

# TechInSA

Financial report  
for the year ended  
30 June 2020

# INDEPENDENT AUDITOR'S REPORT



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Auditor-General's Department

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**To the Chairperson  
TechInSA**

## **Opinion**

I have audited the financial report of TechInSA 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 TechInSA 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 Chairperson, TechInSA Board and the Project Director, Department for Innovation and Skills.

## **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 TechInSA. 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 Project Director, Department for Innovation and Skills and the Board for the financial report**

The Project Director, Department for Innovation and Skills 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 Board is responsible for overseeing the entity's financial reporting process.

## **Auditor's responsibilities for the audit of the financial report**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 13(3) of the Schedule to the *Public Corporations Act 1993*, I have audited the financial report of TechInSA 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 TechInSA's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by TechInSA
- 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 Project Director, Department for Innovation and Skills and 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.

A handwritten signature in black ink, appearing to read 'A Richardson', with a horizontal line extending to the right.

Andrew Richardson

**Auditor-General**

2 March 2021

# Audited Financial Statements

For the Year Ended 30 June 2020



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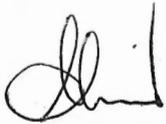
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## Certification of the Financial Statements

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

- 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 TechInSA; and
- present a true and fair view of the financial position of TechInSA as at 30 June 2020 and the results of its operations and cash flows for the financial year.

We certify that the internal controls employed by TechInSA for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the financial year.



Adam Reid  
Chairperson

Dated 26 February 2021



Nikki Becker  
Project Director, Department for Innovation and Skills

Dated 26 February 2021

## Statement of Comprehensive Income

For the Year Ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
<b>Income</b>			
Intra-Government Transfer	4.1	1 736	2 283
Revenues from fees and charges	4.2	733	1 454
Interest revenues	4.3	21	23
Net gain on disposal of non-current assets	4.4	-	3
Other income	4.5	791	815
<b>Total income</b>		<b>3 281</b>	<b>4 578</b>
<b>Expenses</b>			
Employee benefits expenses	2.3	-	1 183
Supplies and services	3.1	1 377	3 157
Depreciation and amortisation expense	3.2	1 394	30
Grants, subsidies and sponsorships	3.3	170	1 367
Other expenses	3.4	137	23
Borrowing Costs	3.5	251	-
<b>Total expenses</b>		<b>3 329</b>	<b>5 760</b>
<b>Net result</b>		<b>( 48)</b>	<b>(1 182)</b>
<b>Total comprehensive result</b>		<b>( 48)</b>	<b>(1 182)</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.

## Statement of Financial Position

As at 30 June 2020

	Note	2020 \$'000	2019 \$'000
<b>Current assets</b>			
Cash and cash equivalents	6.1	1 242	558
Receivables	6.2	135	873
Non-current assets held for sale	5.4	2 800	2 800
Other assets	6.3	968	56
<b>Total current assets</b>		<b>5 145</b>	<b>4 287</b>
<b>Non-current assets</b>			
Other assets	6.3	674	367
Property, plant and equipment	5.1	16 892	6 018
<b>Total non-current assets</b>		<b>17 566</b>	<b>6 385</b>
<b>Total assets</b>		<b>22 711</b>	<b>10 672</b>
<b>Current liabilities</b>			
Payables	7.1	136	245
Lease liabilities	7.2	1 477	-
Other current liabilities	7.3	19	87
<b>Total current liabilities</b>		<b>1 632</b>	<b>332</b>
<b>Non-current liabilities</b>			
Lease Liabilities	7.2	10 865	-
Other non-current liabilities	7.3	98	103
<b>Total non-current liabilities</b>		<b>10 963</b>	<b>103</b>
<b>Total liabilities</b>		<b>12 595</b>	<b>435</b>
<b>NET ASSETS</b>		<b>10 116</b>	<b>10 237</b>
<b>EQUITY</b>			
Retained earnings		10 116	10 237
<b>TOTAL EQUITY</b>		<b>10 116</b>	<b>10 237</b>

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

## Statement of Changes in Equity

For the Year Ended 30 June 2020

	Note	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2018		11 419	11 419
Net result for 2018-19		(1 182)	(1 182)
Total comprehensive result for 2018-19		(1 182)	(1 182)
Balance at 30 June 2019		10 237	10 237
Changes in accounting policy on adoption of AASB 16	8.1	(73)	(73)
Adjusted balance at 1 July 2019		10 164	10 164
Net result for 2019-20		(48)	(48)
Total comprehensive result for 2019-20		(48)	(48)
Balance at 30 June 2020		10 116	10 116

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

## Statement of Cash Flows

For the Year Ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
<b>Cash flows from operating activities</b>			
<b>Cash inflows</b>			
Receipts from Intra-Government Transfers		1 736	2 283
Fees and charges		2 467	1 634
Interest received		22	26
GST recovered from the ATO		189	366
<b>Cash generated from operations</b>		<b>4 414</b>	<b>4 309</b>
<b>Cash outflows</b>			
Employee benefit payments		-	(1 556)
Payments for supplies and services		(1 870)	(4 127)
Payments of grants and subsidies		(187)	(1 504)
<b>Cash used in operations</b>		<b>(2 057)</b>	<b>(7 187)</b>
<b>Net cash provided by/(used in) operating activities</b>		<b>2 357</b>	<b>(2 878)</b>
<b>Cash flows from investing activities</b>			
<b>Cash Inflows</b>			
Disposal of property, plant and equipment		-	4
<b>Cash generated from investing activities</b>		<b>-</b>	<b>4</b>
<b>Net cash provided by investing activities</b>		<b>-</b>	<b>4</b>
<b>Cash flows from financing activities</b>			
<b>Cash inflows</b>			
Bonds received from Incubator tenants		2	25
<b>Cash generated from financing activities</b>		<b>2</b>	<b>25</b>
<b>Cash outflows</b>			
Repayment of leases		(1 417)	-
Bonds refunded to Incubator tenants		(7)	(14)
Interest expenses on lease liabilities		(251)	-
<b>Cash used in financing activities</b>		<b>(1 675)</b>	<b>(14)</b>
<b>Net cash used in financing activities</b>		<b>(1 673)</b>	<b>11</b>
<b>Net increase in cash and cash equivalents</b>		<b>684</b>	<b>(2 863)</b>
Cash and cash equivalents at the beginning of the period		558	3 421
<b>Cash and cash equivalents at the end of the period</b>	6.1	<b>1 242</b>	<b>558</b>

The accompanying notes form part of these financial statements.

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## 1. About TechInSA

TechInSA reports to the Minister for Innovation and Skills and became a separate entity on 14 June 2001 when it was incorporated under the *Public Corporations Act 1993*. Until 4 August 2016, TechInSA was known as Bio Innovation SA and operated only within the bioscience industry. The Regulations were renewed on 4 August 2016 and allowed TechInSA to operate with an expanded high-tech remit.

The financial statements and accompanying notes include all the controlled activities of TechInSA. TechInSA does not control any other entity and has no interest in unconsolidated structured entities.

On 18 August 2018 the Minister for Industry and Skills announced the wind-up of TechInSA. The wind-up process is ongoing but is expected to be finalised in the 2020-21 financial year. All assets and liabilities continue to be valued 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 TechInSA has 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 8.

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.

### 1.2 Objectives and programs

TechInSA's objective is to develop a highly visible start-up ecosystem with critical mass to support early stage technology commercialisation.

TechInSA undertakes the following programs:

- **Grants** – to support the early commercialisation of technologies (program ceased May 2018, however existing grants continue to have payments made until the completion of these agreements).
- **Premises and Facilities** – to provide access to specialised infrastructure.

### 1.3 Impact of COVID-19 pandemic on TechInSA

The COVID-19 pandemic has had limited impact on the operations of TechInSA. The key impact is a decrease in rental revenue due to a whole of government rental waiver initiative where TechInSA tenants were provided exemption from paying rent for the period March – June 2020. It is expected that further rental waivers will occur during the 2020-21 financial year.

## 2. Board, committees and employees

### 2.1 Key management personnel

Key management personnel of TechInSA comprise the Minister for Innovation and Skills and the Directors. Total compensation for TechInSA's key management personnel was \$0 (\$948 000).

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

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

### 2.2 Board and committee members

The following served as Directors of the Board of TechInSA during the 2020 financial year:

Mark Duffy (Chair)\* (ceased April 2020)      Stuart Hocking\*  
Adam Reid (Chair) \* (appointed April 2020)

The following served as members of the Risk and Performance Committee of TechInSA during the reporting period:

Colin Dunsford (Chair)      John Hill  
Julianne Cirson\*      Natalie Morris\* (appointed July 2019)  
Sophie Adlaf\*      Nari Chandler \* (ceased July 2019)

\*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 board/committee members whose remuneration from TechInSA falls within the following bands is:

	2020	2019
\$0 - \$19 999	9	14
<b>Total number of members</b>	<b>9</b>	<b>14</b>

The total remuneration received by members was \$0 (\$38 000). Remuneration of members includes sitting fees, superannuation contributions and any other salary sacrifice arrangements. This remuneration is paid directly to members, other than government employees, by the Department for Innovation and Skills.

### 2.3 Employee benefits expenses

As of 1 November 2018, TechInSA ceased to employ any staff.

	2020 \$'000	2019 \$'000
Salaries and wages	-	544
Termination Payment	-	509
Long service leave	-	(44)
Annual leave	-	47
Employment on-costs - superannuation *	-	63
Employment on-costs - other	-	48
Board and Committee fees	-	22
Other employee related expenses	-	(6)
<b>Total employee benefits expenses</b>	<b>-</b>	<b>1 183</b>

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

\* The superannuation employment on-cost charge represents TechInSA's contributions to superannuation plans in respect of employees.

## 3. Expenses

### 3.1 Supplies and services

	2020 \$'000	2019 \$'000
Operating lease payments	-	1 615
Other property expenses	1 317	1 329
Information technology expenses	21	52
Marketing expenses	-	22
Travel expenses	-	8
Legal costs	-	1
Contractors	1	35
Subscriptions and memberships	1	2
Telecommunications	35	58
General administration and consumables	2	24
Other	-	11
<b>Total supplies and services</b>	<b>1 377</b>	<b>3 157</b>

#### *Consultants*

There were no consultants engaged during the financial year.

### 3.2 Depreciation and amortisation

	2020 \$'000	2019 \$'000
Plant and equipment	2	16
Right of use assets - buildings	1 385	-
Leasehold improvements	7	14
<b>Total depreciation and amortisation</b>	<b>1 394</b>	<b>30</b>

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.

#### *Useful Life*

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

#### *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.

Class of asset	Useful life (Years)
Plant and equipment	3 to 10
Leasehold improvements	(life of lease) 0.5 to 10
Right of use assets	3 to 13

### 3.3 Grants and subsidies

	2020 \$'000	2019 \$'000
Grants and subsidies	170	1 367
<b>Total grants and subsidies</b>	<b>170</b>	<b>1 367</b>

Grants of \$170 000 (\$1 367 000) were paid to 6 (29) organisations during the year. The decrease in grants and subsidies reflects the winding down of TechnSA activity.

### 3.4 Other expenses

	2020 \$'000	2019 \$'000
Loss on sublease re-measurement	113	-
Other	24	23
<b>Total other expenses</b>	<b>137</b>	<b>23</b>

### 3.5 Borrowing Costs

	2020 \$'000	2019 \$'000
Interest expense on lease liabilities	251	-
<b>Total borrowing costs</b>	<b>251</b>	<b>-</b>

TechnSA does not capitalise borrowing costs.

## 4. Income

### 4.1 Intra-Government Transfers

Total revenues from Intra-government transfers consists of \$1 736 000 (\$2 283 000) for operational funding and included \$237 000 from the Department of Treasury and Finance for reimbursement of rent relief provided during the financial year.

Revenue from Intra-government transfers is recognised when TechInSA obtains control of the asset, which is on receipt.

#### 4.2 Fees and charges

	2020	2019
	\$'000	\$'000
Rental Income from operating leases	667	1 282
Conference centre and meeting room hire	66	85
Other fees and charges	-	87
<b>Total fees and charges</b>	<b>733</b>	<b>1 454</b>

Rental income is invoiced monthly in advance and is recognised as revenue when the performance obligation is satisfied, refer to note 7.3 for information relating to income billed in advance.

All other fees and charges amounts are recognised as revenue on receipt.

#### 4.3 Interest

	2020	2019
	\$'000	\$'000
Interest - Subleases	17	-
Interest - Deposits with Treasurer	4	23
<b>Total interest revenues</b>	<b>21</b>	<b>23</b>

#### 4.4 Net gain from the disposal of non-current assets

	2020	2019
	\$'000	\$'000
Proceeds from disposal	-	4
Less net book value of assets disposed	-	(1)
<b>Total net gain from disposal of non-current assets</b>	<b>-</b>	<b>3</b>

#### 4.5 Other income

	2020	2019
	\$'000	\$'000
Gain on sublease re-measurement	83	-
Grant recoveries	53	140
Recoveries of goods and services	655	675
<b>Total other income</b>	<b>791</b>	<b>815</b>

Other income includes revenue generated through the recovery of property related expenses incurred by TechInSA on behalf of its tenants and the recovery of grant payments when performance indicators have not been met. All revenue received from grant recoveries and recoveries from goods and services is revenue from contracts with customers. This revenue is recognised when the good or service has been provided to the customer.

## 5. Non-financial assets

TechInSA manages on behalf of the Minister for Innovation and Skills the Thebarton Hi-Tech Precinct, consisting of the Incubator, Tech Hub and 8 West Thebarton Road. The buildings house specialised facilities for hi-tech companies.

### 5.1 Property, plant and equipment by asset class

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

	2020 \$'000	2019 \$'000
<b>Land</b>		
Land at fair value	6 000	6 000
<b>Total land</b>	<b>6 000</b>	<b>6 000</b>
<b>Accommodation and Leasehold improvements</b>		
Accommodation and leasehold improvements at fair value	387	387
Accumulated depreciation at the end of the period	(378)	(371)
<b>Total accommodation and leasehold improvements</b>	<b>9</b>	<b>16</b>
<b>Right of Use Assets</b>		
Right of use assets at cost	12 268	-
Accumulated depreciation at the end of the period	(1 385)	-
<b>Total plant and equipment</b>	<b>10 883</b>	<b>-</b>
<b>Plant and equipment</b>		
Plant and equipment at cost (deemed fair value)	154	154
Accumulated depreciation at the end of the period	(154)	(152)
<b>Total plant and equipment</b>	<b>-</b>	<b>2</b>
<b>Total property, plant and equipment</b>	<b>16 892</b>	<b>6 018</b>

### 5.2 Property, plant and equipment owned by TechInSA

Property, plant and equipment with a value equal to or in excess of \$5 000 is capitalised, otherwise it is expensed. Property, plant and equipment owned by TechInSA is recorded at fair value. Details about TechInSA's approach to fair value is set out in Note 10.1.

#### *Impairment*

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

#### *Reconciliation of Property, Plant and Equipment during 2019-20*

	Land \$'000	Plant and equipment \$'000	Leasehold improvements \$'000	Total \$'000
Carrying amount at 1 July 2019	6 000	2	16	6 018
Depreciation and amortisation	-	(2)	(7)	(9)
<b>Carrying amount at 30 June 2020</b>	<b>6 000</b>	<b>-</b>	<b>9</b>	<b>6 009</b>

### 5.3 Property, plant and equipment leased by TechInSA

The lease liabilities related to the right-of-use assets are disclosed in note 7.2. Expenses related to leases, including depreciation and interest expenses, are disclosed in note 3.2 and 3.5 respectively.

Property, plant and equipment leased by TechInSA is recorded at cost. There were no additions to leased property, plant and equipment during 2019-20. TechInSA has two leases, both for accommodation. One lease is held with Renewal SA and is due to expire on 30 June 2023. TechInSA do not intend to take up any renewal options contained within this lease. The other lease is held with a private sector entity and is due to expire in June 2033. TechInSA do not intend to take up any renewal options contained within this lease.

### 5.4 Non-current assets classified as held for sale

	2020	2019
	\$'000	\$'000
Land	2 800	2 800
<b>Total non-current assets classified as held for sale</b>	<b>2 800</b>	<b>2 800</b>

A public expression of interest to sell Lot 2000 within the Thebarton Hi-Tech Precinct during 2017-18 failed to be realised. At 30 June 2020 the land is still classified as held for sale, this is due to TechInSA receiving an offer to purchase the land in May 2020 which, at reporting date, had not yet been approved by the Minister, refer to note 9.3 for further information.

Land held for sale is measured at fair value less costs to sell. Details about TechInSA's approach to fair value is set out in note 10.1.

## 6. Financial Assets

### 6.1 Cash and cash equivalents

	2020	2019
	\$'000	\$'000
Deposits with the Treasurer	1 144	455
Bond Account held in Trust for Tenants	98	103
<b>Total cash and cash equivalents</b>	<b>1 242</b>	<b>558</b>

### 6.2 Receivables

	2020	2019
	\$'000	\$'000
<b>Current</b>		
<b>Trade Receivables</b>		
From government entities	-	704
From non-government entities	130	129
<b>Total trade receivables</b>	<b>130</b>	<b>833</b>
Other receivables	-	1
GST input tax recoverable	5	39
<b>Total current receivables</b>	<b>135</b>	<b>873</b>

Receivables arise in the normal course of providing services to the public. Receivables are normally settled within 30 days after the issue of an invoice or the services have been provided under a contractual

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

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

### 6.3 Other assets

	2020 \$'000	2019 \$'000
<b>Current</b>		
Sublease receivable	912	-
Prepayments	56	56
<b>Total current other assets</b>	<b>968</b>	<b>56</b>
<b>Non current</b>		
Sublease receivable	674	-
Deferred rent payment	-	367
<b>Total non-current other assets</b>	<b>674</b>	<b>367</b>
<b>Total other assets</b>	<b>1 642</b>	<b>423</b>

On 1 July 2016, TechInSA entered into a 5 year lease with Hospira Adelaide Pty Ltd to expand their operations. The payment of rent has been deferred until 30 June 2021, and is now captured as part of the lease receivable balance at 30 June 2020.

## 7. Liabilities

### 7.1 Payables

	2020 \$'000	2019 \$'000
<b>Current</b>		
Creditors	23	182
Accrued expenses	113	63
<b>Total current payables</b>	<b>136</b>	<b>245</b>
<b>Total payables</b>	<b>136</b>	<b>245</b>

Payables and accruals are raised for all amount 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 amounts represents fair value due to their short-term nature.

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

### 7.2 Lease liabilities

	2020 \$'000	2019 \$'000
<b>Current</b>		
Lease liabilities	1 477	-
<b>Total current financial liabilities</b>	<b>1 477</b>	<b>-</b>
<b>Non-current</b>		
Lease liabilities	10 865	-
<b>Total non-current financial liabilities</b>	<b>10 865</b>	<b>-</b>
<b>Total other liabilities</b>	<b>12 342</b>	<b>-</b>

### 7.3 Other liabilities

	2020 \$'000	2019 \$'000
<b>Current</b>		
Income billed in advance	19	87
<b>Total current other liabilities</b>	<b>19</b>	<b>87</b>
<b>Non-current</b>		
Rental bonds from tenants held in trust	98	103
<b>Total non-current other liabilities</b>	<b>98</b>	<b>103</b>
<b>Total other liabilities</b>	<b>117</b>	<b>190</b>

## 8. Changes in accounting policy

### 8.1 AASB 16 Leases

AASB 16 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 retained earnings as at 1 July 2019 was \$73 000.

#### *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. TechInSA has adopted the following accounting policies:

- To apply AASB 16 retrospectively. The cumulative affect 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 contacts 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 rate published by the Department of Treasury and Finance as at 1 July 2019 based on the SA Government's cost of borrowing. The average weighted incremental borrowing rate for this purpose was 1.38%.
- 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 by 30 June 2020.

### *Ongoing accounting policies*

The *Treasurer's Instructions (Accounting Policy Statements) 2019* specify required accounting policies for public authorities in applying AASB 16. These requirements are reflected in TechInSA's accounting policies as follows:

- 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
- TechInSA, in the capacity of a lessee, does not include non-lease components in lease amounts.
- Right-of-use assets are subsequently measured applying a cost model.

### **8.2 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 for 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.

### *Accounting policies on transition*

TechInSA has adopted AASB 15 on 1 July 2019. The *Treasurer's Instructions (Accounting Policy Statements)* require certain choices in those transitional provisions to be taken. TechInSA has on transition:

- Recognised the cumulative effect on initially applying AASB 15 as an adjustment to the opening balance of retained earnings as at 1 July 2019. Therefore, the comparative information has not been restated.
- Not adopted the completed contract expedient, and therefore has not excluded revenue which was fully recognised in previous years in accordance with the former revenue and income accounting standards.
- Elected not to restate retrospectively contracts for modifications that occurred before 1 July 2019. Such contract modifications were minor, so this is expected to have little impact on the financial statements.

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

### *Ongoing accounting policies*

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

- low value and short-term assets are exempt from AASB 15 revenue recognition requirements. TechInSA has elected to recognise revenue at the point in time the asset is incurred.

### **8.3 AASB 1058 Income for 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 case, 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*

On transition, there was no impact on retained earnings.

### **8.4 Presentation of Financial Statements**

Treasurer's Instructions (Accounting Policy Statements) issued on 1 June 2020 removed the previous requirement for financial statements to be prepared using the net cost of services format. The net cost of services is the total cost of services less any revenue retained by public authorities involved in the provision

of services but does not include items classified as revenues from and payments to the South Australian Government.

Presentation of the Statement of Comprehensive Income on an 'income and expense' basis allows information to be presented in such a way that eliminates potential confusion as to the source of funding for the department. As well as changes to the format of the Statement of Comprehensive Income, there are presentational changes to remove the net cost of services format from the Statement of Cash Flows. These statements now show income before expenses, and cash receipts before cash payments. Related disclosures also reflect this changed format.

## 9. Outlook

### 9.1 Unrecognised contractual commitments

Commitments arising from contractual sources are disclosed at their nominal value.

#### *Operating lease commitments*

Commitments in relation to operating leases contracted for at the reporting date, but not recognised as liabilities are payable as follows:

	2020	2019
	\$'000	\$'000
Within one year	-	1 660
Later than one year but not longer than five years	-	6 012
Later than five years	-	7 866
<b>Total operating lease commitments</b>	<b>-</b>	<b>15 538</b>

TechInSA's operating leases are for leases on the Incubator and Tech Hub at Thebarton. The leases have terms ranging from 3 to 13 years, with some leases having the right of renewal. The commitments have been calculated at rates specified in the lease agreements.

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.

#### *Grant commitments*

TechInSA's other commitments are for approved grants and funding as scheduled in grant deeds as follows:

	2020	2019
	\$'000	\$'000
Within one year	63	233
<b>Total other commitments</b>	<b>63</b>	<b>233</b>

### 9.2 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.

During 2012-13 TechInSA commenced providing some grants to industry that are potentially repayable in whole or in part from revenues that may be derived by the grant recipients from the successful application of the technology that was the subject of the grant. There is a contingent asset for the amount of grants that may become repayable in those circumstances. However, until the event occurs the value of the contingent asset is not quantifiable.

TechInSA is not aware of any other contingent assets or any contingent liabilities.

### 9.3 Events after the reporting period

On 29 July 2020 the Minister for Innovation and Skills entered into a contract of sale with Leasecorp Group Pty Ltd for the purchase of Lot 2000 located in the Thebarton Hi-Tech Precinct. The transaction is expected to settle during March 2021.

## 10. Measurement and risk

### 10.1 Fair value

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

#### *Initial recognition*

Non-current tangible assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

#### *Revaluation*

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

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

Revaluation is undertaken on a regular cycle as detailed below. 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.

#### *Land*

Every three years, TechInSA revalues its land via a Certified Practising Valuer or internal estimate based on indices or recent transactions. A valuation appraisal by a Certified Practising Valuer is performed at least every six years.

An internal revaluation of land was performed in June 2018 by TechInSA, as at 30 June 2018.

Fair value of land has been determined using the market approach. The valuation was based on recent market transactions for similar land in the area and includes adjustments for factors specific to the land such as size and location.

#### *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 less than three years. Plant and equipment has not been revalued in accordance with AASB 116.D. The carrying value of these items are deemed to approximate fair value.

## 10.2 Financial instruments

### *Financial risk management*

Risk management is managed by the TechInSA Board and the Board'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*.

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

### *Liquidity risk*

TechInSA is funded principally from grants from the SA Government. TechInSA works with the Department of Innovation and Skills to determine the cash flows associated with its Government approved programs and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

Refer to note 7.1 for further information.

### *Categorisation of financial instruments*

Details of the significant accounting policies and methods adopted 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.

TechInSA measures all financial instruments at amortised cost.

Category of financial asset and financial liability	2020	2019
	\$'000	\$'000
<b>Financial assets</b>		
Cash and cash equivalent		
Cash and cash equivalent	1 242	558
Loans and receivables		
Lease assets	1 586	-
Receivables	130	834
<b>Total financial assets</b>	<b>2 958</b>	<b>1 392</b>
<b>Financial liabilities</b>		
Financial liabilities at cost		
Payables	112	222
Lease liabilities	12 342	-
Other liabilities	98	103
<b>Total financial liabilities</b>	<b>12 552</b>	<b>325</b>

### *Receivables and payables*

Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (eg 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 contracts as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

The receivable amount disclosed here excludes prepayments as they are not financial assets. Prepayments are presented in note 6.3.