

West Beach Trust

Financial report
for the year ended
30 June 2020



Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

To the Chair of the Board West Beach Trust

Opinion

I have audited the financial report of the West Beach Trust for the financial year ended 30 June 2020.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the West Beach Trust as at 30 June 2020, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2020
- a Statement of Financial Position as at 30 June 2020
- a Statement of Changes in Equity for the year ended 30 June 2020
- a Statement of Cash Flows for the year ended 30 June 2020
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chair of the Board of the West Beach Trust, the Chief Executive Officer and the General Manager Corporate Services.

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

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

Responsibilities of the Chief Executive Officer and members of the Trust for the financial report

The Chief Executive Officer 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 Officer is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the entity is to be liquidated or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 17(2) of the *West Beach Recreation Reserve Act 1987*, I have audited the financial report of the West Beach Trust for the financial year ended 30 June 2020.

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

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

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

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive Officer
- conclude on the appropriateness of the West Beach Trust'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
- 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 Officer and members of the Trust about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson

Auditor-General

23 September 2020

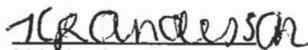
West Beach Trust

Certification of the Financial Statements

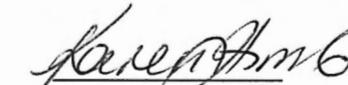
We certify that the attached general purpose financial statements for the West Beach Trust:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Trust; and
- present a true and fair view of the financial position of the Trust 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 Trust for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.


K L Anderson
Chief Executive Officer


M J Jeffreys
Chair of Board


K Limb FCPA
General Manager
Corporate Services

Dated 17.9.20

West Beach Trust

Statement of Comprehensive Income

For the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Income			
Revenues from fees and charges	4.1	14,680	16,902
Intra-government transfers	4.2	1,572	969
Interest revenues	4.3	6	3
Other income	4.4	2,160	142
Total income		18,418	18,016
Expenses			
Employee benefits expenses	2.3	7,143	7,976
Supplies and services	3.1	5,441	6,257
Depreciation and amortisation	3.2	3,091	2,738
Borrowing costs	3.3	334	365
Net loss from the disposal of non-current assets	3.4	15	1
Other expenses	3.5	767	754
Total expenses		16,791	18,091
Profit (loss) before income tax equivalents		1,627	(75)
Income tax equivalent expense	1.4	488	-
Profit (loss) after income tax equivalents		1,139	(75)
Other Comprehensive Income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment asset revaluation surplus	8.1, 11.2	-	8,292
Total other comprehensive income		-	8,292
Total comprehensive result		1,139	8,217

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

West Beach Trust

Statement of Financial Position As at 30 June 2020

	Note	2020 \$'000	2019 \$'000
<u>Current assets</u>			
Cash and cash equivalents	6.1	1,932	458
Receivables	6.2	786	329
Inventories	5.5	65	58
Total current assets		2,783	845
<u>Non-current assets</u>			
Property, plant and equipment	5.1	94,460	93,796
Intangible assets	5.4	213	279
Total non-current assets		94,673	94,075
Total assets		97,456	94,920
<u>Current liabilities</u>			
Payables	7.1	1,615	972
Fees received in advance	7.2	1,346	1,492
Borrowings	7.3	670	511
Employee benefits	2.4	433	437
Total current liabilities		4,064	3,412
<u>Non-current liabilities</u>			
Payables	7.1	83	100
Borrowings	7.3	9,334	8,406
Employee benefits	2.4	783	949
Total non-current liabilities		10,200	9,455
Total liabilities		14,264	12,867
Net assets		83,192	82,053
<u>Equity</u>			
Retained earnings		21,571	20,432
Asset Revaluation Surplus	8.1	61,621	61,621
Total equity		83,192	82,053

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

West Beach Trust

Statement of Changes in Equity

For the year ended 30 June 2020

	Note	Asset revaluation surplus \$'000	Retained earnings \$'000	Total Equity \$'000
Balance at 30 June 2018		53,329	20,507	73,836
<u>Net result for 2018-19</u>		-	(75)	(75)
Gain on revaluation of land, buildings and improvements during 2018-19	5.2	8,292	-	8,292
Total comprehensive result for 2018-19		8,292	(75)	8,217
Balance at 30 June 2019		61,621	20,432	82,053
<u>Net result for 2019-20</u>		-	1,139	1,139
Total comprehensive result for 2019-20		-	1,139	1,139
Balance at 30 June 2020		61,621	21,571	83,192

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

West Beach Trust

Statement of Cash Flows For the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
<u>Cash flows from operating activities</u>			
<i><u>Cash inflows</u></i>			
Fees and charges		16,067	18,541
Intra-government transfers		1,093	964
Interest received		6	3
Other receipts		2,160	142
Cash generated from operations		19,326	19,650
<i><u>Cash outflows</u></i>			
Employee benefit payments		(7,368)	(7,953)
Payments for supplies and services		(5,979)	(7,513)
Interest paid		(340)	(363)
GST paid to the ATO		(782)	(908)
Other payments		(757)	(740)
Cash used in operations		(15,226)	(17,477)
Net cash provided by/(used in) operating activities	8.2	4,100	2,173
<u>Cash flows from investing activities</u>			
<i><u>Cash inflows</u></i>			
Proceeds from sale of property, plant and equipment		33	11
Cash generated from investing activities		33	11
<i><u>Cash outflows</u></i>			
Purchase of property, plant and equipment		(2,337)	(2,570)
Purchase of intangibles		(27)	(27)
Cash used in investing activities		(2,364)	(2,597)
Net cash provided by/(used in) investing activities		(2,331)	(2,586)
<u>Cash flows from financing activities</u>			
<i><u>Cash inflows</u></i>			
Proceeds from borrowings		767	1,050
Cash generated from financing activities		767	1,050
<i><u>Cash outflows</u></i>			
Repayment of borrowings		(1,010)	(1,571)
Repayment of leases		(52)	-
Cash used in financing activities		(1,062)	(1,571)
Net cash provided by/(used in) financing activities		(295)	(521)
Net increase/(decrease) in cash and cash equivalents		1,474	(934)
Cash and cash equivalents at the beginning of the period		458	1,392
Cash and cash equivalents at the end of the period	6.1, 8.2	1,932	458

The accompanying notes form part of these financial statements.

West Beach Trust

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West Beach Trust

1. About the West Beach Trust

The West Beach Trust (Trust) is a statutory authority of the State of South Australia, established pursuant to the *West Beach Recreation Reserve Act 1987*. The Trust is a body corporate subject to the control and direction of the Minister for Planning and Local Government.

The financial statements and accompanying notes cover the West Beach Trust as an individual reporting entity.

The Trust does not control any other entity and has no interests in unconsolidated structured entities.

1.1 Basis of preparation

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards.

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

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

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

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, 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.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the Trust has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

1.2 Functions and objectives

The functions and objectives of the Trust are:

- a) to administer and develop the West Beach Recreation Reserve in accordance with its strategic and business plans -
 - 1) as a sporting, cultural and recreational complex of State-wide significance; and
 - 2) as a tourist attraction and resort; and
- b) to promote and encourage the use and enjoyment of the Reserve by the public; and
- c) to perform any other function assigned to the Trust by the *West Beach Recreation Reserve Act 1987* or the Minister.

West Beach Trust

1.3 Impact of COVID-19 pandemic on the Trust

Since March 2020, the Trust has been significantly impacted by the COVID-19 pandemic both operationally and financially.

The Trust's major revenue stream of accommodation tariffs has seen a significant decrease, initially due to the closure of both its properties to all but essential travellers and subsequently through continued border closures (impacting on visitors from interstate especially Victoria) and the cancellation of a number of local events and group activities. Refer Note 4.1.

During this period the Trust have undertaken cost control strategies which have in part negated the adverse impact of revenue reductions. This included essential work only and staffing levels being kept to a minimum at both accommodation properties. There has also been a reduction to the 2019-20 capital expenditure program to in-part offset the cash flow impact of the reduction in trading cash surplus position.

The Trust lodged a business interruption claim with SAICORP and an interim settlement payment of \$2 million was received in April 2020. As disclosed in Note 4.4, final confirmation of this settlement amount is yet to be received with any variance to this amount to be brought to account in the 2020-21 financial year.

Reference is also made to Note 4.1 and 4.2 which provides information on rent relief that has been provided to all community, sporting and commercial operators forced to close their operations as a result of COVID-19 restrictions.

1.4 Taxation

In accordance with *Treasurer's Instruction 22 Tax Equivalent Payments*, the Trust is required to pay to the SA Government an income tax equivalent. The income tax liability is based on the State Taxation Equivalent Regime (TER) which applies the accounting profit method which requires that the corporate income tax rate (presently 30%) be applied to the surplus from ordinary activities. An income tax equivalent of \$488,164 is payable for the reporting period.

The Trust is also liable for payroll tax, fringe benefits tax, stamp duty, goods and services tax (GST), emergency services levy and land tax equivalents. It is exempt from paying local government council rates.

The Trust is reimbursed under the State's Tax Equivalent Regime for payments made for income tax, payroll tax, land tax and stamp duty to support its continued commitment to its community service obligations. The Trust is reimbursed by the Department of Planning, Transport and Infrastructure (DPTI). Reimbursements under the State Taxation Equivalent Regime are recognised as revenue in the Trust's financial statements.

1.5 Significant transactions with government related entities

There were no significant transactions with government related entities, other than:

- payments to SA Water of \$652,000 for utilities.
- payments to DPTI of \$509,000, primarily for the project management and delivery of capital works. The majority of this amount was paid to contractors engaged by DPTI to construct 9 new cabins at the West Beach Parks Resort.
- total loan repayments of \$1,010,000 to SAFA, \$460,000 which was on long term borrowings and \$550,000 which was to repay short term drawdowns from the Trust's working capital facility (fully repaid as at 30 June 2020).
- transactions as directed by legislation or under the State's Taxation Equivalent Regime.
- an interim settlement payment of \$2,000,000 that was received from SAICORP in relation to the business interruption claim referred to in Note 1.3 above.

West Beach Trust

2. Board, committees and employees

2.1 Key management personnel

Key management personnel of the Trust are the Minister for Planning and Local Government, Members of the Board, the Chief Executive Officer and the three (2018-19 three) members of the Executive Team who have responsibility for the strategic direction and management of the Trust.

Total compensation for key management personnel was \$803,000 in 2019-20 and \$777,000 in 2018-19.

The compensation disclosed in this note excludes salaries and other benefits the Minister for Planning and Local Government receives. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 of the *Parliamentary Remuneration Act 1990*.

	2020	2019
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	723	694
Post-employment benefits	68	66
Other long-term employment benefits	12	15
Termination benefits	-	2
Total compensation	803	777

Transactions with key management personnel and other related parties

No transactions have been identified.

2.2 Board and committee members

Members of the board during the 2019-20 financial year were:

WBT Board

Ms Jane Jeffreys (Chair)
Ms Leonie Boothby (Deputy Chair)
Ms Deborah Black
Ms Patricia Christie
Ms Rosemary Clancy
Mr George Demetriou (term expired 28 February 2020)
Mr Tolley Wasylenko
Mr John Woodward (appointed 29 February 2020)

Board Remuneration

The number of Board members whose remuneration received or receivable from the Trust fell within the following bands was:

	2020	2019
\$0 - \$19,999	7	6
\$20,000 - \$39,999	1	1
Total number of members	8	7

The total remuneration received or receivable by members was \$103,000 (\$103,000). Remuneration of members consists of sitting fees and superannuation contributions.

West Beach Trust

2.3 Employee benefits expenses

	2020	2019
	\$'000	\$'000
Salaries and wages	5,638	6,181
Long service leave	(8)	177
Annual leave	406	412
Skills and experience retention leave	8	10
Employment on-costs - superannuation *	578	626
Board and committee fees	94	94
Payroll tax	299	340
Workers compensation	110	120
Other employee related expenses	18	16
Total employee benefits expenses	7,143	7,976

Employment on-costs - superannuation

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

Executive Remuneration

	2020	2019
	No	No
The number of employees whose remuneration received falls within the following bands:		
\$154 001 to \$174 000	2	1
\$254 001 to \$274 000	1	1
Total number of employees	3	2

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. The total remuneration received by these employees for the year was \$590,000 (\$422,000). The increase on the previous financial year relates to an extended vacancy that existed for one of the Executive Team roles during the latter part of 2018-19.

2.4 Employee benefits liability

	2020	2019
	\$'000	\$'000
Current		
Accrued salaries and wages	98	78
Annual leave	228	257
Long service leave	90	80
Skills and experience retention leave	17	22
Total current employee benefits	433	437
Non-current		
Long service leave	783	949
Total non-current employee benefits	783	949
Total employee benefits	1,216	1,386

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.

West Beach Trust

Salaries and Wages, Annual Leave, Skills and Experience Retention Leave (SERL) and Sick Leave

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

The annual leave liability and the Skills and Experience Retention Leave liability in full 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 are provided in note 11.1.

West Beach Trust

3. Expenses

Employee benefits expenses are disclosed in note 2.3.

3.1 Supplies and services

	2020	2019
	\$'000	\$'000
Bank fees and charges	105	110
Commissions payable	223	496
Consultants	28	27
Contractors	277	393
Cost of sales	470	455
Discounts given	219	272
Human resources and recruitment	112	108
Information technology expenses	246	213
Insurance	183	169
Legal costs	56	24
Marketing and public relations	407	489
Motor vehicle expenses	51	35
Short term leases	76	-
Low value leases	18	-
Operating lease payments *	-	118
Postage and telephone	79	73
Repairs and maintenance	748	884
Security	234	221
Staff training and development	27	50
Utilities	1,369	1,545
Waste and recycling	122	116
Other supplies and services	391	459
Total supplies and services	5,441	6,257

Insurance

The Trust has arranged, through SAICORP, to insure all major risks of the Trust. The excess payable under this arrangement varies depending on each class of insurance held.

** Operating lease payments*

Operating lease payments are recognised on a straight-line basis over the lease term.

The Trust's operating lease payment expenses in the 2018-19 financial year were in relation to agreements for the lease of 40 golf carts, various computer equipment and a parcel of land.

	2020	2019
	\$'000	\$'000
Operating lease minimum payments:		
Golf cart rental	-	36
Information technology leases	-	16
Land rental	-	66
Total operating lease payments	-	118

From 1 July 2019 the lease of the parcel of land has been accounted for in accordance with AASB 16 - Leases, with expenses related to this lease accounted for as depreciation and interest during 2019-20.

The remaining leases are classified in the 2019-20 financial year as follows

- 40 Golf carts - classified as a short term lease given this lease had less than 12 months remaining on it until the expiry date (30 April 2020)
- Various computer equipment - classified as a low value lease given the underlying asset value of the equipment being leased is low

West Beach Trust

Consultants

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

	2020		2019	
	No	\$'000	No	\$'000
Below \$10,000	4	12	7	27
Above \$10,000	1	16	-	-
Total paid /payable to the consultants engaged	5	28	7	27

3.2 Depreciation and amortisation

	2020	2019
	\$'000	\$'000
Buildings and improvements	2,058	1,826
Plant and equipment	861	835
Right-of-use assets	79	-
Intangible assets	93	77
Total depreciation and amortisation	3,091	2,738

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to tangible assets such as property, plant and equipment.

The value of leasehold improvements is depreciated over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter.

The Trust last revalued its buildings and improvements upward at 30 June 2019. Further information on the revaluation is disclosed in note 11.2

Land is not depreciated.

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.

Useful Life

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

Class of asset	Useful life (years)
Buildings and improvements	1 to 100
Plant and equipment	1 to 30
Right-of-use assets	5 to 15
Intangibles	3 to 10

The useful lives of intangible assets are assessed to be either finite or indefinite. The Trust only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

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3.3 Borrowing costs

	2020	2019
	\$'000	\$'000
Interest expense on borrowings measured at amortised cost	186	228
Guarantee fees expense on borrowings measured at amortised cost	117	137
Interest expense on lease liabilities	31	-
Total borrowing costs	334	365

The Trust does not capitalise borrowing costs.

3.4 Net gain/loss from the disposal of non-current assets

	2020	2019
	\$'000	\$'000
Plant and equipment		
Proceeds from disposal	33	11
Less net book value of assets disposed	48	12
Net gain/(loss) from disposal of plant and equipment	(15)	(1)

Gains/losses on disposal are recognised at the date at which control of the asset is passed to the buyer and are determined after deducting the cost of the asset from the proceeds at that time. When revalued assets are sold, the revaluation surplus is not transferred to retained earnings.

3.5 Other expenses

	2020	2019
	\$'000	\$'000
Audit fees	53	52
Bad debts and allowances for doubtful debts	2	1
Federal land tax equivalent	57	59
Property, plant and equipment write-offs	9	13
Stamp duty	20	20
State land tax	626	609
Total other expenses	767	754

Audit fees

The audit fees were paid / payable to the Auditor-General's Department in relation to the work performed under the *Public Finance and Audit Act 1987*. No other services were provided by the Auditor-General's Department.

West Beach Trust

4. Income

4.1 Fees and charges

	2020	2019
	\$'000	\$'000
Accommodation tariffs	10,386	13,143
Discounts allowed	(34)	(36)
Facilities and services	213	288
Golf income	2,866	1,962
Boat launching fees	113	103
Rental revenue *	556	642
Sale of goods	580	800
Total fees and charges	14,680	16,902

Revenue is recognised upon the provision of services and goods to customers.

* Rental revenue

The Trust provided a full rent and on-cost waiver to all community, sporting and commercial operators leasing their facilities from the Trust who had been forced to close their operations as a result of COVID-19 restrictions. The rent relief was available from the date the business was required to close or became significantly impacted to 30 June 2020. The Trust received an allocation from the Community and Jobs Support Fund to support the provision of the rent relief (refer Note 4.2). Rent relief was provided to 22 lessees during this period.

4.2 Intra-government transfers

	2020	2019
	\$'000	\$'000
Allocation from the Community and Jobs Support Fund	140	-
Reimbursement of tax equivalents paid	1,432	969
Total revenues from SA Government	1,572	969

The allocation from the Community and Jobs Support Fund was provided to the Trust to support the provision of rent and on-cost relief as referenced in Note 4.1. This is consistent with the Treasurer's announcement dated 6th April 2020.

Tax equivalents represent income tax, payroll tax, land tax and stamp duty. The Trust is reimbursed these amounts under the State's Tax Equivalent Regime to support its continued commitment to its community service obligations. The Trust is reimbursed by the DPTI.

4.3 Interest

	2020	2019
	\$'000	\$'000
Investments with SAFA	6	2
Cash and cash equivalents	-	1
Total interest revenues	6	3

4.4 Other income

	2020	2019
	\$'000	\$'000
Commission received	-	3
Lessee on-charges	31	56
Insurance payment - Business interruption claim	2,000	-
Insurance recovery - Stolen or damaged items	30	-
Other	99	83
Total other income	2,160	142

The \$2 million insurance payment represents an interim settlement of a COVID 19 related business interruption claim lodged with SAICORP. Final confirmation is yet to be received. Refer to contingent assets and liabilities disclosure in Note 10.2.

West Beach Trust

5. Non-financial assets

5.1 Property, plant and equipment

	2020	2019
	\$'000	\$'000
Land		
Land at fair value	54,909	54,909
Total land	54,909	54,909
Buildings and improvements		
Buildings and improvements at fair value	35,216	35,216
Buildings and improvements at cost (deemed fair value)	929	57
Less: Accumulated depreciation	(2,077)	(20)
Total buildings and improvements	34,068	35,253
Plant and equipment		
Plant and equipment at cost (deemed fair value)	9,234	8,650
Less: Accumulated depreciation	(5,768)	(5,115)
Total plant and equipment	3,466	3,535
Work in progress		
Buildings and improvements	713	99
Total work in progress	713	99
Right-of-use land		
Right-of-use land at fair value	970	-
Less: Accumulated depreciation	(65)	-
Total right-of-use land	905	-
Right-of-use plant and equipment		
Right-of-use plant and equipment at fair value	413	-
Less: Accumulated depreciation	(14)	-
Total right-of-use plant and equipment	399	-
Total property, plant and equipment	94,460	93,796

5.2 Property, plant and equipment owned by the Trust

Property, plant and equipment owned by the Trust with a value equal to or in excess of \$1,000 is capitalised. Certain assets below this amount are capitalised initially to assist with asset management and planning.

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation.

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position.

Plant and equipment includes operating machinery and vehicles that are fully depreciated but still in use. These have an estimated gross carrying value of approximately \$870,000. Examples of these include turf maintenance machinery, maintenance vans and housekeeping buggies.

Impairment

The Trust holds its property, plant and equipment for their service potential (value in use).

There were no indications of impairment of property, plant and equipment assets as at 30 June 2020.

West Beach Trust

Reconciliation 2019-20

	Land \$'000	Buildings and improvements \$'000	Plant and equipment \$'000	Work In Progress \$'000	Right-of-use assets \$'000	Total \$'000
Carrying amount at 1 July 2019	54,909	35,253	3,535	99	-	93,796
Acquisitions	-	882	840	614	413	2,749
Disposals eg sales, write offs	-	(9)	(48)	-	-	(57)
Depreciation	-	(2,058)	(861)	-	(79)	(2,998)
Initial asset recognition (AASB 16)	-	-	-	-	970	970
Carrying amount at 30 June 2020	54,909	34,068	3,466	713	1,304	94,460

Reconciliation 2018-19

	Land \$'000	Buildings and improvements \$'000	Plant and equipment \$'000	Work In Progress \$'000	Right-of-use assets \$'000	Total \$'000
Carrying amount at 1 July 2018	48,490	33,341	3,132	657	-	85,620
Acquisitions	-	1,569	959	42	-	2,570
Transfers from Work in progress	-	600	-	(600)	-	-
Transfers between asset classes	-	(291)	291	-	-	-
Disposals eg sales, write offs	-	(13)	(12)	-	-	(25)
Revaluation increment/(decrement)	6,419	1,873	-	-	-	8,292
Depreciation	-	(1,826)	(835)	-	-	(2,661)
Carrying amount at 30 June 2019	54,909	35,253	3,535	99	-	93,796

West Beach Trust

5.3 Property, plant and equipment leased by the Trust

Property, plant and equipment leased by the Trust is recorded at cost. Additions to leased property, plant and equipment during 2019-20 were \$413,000 for the golf carts leased from 1 May 2020. Refer below for further information.

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

The Trust has a limited number of leases:

- a parcel of land, in accordance with a lease that commenced on 9 July 2014 and expires on 30 June 2034. The right-of-use asset is being depreciated over a useful life of 15 years which is consistent with the remaining term of this lease from the initial recognition in accordance with *AASB 16 Leases* on 1 July 2019.
- 30 new golf carts, in accordance with an agreement that requires 36 monthly rental payments commencing 1 May 2020 and expiring 30 April 2023. At the end of the lease term the Trust will take ownership of the carts on payment of a guaranteed residual payment. The right-of-use asset has been assessed as having a 5 year useful life for depreciation expense purposes.

The lease liabilities related to the right-of-use assets are disclosed in note 7.3. The Trust's maturity analysis of its lease liabilities is disclosed in note 11.3. Expenses related to leases, including depreciation and interest expenses, are disclosed in note 3.1 and 3.2. Cash outflows related to leases are disclosed in note 8.2

Impairment

Property, plant and equipment leased by the Trust have been assessed for impairment. There was no indication of impairment. No impairment loss or reversal of impairment loss was recognised.

5.4 Intangible assets

	2020	2019
	\$'000	\$'000
Purchased computer software	868	841
Less: Accumulated amortisation	(655)	(562)
Total intangible assets	213	279

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The acquisition of computer software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of the expenditure is equal to or in excess of \$1,000.

The useful lives of intangible assets are assessed to be either finite or indefinite. The Trust only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

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Reconciliation of 2019-20

	Purchased computer software \$'000
Carrying amount at the beginning of the period	279
Acquisitions	27
Amortisation	(93)
Carrying amount at the end of the period	213

Reconciliation of 2018-19

	Purchased computer software \$'000
Carrying amount at the beginning of the period	329
Acquisitions	27
Amortisation	(77)
Carrying amount at the end of the period	279

5.5 Inventories

	2020 \$'000	2019 \$'000
<u>Current - held for distribution at no or nominal amount</u>		
Materials at cost	3	10
Total current inventories held for distribution at no or nominal amount	3	10
<u>Current - held for sale</u>		
Goods at cost	62	48
Total current other inventories - held for sale	62	48
Total inventories	65	58

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

Cost for inventory is measured on the basis of the first-in, first-out method. Net realisable value is determined using the estimated sales proceeds less costs incurred in marketing, selling and distribution to customers.

Cost of inventories

The cost recognised as an expense for materials and goods for resale is \$470,000. There was a net increase in inventories for the period of \$7,000.

West Beach Trust

6. Financial assets

6.1 Cash and cash equivalents

	2020	2019
	\$'000	\$'000
Cash at bank or on hand	659	441
Short-term deposits with SAFA	1,273	17
Total cash and cash equivalents	1,932	458

Cash is measured at nominal amounts. There are no restrictions over any of the Trust's cash balances.

Cash at bank or on hand

Cash on hand is non-interest bearing. Cash at bank earns a floating interest rate, based on daily bank deposit rates.

Short-term deposits

Short term deposits are lodged on an at call basis through the SAFA Cash Management Facility. These funds, which are guaranteed by the Treasurer, earn an interest rate which is aligned to the RBA official cash rate plus a margin determined by SAFA.

6.2 Receivables

	2020	2019
	\$'000	\$'000
Current		
Receivables		
From government entities	42	3
From non-government entities	93	139
Less allowance for doubtful debts	-	-
Total receivables	135	142
Prepayments	104	99
Accrued revenues	547	88
Total current receivables	786	329

No amounts within receivables are expected to be recovered more than 12 months after reporting date.

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables, prepayments and accrued revenues are non-interest bearing.

Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

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

Refer to note 11.3 for further information on risk management.

Impairment of receivables

	2020	2019
	\$'000	\$'000
Carrying amount at the beginning of the period	-	1
Increase in allowance recognised in the profit or loss	2	1
Amounts written off	(2)	(2)
Carrying amount at the end of the period	-	-

Refer to note 11.3 for details regarding credit risk and the methodology for determining impairment.

West Beach Trust

7. Liabilities

Employee benefits liabilities are disclosed in note 2.4.

7.1 Payables

	2020	2019
	\$'000	\$'000
Current		
Creditors	847	376
Accrued expenses	735	279
GST payable	(16)	262
Employment on costs	49	55
Total Current payables	1,615	972
Non-current		
Employment on costs	83	100
Total Non-current payables	83	100
Total payables	1,698	1,072

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts billed but unpaid. Creditors are normally settled within 30 days. Employment on-costs are settled when respective employee benefits that they relate to are discharged. All payables are non-interest bearing. The carrying amount of payables approximates the net fair value due to the amounts being payable on demand.

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

Employment on-costs

Employment on-costs include payroll tax, Return to Work SA levies and superannuation contributions. The Trust makes contributions to 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 reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

The assumed proportion of long service leave taken as leave for current liability reporting is based on historical leave records of the Trust and remains unchanged from 2019. As a result of an actuarial assessment performed by the Department of Treasury and Finance, the average factor for the calculation of employer superannuation cost on-costs remains unchanged from the 2019 rate of 9.8%. These rates are used in the employment on-cost calculation.

There is a net reduction in the employment on-costs payable of \$23,000, this is primarily due to the decrease in long service liability as disclosed in Note 11.1.

7.2 Fees received in advance

	2020	2019
	\$'000	\$'000
Current		
Fees received in advance	1,346	1,492
Total Fees received in advance	1,346	1,492

This amount represents accommodation tariff deposits and booking payments, annual golf membership playing rights and annual boat launch permit fees collected in advance. The advance portion of any payment of lease and licence fees for use of parcels of land and buildings across the precinct is also included.

West Beach Trust

7.3 Borrowings

	2020	2019
	\$'000	\$'000
<u>Current</u>		
Borrowings from SA Government	542	511
Lease liabilities	128	-
Total current borrowings	670	511
<u>Non-current</u>		
Borrowings from SA Government	8,133	8,406
Lease liabilities	1,201	-
Total non-current borrowings	9,334	8,406
Total borrowings	10,004	8,917

The Trust measures financial liabilities including borrowings/debt at historical cost. All interest bearing liabilities have been sourced from the SA Government Financing Authority.

All material cash outflows are reflected in the lease liabilities disclosed above. In 2018-19, the Trust had no finance leases requiring recognition in accordance with AASB 117.

Borrowings from SA Government

These are unsecured loans which do bear interest. The terms of the loan were approved by Treasurer at the time the loan were provided.

The Trust has a \$8,675,000 (2018-19 \$8,917,000) loan facility with the South Australian Government Financing Authority.

The Trust has a \$2,500,000 (2018-19 \$2,500,000) working capital facility with the South Australian Government Financing Authority. As at 30 June 2020 there were no drawings on this facility (2018-19 \$Nil).

West Beach Trust

8. Other disclosures

8.1 Equity

The asset revaluation surplus is used to record increments and decrements in the fair value of property and plant and equipment to the extent that they offset one another. Relevant amounts are not transferred to retained earnings when an asset is derecognised

8.2 Cash flow

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

Leases

	2020	2019
	\$'000	\$'000
Land	37	-
Plant and equipment	15	-
Total cash outflows for leases	52	-

Reconciliation of net result to cash flows from operating activities

	2020	2019
	\$'000	\$'000
<u>Reconciliation of cash and cash equivalents at the end of the reporting period:</u>		
Cash and cash equivalents disclosed in the Statement of Financial Position	1,932	458
Balance as per the statement of Cash Flows	1,932	458

Reconciliation of net cost of providing services to net cash provided by operating activities:

Net result from providing services	1,139	(75)
<u>Add/less non cash items</u>		
Depreciation and amortisation expense of non-current assets	3,091	2,738
Gain/loss on sale or disposal of non-current assets	15	1
Property, plant and equipment write-offs	9	13
<u>Movement in assets and liabilities</u>		
(Increase)/decrease in receivables	(455)	(83)
(Increase)/decrease in inventories	(7)	(33)
Increase/(decrease) in payables	644	(539)
Increase/(decrease) in fees received in advance	(146)	62
Increase/(decrease) in employee benefits	(190)	89
Net cash provided by operating activities	4,100	2,173

West Beach Trust

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 in adjustments to the amounts recognised from a lessee perspective in the financial statements:

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

Impact on retained earnings

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

	\$'000
Closing retained earnings 30 June 2019 – AASB 117	
Assets	
Right-of-use assets	970
Liabilities	
Lease liabilities	970
Opening retained earnings 1 July 2019 – AASB 16	<u>-</u>

The Trust disclosed in its 2018-19 financial report total undiscounted operating lease commitments of \$1.2 million under *AASB 117*.

Accounting policies on transition

- 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 leases 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.
- the initial measurement of lease liabilities and right-of-use assets excludes all leases that ended on or before 30 June 2020.

West Beach Trust

Ongoing accounting policies

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

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

Significant accounting policies that 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 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.

Impacts on the financial statements are explained below together with impacts from adoption of *AASB 1058 Income of Not-for-Profit Entities*.

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

9.3 AASB 1058 Income of Not-for-Profit Entities

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

Impact on the 2019-20 financial statements

On transition, there was no impact on retained earnings.

There are also no impacts on the financial statements from the timing of recognition of revenue by the Trust. Fees received in advance for accommodation tariffs, golf income and boat launch permit fees are recorded as liabilities in the Statement of Financial Position. Income is recognised when the services are provided by the Trust. Refer to note 7.2 for further details.

West Beach Trust

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

Capital commitments

	2020	2019
	\$'000	\$'000
Within one year	1,203	-
Total capital commitments	1,203	-

The Trust's major capital commitment as at the reporting date is for the construction of 9 new cabins at the West Beach Parks Resort, works for which commenced during 2019-20.

Expenditure commitments

	2020	2019
	\$'000	\$'000
Within one year	6	-
Later than one year but not longer than five years	6	-
Total expenditure commitments	12	-

The Trust's expenditure commitments are for computer equipment which has been classified as a low value lease given the underlying asset value of the equipment being leased is low.

Operating leases receivable

	2020	2019
	\$'000	\$'000
<u>Commitments in relation to operating lease income contracted for at the reporting date but not recognised as assets are receivable as follows:</u>		
Within one year	683	655
Later than one year but not longer than five years	1,671	1,843
Later than five years	5,214	5,409
Total operating leases receivable	7,568	7,907

All operating leases receivable of \$7,568,000 (\$7,907,000) are from entities external to the SA government, and are for parcels of land and buildings leased to various sporting organisations and commercial operators.

Operating leases payable

	2020	2019
	\$'000	\$'000
<u>Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:</u>		
Within one year	-	154
Later than one year but not longer than five years	-	287
Later than five years	-	736
Total operating lease commitments	-	1,177
Representing:		
Non-cancellable operating leases	-	1,177
Total operating lease commitments	-	1,177

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

West Beach Trust

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 Trust is not aware of any contingent assets or liabilities.

At the time of writing, final confirmation from SAICORP on the quantum of a business interruption claim has not been received. Should this final amount differ from the \$2 million recognised within other income (Note 4.4), an adjustment will need to be reflected in the 2020-21 accounts.

10.3 Impacts of standards and statements not yet effective

The Trust has assessed the impact of new and changed Australian Accounting Standards Board Standards and Interpretations not yet effective.

AASB 1059 Service Concession Arrangements: Grantors

AASB 1059 prescribes the accounting for certain arrangements in which an operator provides public services on behalf of a public sector grantor involving a service concession arrangement. This standard applies to reporting periods beginning on or after 1 January 2020. The Trust has assessed that there are no arrangements that will be within the scope of AASB 1059.

10.4 COVID-19 pandemic outlook for the Trust

The COVID-19 pandemic will continue to impact the operations and financial position of the Trust in 2020-21.

The Trust has decided not to reopen the West Beach Parks Resort until September 2020. This is a commercial decision due to the operating costs of both properties at low occupancy. The Holiday Park has remained open and has capacity to meet current demand.

The Holiday Park continues to be impacted by border closures and the cancellation of a number of local events and group activities, for example the Royal Adelaide Show.

Cost control strategies are continuing but it should be noted that there is an increased cost associated with operating in a COVID-19 environment, especially cleaning and hygiene requirements. The Trust has significantly reduced its 2020-21 capital program with projects delayed, cancelled or scope of works reduced to in-part offset the forecast reduction in its trading cash surplus.

At the time of writing, another forced closure of the accommodation properties is considered possible. If this was the case, then the Trust would be looking to further access funds through our existing business interruption claim with SAICORP. The fragility of the economic climate, consumer confidence and continued border closures is also a significant concern for domestic travel.

The Treasurer has approved an extension of the State Government rent relief policy up until the 30th of September for businesses that continue to be significantly impacted as a result of the remaining COVID-19 restrictions.

10.5 Events after the reporting period

The Trust is not aware of any events after the end of the reporting period that will have a material financial impact.

West Beach Trust

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 an increase in the reported long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance decreased the salary inflation rate from 2019 (4%) to 2020 (2.5%). As a result, there is a decrease in the reported long service leave liability resulting from changes in the salary inflation rate.

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 \$76,000. 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 portion of estimated long service leave that is classified as current is based on an assessment of the pattern of leave taken or paid out over the last 10 years.

11.2 Fair value

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

Initial recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation.

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position.

Revaluation

Property, plant and equipment are subsequently measured at fair value after allowing for accumulated depreciation.

The policy of the Trust is that land, buildings and improvements will be revalued by an external professionally qualified valuer every 5 years. A valuation was undertaken as at 30 June 2019 in line with this policy. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

West Beach Trust

Fair value hierarchy

The Trust classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation.

- Level 1 – traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2 – not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.
- Level 3 – not traded in an active market and are derived from unobservable inputs.

The Trust's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

During 2020 and 2019, the Trust had no valuations categorised into level 1 and Level 2; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

Fair value classification - non-financial assets at 30 June 2020

	Note	Level 3 \$'000	Total \$'000
<u>Recurring fair value measurements</u>			
Land	5.1	54,909	54,909
Buildings and improvements	5.1	34,068	34,068
Plant and equipment	5.1	3,466	3,466
Total recurring fair value measurements		92,443	92,443

Fair value classification - non-financial assets at 30 June 2019

	Note	Level 3 \$'000	Total \$'000
<u>Recurring fair value measurements</u>			
Land	5.1	54,909	54,909
Buildings and improvements	5.1	35,253	35,253
Plant and equipment	5.1	3,535	3,535
Total recurring fair value measurements		93,697	93,697

Land and buildings and improvements

An independent valuation of land and buildings and improvements was performed in February 2019 by a Certified Practising Valuer from Jones Lang Lasalle SA Pty Ltd, as at 30 June 2019

The valuer used adjusted market value for land and depreciated replacement cost for buildings and improvements, due to there not being an active market for such land and buildings. The depreciated replacement cost considered the need for ongoing provision of government services; specialised nature of the assets, including the restricted use of the assets; the size, condition, location and current use of the assets. The valuation was based on a combination of internal records, specialised knowledge and the acquisition/transfer costs.

Plant and equipment

Plant and equipment acquisitions have been recognised at cost. The carrying value of plant and equipment is deemed to approximate fair value. These assets are classified in level 3 as there has been no subsequent adjustments to their value, except for management assumptions about the assets condition and remaining useful life.

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11.3 Financial Instruments

Financial risk management

Risk is managed by the application of the West Beach Trust Risk Management Framework.

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

Liquidity risk

Liquidity risk arises where the Trust is unable to meet its financial obligations as they are due to be settled. The Board, Executive and Senior Management are responsible for monitoring and ensuring its operations are prudently maintained. Liquidity is managed on a daily basis and monthly reports are submitted to the Board, Executive and Senior Management and the Department of Treasury and Finance. The Trust generally settles undisputed accounts within 30 days from the date of invoice or the date the invoice is first received. In the event of a dispute, payment is generally made 30 days from resolution.

An assessment of liquidity risk has been undertaken by the Chief Executive Officer and General Manager Corporate Services and based on past experience and knowledge of seasonal trends, management is confident that the Trust will be able to meet its financial obligations as and when they fall due. Cash flow updates are included in the Trust's Board papers provided to Board members monthly.

Refer to notes 7.1 and 7.3 for further information

Credit risk

Credit risk arises when there is the possibility of the Trust's debtors defaulting on their contractual obligations resulting in financial loss to the Trust. The Trust measures credit risk on a fair value basis and monitors risk on a regular basis.

The Trust has minimal concentration of credit risk. The Trust has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Trust does not engage in high risk hedging for its financial assets.

Impairment of financial assets

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

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

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

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

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

Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to enter into a payment plan with the Trust and a failure to make contractual payments within a reasonable time frame.

There were no receivables written off during the year that are still subject to enforcement activity

The Trust considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties and therefore the expected credit loss is nil.

In the comparative period, the impairment of receivables was assessed based on the incurred loss model. No allowances were recognised as there was no objective evidence of impairment for the receivables.

Market risk

The Trust does not trade in foreign currency, nor enter into transactions for speculative purposes, nor for hedging. The Trust does not undertake any hedging in relation to interest or foreign currency risk and manages its risk as per the government's risk management strategy articulated in *TI 23 Management of Foreign Currency Exposures*.

Exposure to interest rate risk may arise through its interest bearing liabilities, including borrowings. The Trust's interest bearing liabilities are managed through the South Australian Government Financing Authority (SAFA) and any movement in interest rates are monitored on a regular basis. There is no exposure to foreign currency or other price risks.

There have been no changes in risk exposure since the last reporting period.

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.

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Classification of financial instruments

The Trust measures all financial instruments at amortised cost.

	2020 Carrying amount/ Fair value \$'000	2020 Contractual maturities		
		Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets				
Cash and equivalent				
Cash and cash equivalent	1,932	1,932	-	-
Financial assets at amortised cost				
Receivables	98	98	-	-
Total financial assets	2,030	2,030	-	-
Financial liabilities				
Financial liabilities at amortised cost				
Payables	534	534	-	-
Fees received in advance	1,346	1,346	-	-
Borrowings	8,675	542	1,480	6,653
Lease liabilities	1,329	128	500	701
Total financial liabilities	11,884	2,550	1,980	7,354

	2019 Carrying amount/ Fair value \$'000	2019 Contractual maturities		
		Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets				
Cash and equivalent				
Cash and cash equivalent	458	458	-	-
Financial assets at amortised cost				
Receivables	171	171	-	-
Total financial assets	629	629	-	-
Financial liabilities				
Financial liabilities at amortised cost				
Payables	504	504	-	-
Fees received in advance	1,492	1,492	-	-
Borrowings	8,917	511	1,516	6,890
Total financial liabilities	10,913	2,507	1,516	6,890

Receivables and payables

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth and State taxes, fees and charges). 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 levy receivables/payables, tax equivalents, commonwealth tax etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts are carried at cost.

The receivables amount disclosed here excludes prepayments. Prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.