 2019. Due to COVID-19 border closures, conferences have not been able to take place in 2020.

## 5. Non-financial assets

### 5.1. Plant and equipment by asset class

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

	2020 \$'000	2019 \$'000
<b><u>Plant and equipment</u></b>		
Plant and equipment at cost (deemed fair value)	19	25
Accumulated depreciation at the end of the period	-	(20)
<b>Total plant and equipment</b>	<b>19</b>	<b>5</b>
<b><u>Right-of-use Asset</u></b>		
Right-of-use Asset at cost	7	-
Accumulated depreciation at the end of the period	(4)	-
Total right-of-use Asset	3	-
<b>Total Plant and equipment</b>	<b>22</b>	<b>5</b>

### 5.2. Plant and equipment owned by StudyAdelaide

Plant and equipment owned by StudyAdelaide with a value equal to or in excess of \$5,000 is capitalised, otherwise it is expensed. Plant and equipment owned by StudyAdelaide is recorded at fair value. Detail about StudyAdelaide's approach to fair value is set out in note 11.2.

#### ***Impairment***

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

#### ***Reconciliation 2019-20***

	Plant and equipment \$'000	Total \$'000
<b>Carrying amount at 1 July 2019</b>	<b>5</b>	<b>5</b>
Acquisitions	19	19
Disposals	(2)	(2)
Depreciation	(3)	(3)
<b>Carrying amount at 30 June 2020</b>	<b>19</b>	<b>19</b>

### **5.3. Plant and equipment leased by StudyAdelaide**

Plant and equipment leased by StudyAdelaide is recorded at cost. Additions to leased plant and equipment in accordance with AASB 16 during 2019-20 were \$7,000.

Short-term leases of 12 months or less and low value assets where the underlying asset value is less than \$15,000 are not recognised as right-of-use assets. The associated lease payments are recognised as an expense and are disclosed in note 3.1.

StudyAdelaide has a motor vehicle lease with the South Australian Government Financing Authority (SAFA). The motor vehicle lease is cancellable, with the rental payments monthly in advance. The motor vehicle lease term is for 3 years (60,000km). No contingent rental provisions exist within the lease agreement and no option exists to renew the lease at the end of the term.

The lease liabilities related to right-of-use assets are disclosed in note 7.2. StudyAdelaide's maturity analysis of its lease liabilities is disclosed in note 11.3. Expenses related to leases, including depreciation and interest expenses, are disclosed in note 3. Cash outflows related to leases are disclosed in note 8.1.

#### ***Impairment***

Plant and equipment leased by StudyAdelaide has been assessed for impairment. There was no indication of impairment. No impairment loss or reversal of impairment loss was recognised.

## 6. Financial assets

### 6.1. Cash and cash equivalents

	2020 \$'000	2019 \$'000
Short term deposits with SAFA	1,289	311
Cash on hand and at Bank	179	328
<b>Total cash and cash equivalents</b>	<b>1,468</b>	<b>639</b>

#### *Deposits with SAFA*

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

### 6.2. Receivables

	2020 \$'000	2019 \$'000
<b><u>Current</u></b>		
<b><u>Trade receivables</u></b>		
From government entities	1	1
From non-government entities	1	23
<b>Total trade receivables</b>	<b>2</b>	<b>24</b>
Prepayments	11	26
GST input tax recoverable	18	32
<b>Total current receivables</b>	<b>31</b>	<b>82</b>

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

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

The net amount of GST recoverable from the ATO is included as part of receivables.

## 7. Liabilities

Employee benefits liabilities are disclosed in note 2.4.

### 7.1. Payables

	2020 \$'000	2019 \$'000
<b><u>Current</u></b>		
Trade payables	125	51
Accrued expenses	26	35
GST payable	-	1
Employment on-costs	11	10
Other payables	47	61
<b>Total current payables</b>	<b>209</b>	<b>158</b>
<b><u>Non-current</u></b>		
Employment on-costs	11	10
<b>Total non-current payables</b>	<b>11</b>	<b>10</b>
<b>Total payables</b>	<b>220</b>	<b>168</b>

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.

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

#### ***Employment on-costs***

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

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

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has changed from the 2019 rate (41%) to 42% and the average factor for the calculation of employer superannuation cost on-costs has not changed. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is immaterial.

## 7.2. Financial liabilities

	2020 \$'000	2019 \$'000
<b>Current</b>		
Lease liabilities	3	-
<b>Total current financial liabilities</b>	<u>3</u>	<u>-</u>
<b>Total borrowings</b>	<u>3</u>	<u>-</u>

StudyAdelaide measures financial liabilities including borrowings/debt at amortised cost.

All material cash outflows are reflected in the lease liabilities disclosed above. StudyAdelaide did not have any financial leases during the 2018-19 year and the operating lease was not considered reportable lease under AASB 117.

## 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.

#### *Leases*

	2020 \$'000	2019 \$'000
Plant and equipment	(4)	-
<b>Total cash outflows for leases</b>	<u>(4)</u>	<u>-</u>

## 9. Changes in accounting policy

### 9.1. AASB 16 Leases

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

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

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

#### ***Impact on retained earnings***

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

	\$'000
<b>Closing retained earnings 30 June 2019 – AASB 117</b>	336
<b><u>Assets</u></b>	
Plant and equipment	7
<b><u>Liabilities</u></b>	
Financial liabilities	(7)
<b>Opening retained earnings 1 July 2019 – AASB 16</b>	<b>336</b>

StudyAdelaide disclosed in its 2018-19 financial report total undiscounted operating lease commitments of \$48,000 under AASB 117.

StudyAdelaide has accommodation services provided by Department of Planning, Transport and Infrastructure (DPTI) under Memoranda of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies.

These MoAA do not meet the definition of lease set out in either AASB 16 or in the former standard AASB 117.

Commitments related to accommodation services provided by DPTI are include in note 10.1.

StudyAdelaide also has a motor vehicle lease with the South Australian Government Financing Authority (SAFA). The lease meets the definition of a lease set out in AASB 16 however did not meet the definition in AASB 117. Accordingly, an adjustment has been made to retained earnings above to recognise the right-of-use asset and financial liability.

## 9.1. AASB 16 Leases continued ...

### ***Accounting policies on transition***

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

- to apply AASB 16 retrospectively. The cumulative effect of initially applying the Standard was recognised at 1 July 2019. Comparatives have not been restated
- at 1 July 2019 AASB 16 was applied only to contracts that were previously identified as containing a lease under AASB 117 and related interpretations
- the initial measurement of lease liability was the present value of the remaining lease payments discounted using the relevant incremental borrowing published by the Department of Treasury and Finance rate as at 1 July 2019 based on the SA Government's cost of borrowing. The average weighted incremental borrowing rate for this purpose was 3.13%
- the initial measurement of right-of-use assets has been calculated as an amount equal to the lease liability on transition adjusted for prepaid or accrued lease payments and lease incentive liabilities.

### ***Ongoing accounting policies***

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

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

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

## 9.2. AASB 15 Revenue from Contracts with Customers

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 and services to a customer.

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

### ***Impact on retained earnings***

StudyAdelaide has determined there was no impact on retained earnings prior to 1 July 2019.

### ***Accounting policies on transition***

On transition, there was no impact on retained earnings.

### ***Ongoing accounting policies***

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

- AASB 15 is applied to portfolio contracts with similar characteristics
- there is no adjustment to the promised amount of consideration for the effects of a significant financing component if the period between the transfer of goods/services and the payment date is one year or less
- the incremental costs of obtaining a contract are expensed when incurred when the amortisation period of the asset that StudyAdelaide would have recognised is one year or less
- for measuring progress towards satisfaction of performance obligations when the output method is applied, revenue is recognised in the amount to which there is a right to invoice corresponding directly to the value to the customers of StudyAdelaide's performance completed to date.

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

## 9.3. AASB 1058 Income of Not-for-Profit Entities

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

### ***Impact on retained earnings***

StudyAdelaide has determined there was no impact on retained earnings prior to 1 July 2019.

## 9.4. Presentation of Financial Statements

*Treasurer's Instructions (Accounting Policy Statements)* effective from 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 the funding for Study Adelaide. 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

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

#### *Expenditure commitments*

	2020 \$'000	2019 \$'000
Within one year	145	-
Later than one year but not longer than five years	390	-
<b>Total expenditure commitments</b>	<b>535</b>	<b>-</b>

StudyAdelaide's expenditure commitments are for agreements for:

- memoranda of administrative arrangements with the Department of Planning, Transport and Infrastructure for accommodation
- rental agreement with Fuji Xerox Australia for the lease of a photocopier. The lease is for a term of five years with rental charges payable monthly in advance. Title of the equipment does not, at any time, pass to StudyAdelaide
- rental agreement for access to a carpark. The commitment is for six months with rate charges payable monthly in advance
- the administrative charges component of the right-of-use leased asset that are not included under AASB 16 *Leases*.

#### *Operating lease commitments*

	2020 \$'000	2019 \$'000
<b><u>Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:</u></b>		
Within one year	-	41
Later than one year but not longer than five years	-	7
<b>Total operating lease commitments</b>	<b>-</b>	<b>48</b>
Representing:		
Cancellable operating leases	-	-
Non-cancellable operating leases	-	48
<b>Total operating lease commitments</b>	<b>-</b>	<b>48</b>

Operating lease commitments is provided for the comparative year only as AASB 16 *Leases* does not distinguish between operating and finance leases for the lessee. The comparative amount does not include commitments for memoranda of administrative arrangements with the Department of Planning, Transport and Infrastructure for accommodation. This has been reclassified and included under expenditure commitments. For more detail about the reclassification see note 9.1.

## 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.

StudyAdelaide is not aware of any contingent assets or liabilities.

## 10.3. COVID-19 pandemic outlook for StudyAdelaide

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

- 2020-21 business planning and budget allocations reflect assumptions that the maintenance of some social distancing measures and international travel restrictions will be in place until at least the end of 2020
- marketing activity is less focused on outbound and inbound activities (i.e. offshore events), with an increased focus on digital marketing and destination campaign, specifically:
  - consumer marketing: majority of spend associated with a destination marketing campaign (media buy)
  - inbound activities: assumes no famils involving offshore agents until April 2021 (associated with ICEF ANZA)
  - outbound activities: budget for participation in virtual or actual events (dependent on global travel capability)
  - promotion – online: increased investment in paid search and social media to support campaign activity and drive traffic to our website
- the expected impacts to income are:
  - decrease of corporate sponsorship in anticipation of increasingly difficult environment for sponsorship
  - reduction in membership
- regular review of the business plan and budget will enable StudyAdelaide to adapt to changing circumstances and reallocate resources accordingly.

## 10.4. Events after the reporting period

There were no events after the end of the reporting period that have material financial implications on these financial statements.

## **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 liability. The yield on long-term Commonwealth Government bonds has decreased from 2019 (1.25%) to 2020 (0.75%).

This decrease 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 of \$13,000 and minimal to employee benefits expense. 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 decreased the salary inflation rate from 4% in 2019 to 2.5% in 2020 for the long service leave liability.

The portion of long service leave expected to be taken within 12 months of the reporting date is classified as current. The remaining portion of the long service leave provision is 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. However, if the assets are acquired at no or nominal value as part of a restructure of administrative arrangements, then the assets are recognised at book value (i.e. the amount recorded by the transferor public authority immediately prior to the restructure).

#### ***Revaluation***

Plant and equipment are subsequently measured at fair value after allowing for accumulated depreciation.

#### ***Plant and equipment***

All items of plant and equipment had a fair value at the time of acquisition less than \$1.5 million and had an estimated useful life of less than three years. Plant and equipment has not been revalued in accordance with APS 116.D. The carrying value of these items are deemed to approximate fair value.

## 11.3. Financial instruments

### *Financial risk management*

Risk management is managed by StudyAdelaide staff. The Corporation'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*.

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

### *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*

StudyAdelaide measures all financial instruments at amortised cost.

Category of financial asset and financial liability	Note	2020 Carrying amount (\$'000)	2020 Contractual maturities		
			Within 1 year (\$'000)	1-5 years (\$'000)	More than 5 years (\$'000)
<b>Financial assets</b>					
<b>Cash and equivalent</b>					
Cash and cash equivalent	6.1	1,468	n/a	n/a	n/a
<b>Financial assets at amortised cost</b>					
Receivables	6.2	2	n/a	n/a	n/a
<b>Total financial assets</b>		<b>1,470</b>			
<b>Financial liabilities</b>					
<b>Financial liabilities at amortised cost</b>					
Payables		141	141		
Finance lease liability		3	3		
<b>Total financial liabilities</b>		<b>144</b>	<b>144</b>		

### 11.3. Financial instruments continued ...

Category of financial asset and financial liability	Note	2019 Carrying amount \$'000
<b>Financial assets</b>		
<b>Cash and equivalent</b>		
Cash and cash equivalent	6.1	639
<b>Financial assets at amortised cost</b>		
Receivables	6.2	24
<b>Total financial assets</b>		<b>663</b>
<b>Financial liabilities</b>		
<b>Financial liabilities at amortised cost</b>		
Payables		103
<b>Total financial liabilities</b>		<b>103</b>

#### ***Receivables and payables***

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore, in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents, they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

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