

# Adelaide Festival Corporation

Financial report  
for the year ended  
30 June 2018



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## To the Chair Adelaide Festival Corporation

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 19(3) of the *Adelaide Festival Corporation Act 1998*, I have audited the financial report of the Adelaide Festival Corporation for the financial year ended 30 June 2018.

### Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Adelaide Festival Corporation as at 30 June 2018, its financial performance and its cash flows for the year then ended in accordance with the 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 2018
- a Statement of Financial Position as at 30 June 2018
- a Statement of Changes in Equity for the year ended 30 June 2018
- a Statement of Cash Flows for the year ended 30 June 2018
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chair and Executive Director.

### 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 Adelaide Festival Corporation. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

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

## **Responsibilities of the Executive Director and members of the Board for the financial report**

The Executive Director is responsible for the preparation of the financial report that gives a true and fair view in accordance with the 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.

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

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

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
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Director
- 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 Executive Director and members of the Board about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson

**Auditor-General**

25 September 2018

## Certification of the Financial Statements

We certify that the attached general purpose financial statements for the Adelaide Festival Corporation:

- comply with relevant Treasurer's instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant accounting standards;
- are in accordance with the accounts and records of the Adelaide Festival Corporation; and
- present a true and fair view of the financial position of the Adelaide Festival Corporation as at 30 June 2018 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Adelaide Festival Corporation for the financial year over its financial reporting and its preparation of the financial statements have been effective throughout the reporting period.

Robert Brookman  
Executive Director



Judy Potter  
Chair



Date

14/9/18

**Adelaide Festival Corporation**  
**Financial Statements for the year ended 30 June 2018**

**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
<b>Expenses</b>			
Staff benefit expense	3	3,841	3,755
Supplies and services	4	13,229	11,949
Depreciation & amortisation expense	5	472	261
<b>Total expenses</b>		<b>17,542</b>	<b>15,965</b>
<b>Income</b>			
Grants from Non SA Government	6	316	96
Box Office sales		4,171	4,020
Other sales		624	329
Interest revenues		94	70
Sponsorship	7	1,797	1,553
Other income	8	1,951	1,247
<b>Total income</b>		<b>8,953</b>	<b>7,315</b>
<b>Net cost of providing services</b>		<b>(8,589)</b>	<b>(8,650)</b>
<b>Revenue from SA Government</b>			
Revenue from SA Government	6	9,059	8,620
<b>Net result</b>		<b>470</b>	<b>(30)</b>
<b>Total comprehensive result</b>		<b>470</b>	<b>(30)</b>

The net result and comprehensive result are attributable to the SA Government as owner.

The above statement should be read in conjunction with the accompanying notes.

**Adelaide Festival Corporation**  
**Financial Statements for the year ended 30 June 2018**

**STATEMENT OF FINANCIAL POSITION**

As at 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
<b>Current assets</b>			
Cash and cash equivalents	9	1,080	622
Receivables	10	568	526
<b>Total current assets</b>		<b>1,648</b>	<b>1,148</b>
<b>Non-current assets</b>			
Plant and equipment	11	632	955
Intangible Assets	12	63	-
<b>Total non-current assets</b>		<b>695</b>	<b>955</b>
<b>Total assets</b>		<b>2,343</b>	<b>2,103</b>
<b>Current liabilities</b>			
Payables	13	371	604
Staff benefits	14	231	236
Provisions	15	229	220
<b>Total current liabilities</b>		<b>831</b>	<b>1,060</b>
<b>Non-current liabilities</b>			
Payables	13	4	5
Staff benefits	14	55	55
Provisions	15	5	5
<b>Total non-current liabilities</b>		<b>64</b>	<b>65</b>
<b>Total liabilities</b>		<b>895</b>	<b>1,125</b>
<b>Net Assets</b>		<b>1,448</b>	<b>978</b>
<b>Equity</b>			
Retained earnings		1,448	978
<b>Total Equity</b>		<b>1,448</b>	<b>978</b>

The total equity is attributable to the SA Government as owner.

Unrecognised contractual commitments	16
Contingent assets and liabilities	17

**Adelaide Festival Corporation**  
**Financial Statements for the year ended 30 June 2018**

The above statement should be read in conjunction with the accompanying notes.

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 30 June 2018

	Retained earnings \$'000	Total Equity \$'000
<b>Balance at 30 June 2016</b>	<b>1,008</b>	<b>1,008</b>
Net Result for 2016-17	(30)	(30)
Total Comprehensive Result for 2016-17	(30)	(30)
<b>Balance at 30 June 2017</b>	<b>978</b>	<b>978</b>
Net Result for 2017-18	470	470
Total Comprehensive Result for 2017-18	470	470
<b>Balance at 30 June 2018</b>	<b>1,448</b>	<b>1,448</b>

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

The above statement should be read in conjunction with the accompanying notes.

**Adelaide Festival Corporation**  
**Financial Statements for the year ended 30 June 2018**

**STATEMENT OF CASH FLOWS**

For the year ended 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
<b>Cash flows from operating activities</b>			
<b>Cash outflows</b>			
Staff benefit payments		(3,877)	(3,936)
Payments for supplies and services		(13,726)	(12,092)
Payments for paid parental leave scheme		(17)	-
<b>Cash used in operations</b>		<b>(17,620)</b>	<b>(16,028)</b>
<b>Cash inflows</b>			
Receipts from customers, sponsors, donors and others		8,152	6,918
Receipts from Commonwealth		285	44
Interest received		94	70
Receipts for paid parental leave scheme		17	-
GST recovered from the ATO		674	475
<b>Cash generated from operations</b>		<b>9,222</b>	<b>7,507</b>
<b>Cash flows from SA Government</b>			
Receipts from SA Government		9,059	8,620
<b>Net cash provided by/(used in) operating activities</b>		<b>661</b>	<b>99</b>
<b>Cash flows from investing activities</b>			
<b>Cash outflows</b>			
Purchase of plant and equipment		(135)	(1,016)
Purchase of Intangibles		(68)	-
<b>Cash used in investing activities</b>		<b>(203)</b>	<b>(1,016)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>458</b>	<b>(917)</b>
Cash and cash equivalents at the beginning of the period		622	1,539
<b>Cash and cash equivalents at the end of the period</b>	9	<b>1,080</b>	<b>622</b>

The above statement should be read in conjunction with the accompanying notes.

**Adelaide Festival Corporation**  
**Notes to the Financial Statements for the year ended 30 June 2018**

**1. BASIS OF FINANCIAL STATEMENT**

**1.1 REPORTING ENTITY**

The Adelaide Festival Corporation (the Corporation) is a Board established pursuant to the Adelaide Festival Corporation Act 1998.

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

**1.2 STATEMENT OF COMPLIANCE**

The Corporation has prepared these financial statements in compliance with section 23 of the Public Finance and Audit Act 1987.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards (Reduced Disclosure Requirements) and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the Public Finance and Audit Act 1987.

The Corporation has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Corporation is a not-for-profit entity. Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Corporation for the period ending 30 June 2018.

**1.3 BASIS OF PREPARATION**

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

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

Assets and liabilities that are 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.

Significant accounting policies are set out in the notes.

**1.4 TAXATION**

The Corporation is not subject to income tax. The Corporation is liable for payroll tax, fringe benefits tax and goods and services tax (GST).

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

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

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

**Adelaide Festival Corporation**  
**Notes to the Financial Statements for the year ended 30 June 2018**

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.

**2. OBJECTIVES**

The functions of the Corporation, as prescribed under the Adelaide Festival Corporation Act 1998, are to:

- (a) Conduct in Adelaide and other parts of the State the multifaceted arts event that is known as the Adelaide Festival of Arts;
- (b) Continue and further develop the Adelaide Festival of Arts as an event of international standing and excellence;
- (c) Conduct or promote other events and activities;
- (d) Provide advisory, consultative, managerial or support services within areas of the Corporation's expertise;
- (e) Undertake other activities that promote the arts or public interest in the arts, or that otherwise involve an appropriate use of its resources; and
- (f) Carry out other functions assigned to the Corporation by or under the Adelaide Festival Corporation Act 1998 or any other Act, or by the Minister.

**3. STAFF BENEFITS**

**3.1 STAFF BENEFIT EXPENSE**

	<b>2018</b>	2017
	<b>\$'000</b>	\$'000
Salaries and wages	<b>3,341</b>	3,257
Staff on-cost superannuation*	<b>318</b>	299
Staff on-cost other	<b>138</b>	152
Board fees	<b>44</b>	47
<i>Total staff benefits expense</i>	<b>3,841</b>	3,755

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

**3.2 KEY MANAGEMENT PERSONNEL**

Key management personnel of the Corporation include the Minister, the Executive Director and the Board who have responsibility for the strategic direction and management of the Corporation.

Total compensation for key management was \$221,000 (2017:\$280,000).

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

**Adelaide Festival Corporation**  
**Notes to the Financial Statements for the year ended 30 June 2018**

3.3 REMUNERATION OF STAFF

**Remuneration of Staff**

The number of staff whose remuneration received or receivable fell within the following bands:

	<b>2018</b>	2017
	<b>No</b>	No
\$149 001 to \$159 000	1	1
\$169 001 to \$179 000	1	-
\$189 001 to \$199 000	1	1
\$199,001 to \$209 000	-	1
<i>Total</i>	<u>3</u>	<u>3</u>

The table includes all staff who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of staff reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits tax paid or payable in respect of those benefits. The total remuneration received by these staff for the year was \$525,000 (2017: \$553,000).

3.4 REMUNERATION OF BOARD MEMBERS

The Board members are appointed by the Governor in accordance with the Adelaide Festival Corporation Act 1998 and is a wholly owned and controlled entity of the Crown.

Members during the 2018 financial year were:

Ms Judy Potter (Chair and member of Audit & Risk Committee)  
 Councillor Megan Hender (member of Audit & Risk Committee)  
 Ms Ulrike Klein  
 Mr David Knox  
 Mr Mark Roderick (Chair Audit and Risk Committee)  
 Mr Alan James Whalley (member of Audit & Risk Committee)  
 Mr Peter Goers  
 Hon. Amanda Vanstone

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

	<b>2018</b>	2017
Nil - \$9,999	<u>8</u>	<u>8</u>
<i>Total number of members</i>	<u>8</u>	<u>8</u>

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, 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 or receivable for members is \$44,000 (2017: \$47,000). From which \$13,000 was donated back to the Corporation.

Unless otherwise disclosed, transactions between members are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

From time to time, Board Members will receive complimentary tickets to shows or events conducted by the Corporation. These benefits are provided to attend Festival events solely for the purpose of the execution of duties of office and direct hosting of guests, sponsors and donors.

**Adelaide Festival Corporation**  
**Notes to the Financial Statements for the year ended 30 June 2018**

**4. SUPPLIES AND SERVICES**

	2018 \$'000	2017 \$'000
Artist fees & payments	3,303	3,256
Artist travel & accommodation	1,413	1,113
Royalty & license fees	154	197
Event staging & contracts	4,332	3,164
Marketing, advertising & media	1,194	1,196
Design, printing and distribution costs	302	346
Hospitality, sponsorship & ticketing	447	364
Cost of goods for sale	706	403
Operating Lease minimum payments	219	276
Communications and IT	183	180
Insurance	120	108
Other expenditure	856	1,346
	<hr/>	<hr/>
<i>Total supplies and services</i>	<b>13,229</b>	<b>11,949</b>
	<hr/>	<hr/>

The total supplies and services amount disclosed includes GST amounts not recoverable from the Australian Tax Office due to the Corporation not holding a tax invoice or payments relating to third party arrangements.

**4.1 OPERATING LEASE**

Operating lease payments (less any lease incentive) are recognised on a straight line basis over the lease term, unless another systematic basis is more representative of the time pattern of benefits derived from the use of the leased assets.

**5. DEPRECIATION AND AMORTISATION**

	2018 \$'000	2017 \$'000
Office equipment and furniture	64	60
Computer Software	5	-
Leased Assets	3	-
Palais Club	400	201
	<hr/>	<hr/>
<i>Total depreciation and amortisation</i>	<b>472</b>	<b>261</b>
	<hr/>	<hr/>

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

**Adelaide Festival Corporation**  
**Notes to the Financial Statements for the year ended 30 June 2018**

5.1 USEFUL LIFE

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

<b>Class of Asset</b>	<b>Useful life (years)</b>
Plant and equipment	5-10
Furniture and fittings	3-10
Intangibles	4-5
Palais Club construction	3

5.2 REVISION 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 useful 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, which is a change in accounting estimate.

The Palais Club has been constructed on the River Torrens and is deemed to have a life of 3 years and was to be depreciated over the period of its life with a residual value of \$400,000. The expectation of realising the original residual value for the Palais has been reduced based on the likelihood of selling the pontoon being minimal. Half of the original residual value (\$200k) has been taken up this financial year with the other half to be taken up in 2019, being the end of its useful life.

6. GRANTS FROM GOVERNMENT

	<b>2018</b>	2017
	<b>\$'000</b>	\$'000
<i>Grants from SA Government</i>	<b>9,059</b>	8,620
Commonwealth Grants	<b>285</b>	44
Grants from Overseas Governments	<b>31</b>	52
<i>Grants from Non-SA Governments</i>	<b>316</b>	96
<i>Total Grants from Government</i>	<b>9,375</b>	8,716

In accordance with Department of Treasury and Finance Accounting Policy Framework V, 'Income', all grants are recognised as revenue when received.

**Adelaide Festival Corporation**  
**Notes to the Financial Statements for the year ended 30 June 2018**

**7. SPONSORSHIP**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Sponsorship – Cash	1,226	1,107
Sponsorship – In-kind	571	446
<i>Total sponsorship</i>	<b>1,797</b>	<b>1,553</b>

Some sponsorship is received as resources in-kind, which is valued at fair value.

The Corporation has a sponsorship arrangement with the Australian Broadcasting Corporation (ABC) that is not recognised in the financial statements. Given the non-commercial status of the ABC network, the capacity to document a reliable measurement of the relationship for the purposes of inclusion in the financial statements has proven problematic.

**8. OTHER INCOME**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Sundry	465	410
Friends membership	93	83
Donations	1,393	754
<i>Total other income</i>	<b>1,951</b>	<b>1,247</b>

All income of this nature is recognised as income when received.

**9. CASH AND CASH EQUIVALENTS**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank	267	453
Cash at hand	1	1
Short term deposits with SAFA	812	168
<i>Total cash and equivalent</i>	<b>1080</b>	<b>622</b>

Cash is measured at nominal amounts.

**9.1 SHORT TERM DEPOSITS**

Short term deposits are made on an at-call basis with funds transferred within 24 hours upon request. The deposits are lodged with SAFA and earn interest at the respective short term deposit rate on a monthly basis.

**9.2 FOREIGN EXCHANGE**

All transactions undertaken in a foreign currency are translated into the functional currency of the Corporation. Foreign exchange transactions are recorded on initial recognition by applying the foreign currency amount at the spot rate at the date of transaction. The date of transaction is the date on which the transaction first qualifies for recognition. Gains or losses arising from translation are taken directly to revenues or expenses.

**Adelaide Festival Corporation**  
**Notes to the Financial Statements for the year ended 30 June 2018**

**10 RECEIVABLES**

	2018 \$'000	2017 \$'000
Trade debtors	73	96
Prepayments and accrued revenue	231	110
Other receivables (GST)	264	320
<i>Total receivables</i>	568	526

**10.1 INTEREST RATE AND CREDIT RISK**

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under contractual agreement. Receivables, prepayments and accrued revenue are non-interest bearing.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Corporation will not be able to collect the debt. Bad debts are written off when identified.

**11 PLANT AND EQUIPMENT**

	2018 \$'000	2017 \$'000
<b>Plant and equipment</b>		
Office equipment and furniture at cost (deemed Fair Value)	977	847
Less: accumulated depreciation	757	693
<i>Total office equipment and furniture</i>	220	154
Leased Assets (deemed Fair Value)	14	-
Less: Accumulated depreciation	3	-
<i>Total Leased Assets</i>	11	-
Palais Club at cost	1,002	1,002
Less: accumulated depreciation	601	201
<i>Total Palais Club</i>	401	801
<i>Total plant and equipment</i>	632	955

**11.1 ACQUISITIONS AND RECOGNITIONS**

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.

**Adelaide Festival Corporation**  
**Notes to the Financial Statements for the year ended 30 June 2018**

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position. All non-current tangible assets with a value equal to or in excess of \$1,000 are capitalised.

**11.2 CARRYING VALUE OF PLANT AND EQUIPMENT**

All items of plant and equipment had a fair value at the time of acquisition that was less than \$1 million or had an estimated useful life less than 3 years old and have not been revalued in accordance with APFIII. The carrying value of this plant and equipment is deemed to approximate fair value.

**11.3 IMPAIRMENT**

There were no indications of impairment of plant and equipment at 30 June 2018.

**11.4 RECONCILIATION OF PLANT AND EQUIPMENT 2017-2018**

	Office Equipment & Furniture \$'000	Palais Club \$'000	Leased Assets \$'000	Total \$'000
Carrying amount at 1 July 2017	154	801	-	955
Additions	131	-	14	145
Less Disposals	(2)	-	-	(2)
Depreciation	(63)	(400)	(3)	(466)
<b>Carrying amount at 30 June 2018</b>	<b>220</b>	<b>401</b>	<b>11</b>	<b>632</b>

**11.5 RECONCILIATION OF PLANT AND EQUIPMENT 2016-2017**

	Office Equipment & Furniture \$'000	Palais Club \$'000	Total \$'000
Carrying amount at 1 July 2016	200	-	200
Additions	14	1,002	1,016
Depreciation	(60)	(201)	(261)
<b>Carrying amount as at 30 June 2017</b>	<b>154</b>	<b>801</b>	<b>955</b>

**12. INTANGIBLES ASSETS**

	2018 \$'000
Computer software	35
Computer software WIP	33
Less accumulated amortisation	(5)
<b>Total computer software</b>	<b>63</b>

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.

**Adelaide Festival Corporation**  
**Notes to the Financial Statements for the year ended 30 June 2018**

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

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

**12.1 IMPAIRMENT**

There were no indications of impairment of intangible assets as at 30 June 2018.

**12.2 RECONCILIATION OF INTANGIBLE ASSETS 2017-2018**

	<b>Computer Software \$'000</b>	<b>Computer Software WIP \$'000</b>	<b>Total \$'000</b>
Carrying amount at 1 July 2017	-	-	-
Additions	35	33	68
Amortisation	(5)	-	(5)
<b>Carrying amount as at 30 June 2018</b>	<b>30</b>	<b>33</b>	<b>63</b>

**13 PAYABLES**

	<b>2018 \$'000</b>	<b>2017 \$'000</b>
<b>Current</b>		
Trade creditors and accruals	356	570
Staff on-costs*	15	34
<i>Total current payables</i>	<b>371</b>	604
<b>Non-Current</b>		
Staff on-costs	4	5
<i>Total non-current payables</i>	<b>4</b>	5

\*Staff on-costs include payroll tax and superannuation contributions in respect to outstanding liabilities for salaries and wages, long service leave and annual leave. The Corporation makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the relevant superannuation scheme.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has changed from the 2017 rate (40%) to 41%. The net financial impact of this change is immaterial. These rates are used in the employment on-cost calculation.

**Adelaide Festival Corporation**  
**Notes to the Financial Statements for the year ended 30 June 2018**

13.1 INTEREST RATE AND CREDIT RISK

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts owing but unpaid. Sundry creditors are normally settled within 30 days from the date the invoice is first received.

**14 STAFF BENEFITS - LIABILITY**

	2018 \$'000	2017 \$'000
<b>Current</b>		
Accrued Salaries and Wages	103	89
Annual Leave	83	81
Long Service Leave	45	66
<i>Total current staff benefits</i>	<u>231</u>	<u>236</u>
<b>Non-Current</b>		
Long Service Leave	55	55
<i>Total non-current staff benefits</i>	<u>55</u>	<u>55</u>

Staff benefits accrue as a result of services provided up to the reporting date that remain unpaid. Long-term staff benefits are measured at present value and short-term staff benefits are measured at nominal amounts.

14.1 SALARIES AND WAGES, ANNUAL LEAVE AND SICK LEAVE

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

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

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

14.2 LONG SERVICE LEAVE

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

Current long service leave reflects the portion of leave expected to be settled within the next 12 months, based on previous experience and known applications for leave.

**15 PROVISIONS**

	2018 \$000	2017 \$000
<b>Current</b>		
Provision for Palais reparation/removal(1)	132	217
Provision for Elder Park reparation(2)	93	-
Provision for workers compensation (3) (self-insurance)	4	3
<i>Total current provisions</i>	<u>229</u>	<u>220</u>

**Adelaide Festival Corporation**  
**Notes to the Financial Statements for the year ended 30 June 2018**

**Non-current**

Provision for workers compensation (self-insurance)	5	5
<i>Total non-current provisions</i>	5	5

(1) It is planned by the Corporation that the Festival Palais pontoon will be removed from the Torrens River at the conclusion of the 2019 Festival. A provision for the cost of removal has been determined by the Corporation's Technical Manager.

(2) At the close of the Festival each year we are subject to reparation costs incurred by the Adelaide City Council for the use of Elder Park. The cost incurred by the Adelaide City Council is being disputed and the Corporation's estimate is based on negotiations with the Council as at balance date.

(3) A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2018 provided by consulting actuary engaged through the Office of the Public Sector (a division of the Department of the Premier and Cabinet). The provision is for the estimated cost of ongoing payments to employees as required under the current legislations.

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

**15.1 MOVEMENT IN PROVISIONS**

	2018 \$'000	2017 \$'000
<b>Carrying amount at beginning of the period</b>	<b>225</b>	8
Additional provisions recognised	<b>226</b>	217
Reductions arising from payments	<b>(217)</b>	-
<b>Carrying amount at end of the period</b>	<b>234</b>	225

There are no unsettled workers compensation claims as at 30 June 2018.

**16 UNRECOGNISED CONTRACTUAL COMMITMENTS**

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

Unrecognised contractual commitments are disclosed net of the amount of GST recoverable from, or payable to, the Australian Tax Office (ATO). If GST is not payable to, or recoverable from, the ATO the commitments and contingencies are disclosed on a gross basis.

**16.1 OPERATING LEASE COMMITMENTS**

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

	2018 \$'000	2017 \$'000
Not later than one year	149	253
Later than one year but not longer than five years	502	659
<i>Total operating lease commitments</i>	<b>651</b>	912

A new office lease effective from 1 October 2017 for 5 years has been agreed at the same lease cost effective as at the time of termination of the previous lease with a \$100,000 per annum rent rebate to be applied for the term of the agreement. Rent is payable in advance and the rebate is to be applied monthly in advance.

**Adelaide Festival Corporation**  
**Notes to the Financial Statements for the year ended 30 June 2018**

**17 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.

Unrecognised contingencies are disclosed net of the amount of GST recoverable from, or payable to the ATO. If GST is not payable to, or recoverable from the ATO, then the commitments and contingencies are disclosed on a gross basis.

The Corporation is not aware of any contingent assets and liabilities.

**18 RELATED PARTY TRANSACTIONS**

**18.1 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND OTHER RELATED PARTIES**

Compensation of Key Management Personnel is disclosed in note 3.2.

The Deputy Executive Director, Torben Brookman, is the joint owner of Asia Theatrical Pty Ltd. The Deputy Executive Director is engaged by the Corporation through this company. Total payments of \$152,800 were made to Asia Theatrical Pty Ltd during the year. This included contractor payments, including two relating to the previous year, relocation and associated costs.

The Executive Director and Deputy Executive Director of the Corporation are related (father/son). They were jointly appointed as a team by the Corporation, commencing in their respective roles on 1 May 2017.

**19 FINANCIAL RISK MANAGEMENT/FINANCIAL INSTRUMENTS**

**19.1 FINANCIAL RISK MANAGEMENT**

Risk management is managed by the Corporation's Finance section. The Corporation's risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standards *Risk Management Principles and Guidelines*.

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

**19.2 LIQUIDITY RISK**

The Corporation is funded principally from grants from the SA Government via Arts SA. The Corporation works with the Department of Treasury and Finance and Arts SA to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet expected cash flow.

The State Government has funded the Adelaide Festival biennially from 1960 and annually since 2012.

**19.3 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 and financial liability are disclosed in the respective financial asset/liability note.

**Adelaide Festival Corporation**  
**Notes to the Financial Statements for the year ended 30 June 2018**

The carrying amounts of each of the following categories of financial assets and liabilities measures are detailed below.

Category of financial asset and financial liabilities	Note	Carrying Amount	
		2018 \$'000	2017 \$'000
<b>Financial Assets</b>			
Cash and cash equivalents	9	1,080	622
Receivables	10	144	133
<b>Total financial assets</b>		<b>1,224</b>	<b>755</b>
<b>Financial liabilities at cost</b>			
Payables	13	289	487
<b>Total financial liabilities</b>		<b>289</b>	<b>487</b>

- (1) Receivable and payable amounts disclosed above exclude amounts relating to statutory receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents, they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).
- (2) Receivables amount disclosed here excludes prepayments. Prepayments are presented in Note 10 as receivables in accordance with paragraph 78(b) of AASB 101. However, 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.

## 20 EVENTS AFTER THE REPORTING PERIOD

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