

Adelaide Film Festival

Financial report
for the year ended
30 June 2019



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To the Chair of the Board Adelaide Film Festival

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 1987*, I have audited the financial report of the Adelaide Film Festival for the financial year ended 30 June 2019.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Adelaide Film Festival as at 30 June 2019, 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 2019
- a Statement of Financial Position as at 30 June 2019
- a Statement of Changes in Equity for the year ended 30 June 2019
- a Statement of Cash Flows for the year ended 30 June 2019
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chair, Festival Director/CEO and the Manager, Finance and Governance.

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 Adelaide Film Festival. 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 Festival Director/CEO and the Board for the financial report

The Festival Director/CEO 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 Board of the Adelaide Film Festival is 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, but not for the purpose of expressing an opinion on the effectiveness of the Adelaide Film Festival's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Festival Director/CEO
- 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 Festival Director/CEO and the Chair, Adelaide Film Festival 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 'Richardson', with a long horizontal stroke extending to the right.

Andrew Richardson

Auditor-General

26 September 2019

Adelaide Film Festival Financial Statements

Certification of the Financial Statements

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

- comply with relevant Treasurer's instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and any relevant Australian accounting standards;
- are in accordance with the accounts and records of the Adelaide Film Festival; and
- present a true and fair view of the financial position of the Adelaide Film Festival as at 30 June 2019 and the results of its operation and cash flows for the financial year.

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

Signed by
Sandra Sdraulig

Chair
Date

25/9/19

Signed by
Mat Kesting

Festival Director CEO
Date

25/9/19

Signed by
Robyn Jones

Finance & Governance
Manager
Date

25/9/19

Adelaide Film Festival
2018-2019

Adelaide Film Festival			
STATEMENT OF COMPREHENSIVE INCOME			
For the year ended 30 June 2019			
	Note No.	2019 \$' 000	2018 \$' 000
Expenses			
Employee benefits	2	750	1 184
Supplies and services	4	2 835	3 996
Depreciation and amortisation	9	8	5
Total expenses		3 593	5 185
Income			
Revenues from sales		311	265
Interest		26	47
Non SA Government grants & Sponsorships	5	962	1 615
Investment Returns AFFIF	12	21	7
Other income		20	57
Total income		1 340	1 991
Net Cost of Providing Services		2 253	3 194
SA Government Grants	6	2 171	3 724
Net result		(82)	530
Total comprehensive result		(82)	530

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

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

Adelaide Film Festival
2018-2019

Adelaide Film Festival			
STATEMENT OF FINANCIAL POSITION			
For the year ended 30 June 2019			
	Note No.	2019 \$'000	2018 \$'000
Current assets			
Cash and cash equivalents	7	1 891	2 153
Receivables	8	54	80
Total current assets		1 945	2 233
Non-current assets			
Property, plant and equipment	9	5	17
Total non-current assets		5	17
Total assets		1 950	2 250
Current liabilities			
Payables	10	304	426
Employee benefits	11	10	84
Total current liabilities		314	510
Non-current liabilities			
Employee benefits	11	-	22
Total Non-current liabilities		-	22
Total liabilities		314	532
Net assets		1 636	1 718
Equity			
Retained earnings		1 636	1 718
Total equity		1 636	1 718
The total equity is attributable to the SA Government as owner			
Unrecognised Contractual Commitments	14		
Contingent assets and liabilities	15		

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

Adelaide Film Festival
2018-2019

Adelaide Film Festival
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2019

	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2017	1 188	1 188
Net Result for 2017-18	530	530
Total Comprehensive Result for 2017-18	530	530
Balance at 30 June 2018	1 718	1 718
Net Result for 2018-19	(82)	(82)
Total Comprehensive Result for 2018-19	(82)	(82)
Balance at 30 June 2019	1 636	1 636

Adelaide Film Festival
2018-2019

Adelaide Film Festival			
STATEMENT OF CASH FLOWS			
For the year ended 30 June 2019			
	Note No.	2019 Inflows (Outflows) \$'000	2018 Inflows (Outflows) \$'000
Cash flows from operating activities			
Cash outflows			
Employee benefit payments		(846)	(1 112)
Supplies and services		(2 458)	(2 772)
Payments on behalf of other entities		(73)	(146)
GST paid to the ATO and suppliers		-	(45)
Trust funds payments		(38)	(85)
Cash used in operations		(3 415)	(4 160)
Cash inflows			
Receipts from the sale of goods and services		506	246
Interest received		20	40
Receipts from Non SA Government Grants and sponsorships		307	503
Funds received on behalf of other entities		-	290
GST received from the ATO		32	-
Trust funds received		70	73
Other receipts		43	64
Cash generated from operations		978	1 216
Cash flows from SA Government			
Receipts from SA Government		2 171	3 724
Cash generated from SA Government Grants		2 171	3 724
Net cash provided by operating activities		(266)	780
Cash flows from Investing Activities			
Cash inflows/ (outflows)			
Sale/(purchase) of property, plant and equipment		4	(16)
Net cash used in investing activities		4	(16)
Net increase in cash and cash equivalents		(262)	764
Cash and cash equivalents at the beginning of the financial year		2 153	1 389
Cash and cash equivalents at the end of the financial year	7	1 891	2 153

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

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS

ADELAIDE FILM FESTIVAL

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Adelaide Film Festival
2018-2019

Note 1 Basis of Financial Statements, Objectives and Activities

The Adelaide Film Festival (AFF) is a government agency of the State of South Australia, established pursuant to the *Public Sector Act 2009*. AFF is an administrative unit acting on behalf of the Crown.

The financial statements and accompanying notes include all the controlled activities of AFF.

AFF does not control any other entity and has no interests in unconsolidated structured entities

Basis of Preparation

These financial statements have been prepared 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 and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

AFF has applied relevant Australian Accounting Standards with reduced disclosure requirements that are applicable to not-for-profit entities, as AFF 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 AFF for the period ending 30 June 2019.

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.

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.

AFF is not subject to income tax. AFF 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; and

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.

Objectives

AFF's objectives are:

- to present a festival which celebrates and explores contemporary Australian and international screen culture with a unique program of screenings and special events, which aim to increase audience knowledge and participation.
- to increase and stimulate innovative and new screen production through the provision of equity finance for the premiering at the Festival.
- to raise the profile of arts and screen culture in South Australia for audiences and practitioners.

Activities

AFF undertakes the following activities:

- Adelaide Film Festival - Biennial Film Festivals held in the city of Adelaide
- Hybrid World Adelaide - held in July 2018

Adelaide Film Festival
2018-2019

Note 2 Employee benefits

	2019	2018
	\$'000	\$'000
Salaries and wages	657	1 025
Annual leave	10	35
Long service leave	5	7
Employment on-costs - superannuation	70	94
Employment on-costs - other	8	23
Total employee benefits expenses	750	1 184

Targeted Voluntary Separation Packages
There were no TVSP's paid during the reporting period.

Key Management Personnel

Key management personnel of AFF include the Minister, the Chief Executive Officer and the six members of the Board who have responsibility for the strategic direction and management of AFF.

Total compensation for key management personnel was \$160,890 in 2018-2019 and \$138,435 in 2017-18.

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

Note 3 Remuneration of Board and Committee Members

Board members

The following persons held the position of governing board member during the financial year:

Ms Sandra Sdraulig	Ms Sandy Verschoor
Ms Maria Ravese	Mr Anton Andreacchio (appointed December 2018)
Mr Andrew Mackie	
Ms Martha Coleman	

Remuneration of governing board members

The members of the AFF board have not received remuneration during the financial year.

Unless otherwise disclosed, transactions between board 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 arms length in the same circumstances.

Note 4 Supplies and services

	2019	2018
	\$'000	\$'000
Programmed Event		
Supplies and services provided by entities external to the SA Government		
Box office	85	168
Hive Lab	-	52
Hospitality-	15	62
Marketing	958	1 211
Production	182	470
Screen Rights-Film	59	49
Travel and accommodation	297	171
Venue Hire	42	151
Artists Fees	461	512
Total Programmed Event – Non SA Government	2 099	2 846
Total Programmed Event	2 099	2 846
Administration Expenses		
Supplies and services provided by entities within the SA Government		
Insurance	3	3
Audit fees	20	20
Total Administration Expenses – SA Government entities	23	23

Adelaide Film Festival
2018-2019

Supplies and services provided by entities external to the SA Government		
Travel - Board	16	19
Board & Committee meeting costs	2	2
Plant and Equipment maintenance	4	11
Telecommunications	7	30
Bank fees	7	7
Postage and distribution fees	22	15
Office Rental	15	19
Consultant	8	194
Contractors	148	26
Other Administration Expenses	24	86
Total Administration Expenses – Non SA Government	253	409
Total Administration Expenses	276	432

Adelaide Film Festival Investment Fund		
Supplies and services provided by entities within the SA Government		
Audit fees	2	2
Total AFFIF Programming Expenses - SA Government entities	2	2

Supplies and services provided by entities external to the SA Government		
Feature Films/documentaries	217	523
Short films	93	87
Cross Platform	100	10
Legal Costs	-	16
Functions/Premieres	27	31
Travel	-	31
Marketing	21	11
Other Administration Expenses	-	7
Total AFFIF Programming Expenses - Non SA Government	458	716
Total AFFIF Programming Expenses	460	718

Total Supplies and Services	2 835	3 996
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Operating Leases

Operating lease payments 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.

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:

	No	2019 \$'000	No	2018 \$'000
Below \$10,000	1	8	1	1
Above \$10,000	-	-	3	193
Total paid /payable to the consultants engaged	1	8	4	194

Note 5 Non SA Government grants & Sponsorships

	2019 \$'000	2018 \$'000
Non SA Government grants & Sponsorships - Cash	252	498
Sponsorship - In-kind	710	1 117
Total Sponsorship	962	1 615

All in-kind sponsorship as above is included in expenses reflecting the goods/services provided.

Note 6 South Australian Government Grants

	2019 \$'000	2018 \$'000
Adelaide Film Festival	1 666	2 215
Hybrid World Adelaide	500	1 450
Other South Australian Government Grants	5	59
South Australian Government Grants	2 171	3 724

Adelaide Film Festival
2018-2019

Note 7 Cash and cash equivalents

	2019	2018
	\$'000	\$'000
Cash at bank	863	613
Term deposits	1 028	1 540
Total cash and cash equivalents	1 891	2 153

Cash is measured in nominal amounts.

Note 8 Receivables

	2019	2018
	\$'000	\$'000
Current		
Debtors	46	69
Accrued interest	6	9
Other receivables	2	2
Total current receivables	54	80
Total receivables	54	80

No receivables are impaired as at 30 June 2019

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Debtors and other receivables are non-interest bearing.

The carrying amount of receivables approximates net fair value due to being receivable on demand.

Note 9 Property, plant and equipment

	2019	2018
	\$'000	\$'000
Office furniture and equipment		
Office furniture and equipment at cost (deemed fair value)	54	61
Accumulated depreciation	49	44
Total office furniture and equipment	5	17
Leasehold improvements		
Leasehold improvements at cost (deemed fair value)	5	5
Accumulated	5	5
Total leasehold improvements	-	-
Total property, plant and equipment	5	17

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.

Reconciliation of property, plant and equipment

The following table shows the movement of property, plant and equipment during the reporting period:

	Office furniture and equipment	Total
	\$'000	\$'000
2018-19		
Carrying amount at the beginning of the period	17	17
Net disposals	(4)	(4)
Depreciation and amortisation expense	(8)	(8)
Carrying amount at the end of the period	5	5

Useful life

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

Class of Asset	Useful Life (Years)
Office furniture & IT Equipment	3-4
Leasehold improvements	6

Adelaide Film Festival
2018-2019

Note 10 Payables

	2019	2018
	\$'000	\$'000
Payables to non SA Government entities		
Funds held on behalf of other entities	132	205
Funds held in trust	93	62
Creditors	57	137
Total payables to non SA Government entities	282	404
Payables to SA Government entities		
Accrued expenses	22	22
Total payables to SA Government entities	22	22
Total payables	304	426

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.

Funds held on behalf of other entities

Funds held on behalf of other entities relate to the Hive Production Fund (HPF). The HPF was established in 2011 to commission one-off films to premiere at the Adelaide Film Festival and for prime time broadcast on ABC TV. HPF funding is provided by the AFF and three other entities pursuant to a HPF Heads of Agreement for each festival. AFF administers the HPF on behalf of the funding partners Screen Australia and Australia Council, but not ABC, as their contribution is a licence.

The following table details the movement in Funds Held on Behalf of Other Entities for the HPF.

	2019	2018
	\$'000	\$'000
Cash balance as at 1 July	205	61
Income		
Hive Fund % Returns	2	12
Grants from HPF funding partners	-	278
Total Income	2	290
Expenses		
Investment in films	75	146
Total Expenses	75	146
Net result as at 30 June	132	205

Note 11 Employee benefits liability

	2018	2018
	\$'000	\$'000
Current		
Annual leave	5	51
Accrued wages	5	33
Total current employee benefits	10	84
Non-current		
Long service leave	-	22
Total Non-current employee benefits	-	22

Employment benefits include payroll tax, Return to Work SA levies and superannuation contributions. AFF 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.

Adelaide Film Festival
2018-2019

Note 12 Adelaide Film Festival Investment Fund

The Government of South Australia in association with the South Australian Film Corporation, has established the Adelaide Film Festival Investment Fund (AFFIF) for equity investment in Australian Films.

The closing balance of the AFFIF is included in Total Cash and Cash Equivalents at 30 June (refer Note 7).

A number of restrictions apply to the use of the AFFIF balance.
The following table demonstrates the movements in the AFFIF:

	2019 \$'000	2018 \$'000
Balance as at 1 July	854	561
Income		
Grant from SA Government	507	1 007
Investment Returns	21	7
Sponsorship	14	19
Interest	10	27
Total Income	552	1 060
Expenses		
Administration and programming expenses	124	94
Investment in films	410	623
Employee benefits	50	50
Total Expenses	584	767
Balance as at 30 June	822	854

Note 13 Hybrid World Adelaide

	2019 \$'000	2018 \$'000
Income		
Grant from SA Government	500	1 490
Other Income	32	203
Total	532	1 693
Expenses		
Administration and programming expenses	292	761
Marketing	125	394
Production	101	110
Employee benefits	212	58
Total Expenses	730	1 323
Balance as at 30 June	(198)	370

Note 14 Unrecognised contractual commitments

(a) Other commitments

Commitments contracted for at the reporting date but not recognised as liabilities are payable as follows:

	2019 \$'000	2018 \$'000
Within one year	2	11
Later than one year but not longer than five years	-	2
Total other commitments	2	13

Amounts disclosed include commitments for office accommodation leased from the South Australian Film Corporation. The lease is non-cancellable and expires on 19 August 2019. Rent is payable in advance and is subject to a 4 percent rent review on 20 August

(b) AFFIF commitments

Commitments arising from AFFIF contractual agreements are payable as follows:

	2019 \$'000	2018 \$'000
Within one year	266	336
Later than one year but not longer than five years	-	653
Total AFFIF commitments	266	989

Note 15 Contingent assets and liabilities

The AFF is not aware of any contingent assets or liabilities.

Adelaide Film Festival
2018-2019

Note 16 Financial instruments/financial risk management

Categorisation of financial instruments

Category	Statement of Financial	Note	Carrying	Carrying
			amount/Fair	amount/Fair
			Value	Value
			2019	2018
			\$'000	\$'000
Financial Assets				
Cash and cash equivalents	Cash and cash equivalents	7	1 891	2 153
Loans and receivables	Receivables (1)	8	54	80
Financial Liabilities				
Financial liabilities at	Payables (1)	10.	304	426

(1) Receivable and payable amounts disclosed here 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 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 recorded are carried at cost (not materially different from the amortised cost).

Note 17 Impact of standards and statements not yet implemented

We estimate that there will be no material impacts as a result of upcoming accounting standard changes.