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To the Chair of the Board Australian Children's Performing Arts Company

Opinion

I have audited the financial report of the Australian Children's Performing Arts Company for the financial year ended 30 June 2022.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Australian Children's Performing Arts Company as at 30 June 2022, 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 – Simplified Reporting Requirements.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2022
- a Statement of Financial Position as at 30 June 2022
- a Statement of Changes in Equity for the year ended 30 June 2022
- a Statement of Cash Flows for the year ended 30 June 2022
- notes, comprising material accounting policies and other explanatory information
- a Certificate from the Chair, the Chair of the Finance, Audit and Risk Committee, the Executive Director and the Business Managers.

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 Australian Children's Performing Arts Company. 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 Executive Director and 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 relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards – Simplified Reporting Requirements, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Executive Director is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Executive Director is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 13(3) of the schedule of to the *Public Corporations Act 1993*, I have audited the financial report of the Australian Children's Performing Arts Company for the financial year ended 30 June 2022.

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 Australia Children's Performing Arts Company's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Director
- conclude on the appropriateness of the Executive Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with Executive Director 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

30 September 2022

AUSTRALIAN CHILDREN'S PERFORMING ARTS COMPANY Certification of the Financial Statements

We certify that the:

- o financial statements of the Australian Children's Performing Arts Company:
 - are in accordance with the accounts and records of the authority;
 - comply with relevant Treasurer's Instructions;
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the Australian Children's Performing Arts Company at the end of the financial year and the result of its operations and cash flows for the financial year.
- o internal controls employed by the Australian Children's Performing Arts Company for the financial year over its financial reporting and its preparation of financial statements have been effective.



Bruce Speirs
Chair
30 September 2022



Chris Stewart
Chair - Finance, Audit and Risk Committee
30 September 2022



Kaye Weeks
Executive Director
30 September 2022



Genevieve Fischer
Business Manager
30 September 2022



Emma Biglands
Business Manager
30 September 2022

Australian Children's Performing Arts Company

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2022

	<i>Note</i>	2022 \$'000	2021 \$'000
Income			
Revenues from SA Government	4.1	1,231	1,404
Commonwealth-sourced grants and funding	4.2	1,060	619
Program revenues	4.3	222	157
Gain on disposal of investment in subsidiaries	8.1	151	-
Salary recoveries	4.4	124	-
Donations	4.5	74	108
Notional gain on investment in subsidiaries	8.1	-	71
Service fees	4.6	60	23
Insurance claim revenue	4.7	-	119
Other revenues	4.8	76	33
Total income		<u>2,998</u>	<u>2,534</u>
Expenses			
Employee benefits expenses	2.3	1,235	994
Supplies and services	3.1	1,539	1,034
Notional loss on investments in subsidiaries	8.1	222	-
Grants	3.2	-	150
Depreciation and amortisation	3.4	170	126
Screen project investment funding	3.3	-	100
Total expenses		<u>3,166</u>	<u>2,404</u>
Net result		<u>(168)</u>	<u>130</u>
Total comprehensive result		<u>(168)</u>	<u>130</u>

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

Australian Children's Performing Arts Company

STATEMENT OF FINANCIAL POSITION

as at 30 June 2022

	<i>Note</i>	2022	2021
		\$'000	\$'000
Current assets			
Cash and cash equivalents	6.2	-	1,285
Receivables	6.3	-	96
Total current assets		<u>-</u>	<u>1,381</u>
Non-current assets			
Investment in subsidiaries	8.1	-	71
Property, plant and equipment	5.1	-	521
Total non-current assets		<u>-</u>	<u>592</u>
Total assets		<u>-</u>	<u>1,973</u>
Current liabilities			
Payables	7.2	-	130
Lease liabilities	7.3	-	107
Contract liabilities	7.4	-	664
Employee benefits	2.4	-	64
Total current liabilities		<u>-</u>	<u>965</u>
Non-current liabilities			
Payables	7.2	-	6
Lease liabilities	7.3	-	307
Employee benefits	2.4	-	87
Total non-current liabilities		<u>-</u>	<u>400</u>
Total liabilities		<u>-</u>	<u>1,365</u>
Net assets		<u>-</u>	<u>608</u>
Equity			
Retained earnings		<u>-</u>	<u>608</u>
Total equity		<u>-</u>	<u>608</u>

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

Australian Children's Performing Arts Company

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2022

	<i>Note</i>	Retained Earnings \$'000	Total Equity \$'000
Balance at 1 July 2020		<u>478</u>	<u>478</u>
Net result for 2020-21		<u>130</u>	<u>130</u>
Total Comprehensive Result for 2020-21		<u>130</u>	<u>130</u>
Balance at 30 June 2021		<u>608</u>	<u>608</u>
Net result for 2021-22		<u>(168)</u>	<u>(168)</u>
Total Comprehensive Result for 2021-22		<u>(168)</u>	<u>(168)</u>
Net assets transferred to the Minister on dissolution	1.4	<u>(440)</u>	<u>(440)</u>
Balance at 30 June 2022		<u>-</u>	<u>-</u>

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

Australian Children's Performing Arts Company

STATEMENT OF CASH FLOWS

for the year ended 30 June 2022

	<i>Note</i>	2022	2021
		\$'000	\$'000
Cash flows from operating activities			
Cash inflows			
Receipts from SA Government		1,363	1,314
Receipts from Commonwealth-sourced grants and funding		828	1,080
Program and other receipts		383	358
Insurance claims revenue		-	119
Deposits recovered		-	-
Interest received		1	1
GST recovered from ATO		-	4
Cash generated from operations		<u>2,575</u>	<u>2,876</u>
Cash outflows			
Payments for supplies and services		(1,479)	(1,135)
Employee benefit payments		(1,236)	(906)
Grants paid		-	(150)
Screen project investment funding		-	(100)
Deposits paid		(3)	-
GST paid to the ATO		(59)	-
Cash used in operations		<u>(2,777)</u>	<u>(2,291)</u>
Net cash provided by (used in) operating activities		<u>(202)</u>	<u>585</u>
Cash flows from investing activities			
Cash inflows			
Closure of term deposit		-	20
Cash generated from investing activities		<u>-</u>	<u>20</u>
Cash outflows			
Purchases of plant and equipment		(19)	(128)
Cash used in investing activities		<u>(19)</u>	<u>(128)</u>
Net cash used in investing activities		<u>(19)</u>	<u>(108)</u>
Cash flows from financing activities			
Cash outflows			
Repayment of right-of-use building leases		(109)	(88)
Cash transferred due to dissolution of ACPAC		(955)	-
Cash used in financing activities		<u>(1,064)</u>	<u>(88)</u>
Net cash used in financing activities		<u>(1,064)</u>	<u>(88)</u>
Net increase (decrease) in cash and cash equivalents		(1,285)	389
Cash and cash equivalents at the beginning of the period		<u>1,285</u>	<u>896</u>
Cash and cash equivalents at the end of the period	6.2	<u>-</u>	<u>1,285</u>

The accompanying notes form part of these financial statements.

Australian Children's Performing Arts Company

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. About the Australian Children's Performing Arts Company

The Australian Children's Performing Arts Company (ACPAC), trading as Windmill Theatre Co, is a subsidiary of the Minister for Education, Training and Skills. ACPAC was established by Regulations under the *Public Corporations Act 1993*. ACPAC was dissolved on 30 June 2022 under the *Public Corporations (Australian Children's Performing Arts Company) (Dissolution and Revocation) Regulations 2021*.

A Transfer Deed was entered into on 30 June 2022 between ACPAC, the Minister for Education, Training and Skills and Windmill Production Company Ltd. Windmill Production Company Ltd is a not-for-profit company limited by guarantee incorporated under the Corporations Act 2001 and registered as a charity with the Australian Charities and Not-for-profits Commission. Under the terms of the Transfer Deed, Windmill Production Company Ltd agreed to continue carrying on the activities of ACPAC.

Immediately prior to ACPAC's dissolution, in accordance with the terms of the Transfer Deed, all assets, rights and liabilities of ACPAC were transferred to the Minister for Education, Training and Skills. Immediately after receiving the assets, rights and liabilities of ACPAC, the Minister for Education, Training and Skills transferred the former assets, rights and liabilities of ACPAC to Windmill Production Company Ltd.

Prior to its dissolution ACPAC transferred its investment in its subsidiary, Windmill Pictures Pty Ltd, to Windmill Production Company Ltd.

Further details about Windmill Pictures Pty Ltd and its subsidiaries can be found at note 8.

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 applying simplified disclosures*.

These are the first financial statements prepared in accordance with Australian Accounting Standards - Simplified Disclosures. In the prior year, the financial statements were prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements. There has been no impact on the recognition and measurement of amounts recognised in the statements of financial position, profit and loss and other comprehensive income and cash flows of ACPAC as a result of the change in the basis of preparation.

For the purpose of preparing the financial statements ACPAC is a not-for-profit entity. 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 identified in the notes to the financial statements.

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.

Cash flows include GST in the Statement of Cash Flows.

Assets and liabilities that are to be sold, consumed or realised as part of the normal 12 month operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

1.2 Objectives of the Australian Children's Performing Arts Company

The objective of ACPAC's, up to the date of dissolution, was to produce, present, facilitate, manage and promote high quality performing arts productions and other arts activities for children, young people, families, schools and other groups or bodies, both within the State, nationally and internationally.

1.3 Impact of COVID-19 pandemic

ACPAC's theatre program returned closer to historical levels in 2021-22, albeit with no international touring. COVID infection of cast, crew and creatives presented ongoing disruption and additional expenditure. Further details are provided in the below notes:

- Note 3.1 - Supplies and services
- Note 4.2 - Commonwealth-sourced grants and funding
- Note 4.3 - Program revenues

1.4 Changes to ACPAC

The Public Corporations (Australian Children's Performing Arts Company) (Dissolution and Revocation) Regulations 2021 (dated 9 December 2021) proclaimed that effective from 30 June 2022, ACPAC dissolved and immediately prior to its dissolution, all asset, rights and liabilities are transferred to the Minister for Education, Training and Skills.

The following assets and liabilities for ACPAC were transferred on 30 June 2022:

	\$'000
Cash and cash equivalents	955
Receivables - related party	74
Receivables - other	30
Property, plant and equipment	70
Total assets	1,129
Payables	123
Other liabilities	377
Employee benefits	189
Total liabilities	689
Total net assets transferred	440

ACPAC net assets transferred to the Minister for Education, Training and Skills as a result of the dissolution of ACPAC, were recognised at their carrying amount. Former ACPAC net assets were subsequently transferred by the Minister for Education, Training and Skills to Windmill Production Company Ltd.

1.5 Related Party Transactions

Related parties of ACPAC include its subsidiaries Windmill Pictures Pty Ltd, Mollyvale Holdings Pty Ltd, Beep and Mort Pty Ltd; all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Disclosures relating to key management personnel are set out in Note 2.1.

2. Board and employees

2.1 Key management personnel

Key management personnel includes the Minister, members of the Board, the Executive Director and the Artistic Director. Total compensation for ACPAC's key management personnel during the reporting period ended 30 June 2022 was \$420,000 (2021: \$299,000).

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*.

Transactions with key management personnel and other related parties

In 2021-22 Windmill Pictures Pty Ltd paid ACPAC's Executive Director and Artistic Director \$56,000 each, being a share of Producer and Director fees received by Windmill Pictures Pty Ltd (2021: Nil). This is included in the total compensation for ACPAC's key management personnel.

2.2 Board members

Members of the ACPAC Board of Directors during the reporting period were:

Bruce Speirs (Chair)
Ruth Ambler
Rosey Batt
Sophie Doyle
Richard Harris
Deonne Smith
Chris Stewart
Clare Watson

No members of the ACPAC Board of Directors received remuneration from ACPAC during the reporting period ended 30 June 2022 (2021: Nil).

Except for members of the Board of Directors receiving complimentary tickets to productions and the engagement of one related family members for the provision of an immaterial value of production related services, there were no transactions with members.

2.3 Employee benefits expenses

	2022	2021
	\$'000	\$'000
Salaries and wages	979	790
Annual and long service leave	120	93
Employment on-costs - superannuation	107	85
Employment on-costs - other	29	26
Total employee benefits expenses	1,235	994

Employment on-costs - superannuation

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

Executive remuneration

No employees received remuneration equal to or greater than the executive base remuneration of \$157,000 in 2021-22 or 2020-21 (remuneration reflects all costs of employment including salaries and wages, payment in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits).

2.4 Employee benefits liability

	2022	2021
	\$'000	\$'000
Current		
Accrued salaries and wages	-	6
Annual leave	-	58
Total current employee benefits	-	64
Non-current		
Long service leave	-	87
Total non-current employee benefits	-	87
Total employee benefits	-	151

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

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.

The liability for long service leave is recognised after an employee has completed 5 years of service. This calculation is consistent with ACPAC's experience of employee retention and leave taken. Details about the measurement of long service leave liability is provided at note 10.1.

On 30 June 2022, all ACPAC employees and their entitlements transferred to the Minister for Education, Training and Skills before transferring to Windmill Production Company, refer to note 1.

3. Expenses

Employee benefits expenses are disclosed in note 2.3

3.1 Supplies and services

	2022	2021
	\$'000	\$'000
Artist / contractor expenses	575	411
Production costs	491	155
Theatre costs	63	80
Marketing productions	65	74
Marketing and publicity expenses	69	66
IT and communications	37	37
Education program expenses	44	25
Audit fees - Auditor-General's Department South Australia	23	24
Relocation expenses	-	22
Minor capital assets	10	23
Production storage expenses	3	21
Premises lease and outgoings	-	8
Agent fees	10	-
Legal fees	60	-
Other sundry expenses	89	88
Total supplies and services	1,539	1,034

Program expenditure (artist/contractor expenses, production costs, theatre costs, marketing productions, commission, agents fees)
Program expenditure related to a performance season has been recognised when incurred.

Agent fees

Agent fees in 2021-22 were in relation to international performance bookings. There were no international performance bookings in 2020-21.

Legal Fees

ACPAC legal fees paid to Thomson Geer Lawyers total \$60,000 in 2021-22 (2020-21 - Nil) and relate entirely to work performed in relation to the dissolution of ACPAC and the establishment of Windmill Production Company Ltd (refer to Note 1 for more information).

Production storage expenses

Production storage expenses in 2020-21 were mostly for a private storage facility in Hendon. The rental agreement on this facility was a rolling monthly contract that did not meet the definition of a lease in accordance with AASB 16 Leases. ACPAC ceased renting the Hendon facility in March 2021 and relocated to a storage facility at TAFE Tea Tree Gully Campus, Modbury. The lease on this facility is recognised in accordance with AASB 16 Leases. Interest expense for this lease are included in other sundry expenses, and depreciation expenses for this lease are in disclosed in note 3.4.

Premise lease and outgoings

Premise lease and outgoings in 2020-21 was for ACPAC's lease for 2/234 Sturt Street, Adelaide that expired on 3 August 2020. This agreement did not meet the definition of a lease set out in AASB 16. ACPAC relocated its premises to TAFE SA Adelaide College of the Arts, Light Square in July 2020. This lease is recognised in accordance with AASB 16 Leases. Interest expenses for this lease are included in other sundry expenses, and depreciation expenses for this lease are disclosed in note 3.4.

Relocation expenses

In July 2020 ACPAC relocated its office and rehearsal studio from 2/234 Sturt Street, Adelaide to TAFE SA Adelaide College of the Arts, Light Square. In March 2021 ACPAC relocated its main production storage facility from a private facility in Hendon, to a storage facility at TAFE Tea Tree Gully Campus, Modbury.

3.2 Grants

	2022	2021
	\$'000	\$'000
Windmill Pictures Pty Ltd operational funding	-	150
Total Grants Paid	-	150

In 2020-21 ACPAC provided operational funding to its subsidiary Windmill Pictures Pty Ltd.

3.3 Screen project investment funding

	2022	2021
	\$'000	\$'000
Screen project investment funding	-	100
Total screen project investment funding	-	100

In 2020-21 ACPAC provided funding for a screen produced by a subsidiary Mollyvale Holdings Pty Ltd.

3.4 Depreciation and amortisation

	2022	2021
	\$'000	\$'000
Right-of-use buildings	108	91
Leasehold improvements	38	18
Computer equipment	6	7
Office equipment	7	7
Production equipment	11	3
Total depreciation and amortisation	170	126

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 and amortisation are calculated on a straight-line basis over the estimated useful life of the following classes of assets:

Class of asset	Useful life (years)
Right-of-use buildings	3 - 5
Leasehold improvements	lease term
Computer equipment	3 - 5
Office equipment	5 - 7
Production equipment	5 - 7

On 30 June 2022, the lease with TAFE SA was terminated on ACPAC's dissolution and the remaining leasehold improvements were written off in line with ACPAC accounting policy.

4. Income

4.1 Revenues from SA Government

	2022	2021
	\$'000	\$'000
Operating grant	1,134	1,108
Windmill Pictures Pty Ltd operational funding	-	150
Special purpose grants	97	146
Total revenues from SA Government	1,231	1,404

Operating grant and Windmill Pictures Pty Ltd operational funding

These funds are provided by the Department for Education, and are recognised on receipt in accordance with AASB 1058.

Special purpose grants

ACPAC received special purpose grants from the Department for Education and the Department for the Premier and Cabinet. Where special purpose grants have sufficiently specific performance obligations, these grants are recognised at the point in time when the performance obligation is met, in accordance with AASB 15. Where no sufficiently specific performance obligation is stipulated, special purpose grants are recognised on receipt under AASB 1058.

4.2 Commonwealth-sourced grants and funding

	2022	2021
	\$'000	\$'000
Australia Council:		
Operating grant	505	500
Special purpose grants	555	69
Australian Taxation Office:		
COVID-19 Cash flow boost	-	50
Total commonwealth-sourced grants and funding	1,060	619

Australia Council

Operating grant

ACPAC's operating grants are provided through the National Performing Arts Partnership Framework (NPAPF) funding agreement between the State Government, Australian Government and ACPAC. ACPAC's current NPAPF funding agreement expires on 31 December 2024. Through the NPAPF, ACPAC has an in-principle commitment for a further 4-year funding through to 31 December 2028.

Australia Council operating grants are recognised on receipt in accordance with AASB 1058.

Special purpose grants

Special purpose grant revenue is recognised at the point in time when the project is completed, in accordance with AASB 15. Project grants are recognised in the Statement of Financial Position as a contract liability until the performance obligations are completed.

During 2020-21 and 2021-22, ACPAC received \$226,000 in project grants from Australia Council for program touring activity scheduled to be delivered in 2022-23. As the performance obligations have not been met, a contract liability is recognised for the received grants, refer to Note 7.4.

COVID-19 Support

ACPAC did not receive cash flow boost from the ATO in 2021-22 (2020-21: \$50,000). This income was recognised on receipt in accordance with AASB 1058.

4.3 Program revenues

	2022	2021
	\$'000	\$'000
Box office	55	123
Presenter fees	147	21
Other program recoveries	20	13
Total program revenues	222	157

Program revenues are recognised in accordance with AASB 15. Usually revenue is recognised at the completion of a performance season (the performance obligation). Presenter fees, box office income and other program recoveries for future productions and productions in progress at reporting date are recognised in the Statement of Financial Position as a contract liability until the production is complete.

COVID-19 Impact

The 2021-22 artistic program was adapted from ACPAC's 2021 - 2024 strategic plan to accommodate ongoing COVID-19 challenges. Presenter fees were higher than the previous year, but are not expected to return to historical levels until international touring resumes. Box office income was lower than 20-21 due to the unusually high number of Adelaide presentation in 2020-21 due to the reduced national touring in these years as a result of travel restrictions. Box office income in 2021-22 was also impacted by the forced cancellation of an Adelaide presentation mid-season due to two lead cast members being infected with COVID-19.

4.4 Salary recoveries

	2022	2021
	\$'000	\$'000
Beep and Mort Pty Ltd	77	-
Windmill Pictures Pty Ltd	47	-
Total salary recoveries	124	-

ACPAC employees provided services to subsidiaries in 2021-22. The costs associated with the services provided by ACPAC employees were recharged.

4.5 Donations

	2022	2021
	\$'000	\$'000
Trusts and foundations	50	75
Individuals	24	33
Total Donations	74	108

Donations are recognised on receipt.

4.6 Service fees

	2022	2021
	\$'000	\$'000
Directing fees	-	23
Producing fees	20	-
Administrative fees	10	-
Marketing fees	30	-
Total service fees	60	23

In 2021-22 ACPAC provided producing, administrative and marketing services to its subsidiary, Windmill Pictures Pty Ltd. These expenses were recharged based on commercial rates for similar services. These fees were waived in 2020-21 due to reduced services provided by ACPAC.

In 2021-22 ACPAC did not provide directing services to a third party (2020-21 \$23,000).

4.7 Insurance claims revenue

	2022	2021
	\$'000	\$'000
Insurance claim revenue	-	119
	-	119

In 2020-21 ACPAC received an insurance claim payment from SAicorp to compensate for presenter fees lost due to the partial cancellation of the Beep US and Canada tour in 2019-20 as a result of COVID-19 related venue and travel restrictions.

4.8 Other revenues

	2022	2021
	\$'000	\$'000
Cost recoveries	31	-
Interest	1	2
Sponsorship - commercial - in kind	22	21
Return on screen project funding	-	6
Miscellaneous revenue	22	4
Total Other revenues	76	33

Cost recoveries

Expenses recharged to subsidiaries for equipment and storage facility usage.

In-kind services and sponsorship

In-kind services and sponsorship are recognised in the period that the in-kind goods or services are received.

Return on screen project funding

In 2014-15 ACPAC provided \$255,000 of funding for the feature film 'Girl Asleep'. The return on screen project funding represents ACPAC's entitlement to a share of distribution receipts, in proportions set out in the Production Investment Agreement.

5. Non-financial assets

On 30 June 2022, all non-financial assets were transferred to the Minister for Education, Training and Skills (refer to note 1).

5.1 Property, plant and equipment by asset class

Property, plant and equipment comprises tangible assets owned and right-of-use (lease) assets. The assets presented below do not meet the definition of investment property.

	2022 \$'000	2021 \$'000
Production equipment		
Production equipment at cost (deemed fair value)	-	59
Accumulated depreciation at the end of the period	-	(11)
Total production equipment	<u>-</u>	<u>48</u>
Leasehold improvements		
Leasehold improvements at cost (deemed fair value)	-	56
Accumulated amortisation at the end of the period	-	(18)
Total leasehold improvements	<u>-</u>	<u>38</u>
Office equipment		
Office equipment at cost (deemed fair value)	-	41
Accumulated depreciation at the end of the period	-	(21)
Total office equipment	<u>-</u>	<u>20</u>
Computer equipment		
Computer equipment at cost (deemed fair value)	-	28
Accumulated depreciation at the end of the period	-	(21)
Total computer equipment	<u>-</u>	<u>7</u>
Right-of-use buildings		
Right-of-use buildings	-	499
Accumulated depreciation at the end of the period	-	(91)
Total right-of-use buildings	<u>-</u>	<u>408</u>
Total Property, plant and equipment	<u>-</u>	<u>521</u>

5.2 Plant and equipment owned by ACPAC

Plant and equipment owned by ACPAC with a value equal to or in excess of \$3,000 is capitalised, otherwise it is expensed.

Plant and equipment owned by ACPAC is recorded at fair value. Detail about ACPAC's approach to fair value is set out in note 10.2.

Impairment

Plant and equipment owned by ACPAC is assessed for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

There were no indications of impairment of plant and equipment at 30 June 2022.

Reconciliation 2021-22

The following table represents ACPAC's non-financial assets.

	<i>Note</i>	Production equipment \$'000	Leasehold improvements \$'000	Office equipment \$'000	Computer equipment \$'000	Right-of-use buildings \$'000	Total \$'000
Carrying amount at the beginning of the period		48	38	20	7	408	521
Acquisitions		7	-	-	12	-	19
Depreciation/amortisation expenses	3.4	(11)	(38)	(7)	(6)	(108)	(170)
Assets written off		-	-	-	-	(300)	(300)
Assets transferred out on dissolution	1.4	(44)	-	(13)	(13)	-	(70)
Carrying amount at the end of the period		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

5.3 Property leased by ACPAC

Right-of-use buildings leased by ACPAC are recorded at cost. Additions to leased property during 2021-22 were nil (2020-21: \$499,000).

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

ACPAC leases office and rehearsal space at TAFE SA Adelaide College of the Arts, Light Square. This lease commenced in July 2020 and was terminated on the dissolution of ACPAC on 30 June 2022.

ACPAC leases storage facilities at TAFE Tea Tree Gully Campus, Modbury. This lease commenced in March 2021 and was terminated on the dissolution of ACPAC on 30 June 2022.

The lease liabilities related to the right-of-use assets are disclosed in note 7.3. Expenses related to leases, including depreciation and interest expenses, are disclosed in note 3.

6. Financial assets

On 30 June 2022, all financial assets were transferred to the Minister for Education, Training and Skills (refer to note 1).

6.1 Categorisation of financial assets

<i>Financial assets</i>	2022	2021
<i>Cash and cash equivalents</i>	\$'000	\$'000
Cash and cash equivalents	-	1,285
Financial assets at amortised cost		
Receivables	-	15
Total financial assets	-	1,300

Receivables as disclosed in this note does not include statutory amounts as these are not financial instruments.

6.2 Cash and cash equivalents

	2022	2021
	\$'000	\$'000
Cash on hand	-	1
Short term deposit - SAFA	-	1,125
Cash at bank	-	159
Total Cash and cash equivalents	-	1,285

Cash is measured at nominal amounts.

Short-term deposits

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

6.3 Receivables

	2022	2021
	\$'000	\$'000
Receivables		
Debtors from non-government entities	-	9
Prepayments for future productions to non-government entities	-	65
Other prepayments to non-government entities	-	16
Accrued income from non-government entities	-	6
Statutory receivables		
GST input tax recoverable	-	-
Total statutory receivables	-	-
Total current receivables	-	96

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

Statutory receivables do not arise from contracts with customers. They are recognised and measured similarly to contractual receivables but are not classified as financial instruments for disclosure purposes.

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

7. Liabilities

On 30 June 2022, all ACPAC liabilities were transferred to the Minister for Education, Training and Skills.

Employee benefits liabilities are disclosed in note 2.4

7.1 Categorisation of financial liabilities

	2022	2021
	\$'000	\$'000
Financial liabilities		
Payables	-	3
Lease liabilities	-	414
Other financial liabilities	-	-
Total financial liabilities	-	417

Payables as disclosed in this note does not include accrued expenses or statutory amounts as these are not financial instruments.

7.2 Payables

	2022	2021
	\$'000	\$'000
Current		
Creditors to non-government entities	-	3
Accrued expenses to non-government entities	-	14
Statutory payables		
GST payable	-	40
PAYG payable	-	36
Audit fee - Auditor-General's Department	-	24
FBT payable	-	3
Employment on-costs	-	10
Total statutory payables	-	113
Total current payables	-	130
Non-current		
Employment on-costs	-	6
Total non-current payables	-	6
Total payables	-	136

Payables and accruals are raised for all amounts owing but unpaid. Sundry payables are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short-term nature.

Statutory payables do not arise from contracts.

The net amount of GST recoverable from the ATO is included as part of receivables. However, if a net GST payable arises then this amount would be disclosed in this Payables note.

Employment on-costs

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

ACPAC makes contributions to several 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 superannuation schemes.

The actuarial assessment performed by the Department of Treasury and Finance left the proportion of long service leave taken unchanged at 42%. As a result, there is no net financial effect resulting from changes in this rate.

7.3 Financial liabilities

	2022 \$'000	2021 \$'000
Current		
Lease liability	-	107
Total current financial liabilities	-	107
Non-current		
Lease liability	-	307
Total non-current financial liabilities	-	307
Total financial liabilities	-	414

ACPAC lease agreements were terminated on dissolution at 30 June 2022, and new leases with the new operating entity Windmill Production Company Ltd were entered into from 1 July 2022.

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

7.4 Contract liabilities

	2022 \$'000	2021 \$'000
Contract liabilities - Commonwealth Government	-	581
Contract liabilities - presenter fees	-	83
Other	-	-
Total other liabilities	-	664

Contract liabilities - Commonwealth Government grants

Amounts disclosed as contract liabilities are consideration received from Australia Council or the Department of the Premier and Cabinet for which revenue is recognised upon completion of the programs. The programs involve national touring programs, the production of online content and NPAPF transition projects.

8. Other Disclosures

8.1 Subsidiaries

In 2017, ACPAC established a wholly owned subsidiary, Windmill Pictures Pty Ltd, incorporated under the Corporations Act 2001. This entity was established to administer the development of stage-to-screen adaptations of ACPAC's productions.

In 2021 Windmill Pictures established two subsidiaries, Molyvale Holdings Pty Ltd and Beep and Mort Pty Ltd to facilitate the production of the TV series Beep and Mort.

ACPAC disposed of its shareholding in Windmill Pictures Pty Ltd at 30 June 2022 for no consideration. Immediately prior to this disposal ACPAC recognised its investment in Windmill Pictures Pty Ltd and its subsidiaries as a net liability of \$151,000 on the Statement of Financial Position, after recognising a notional loss on investment of \$222,000 in 2021-22 (notional gain on investment of \$71,000 recognised in 2020-21).

The consolidated financial position of Windmill Pictures Pty Ltd and its subsidiaries is provided below:

	2022 \$'000	2021 \$'000
Cash and cash equivalents	161	166
Trade and other receivables	26	28
Film asset	4,373	-
Total assets	4,560	194
Trade and other payables	84	16
Borrowings	1,358	-
Contract liabilities	3,255	9
Accrued expenses	14	33
Total liabilities	4,711	58
Net liabilities	(151)	136
Equity		
Retained earnings	(151)	71
Shareholder's equity	-	-
Non-controlling interest	-	65
Total equity	(151)	136

The film asset is the production of the TV series Beep and Mort that was delivered in September 2022.

Borrowings represents Beep and Mort Pty Ltd's loan agreement with Fulcrum Media Finance 2 Pty Ltd to finance the producer offset component of the Beep and Mort TV series production budget. The \$1,358,000 will be repaid in full when the producers offset tax rebate is received by the Australian Taxation Office on lodgement of Beep and Mort Pty Ltd's tax return.

Contract liabilities are unearned grant revenue from State and Commonwealth screen funding bodies that will be recognised in full on delivery of the TV series.

9. Outlook

9.1 Unrecognised commitments

There are no commitments for ACPAC at 30 June 2022 (nil at 30 June 2021).

9.2 Contingent assets and liabilities

ACPAC is not aware of any contingent assets and liabilities.

9.3 Events after the end of reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

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

10. Measurement and Risk

10.1 Long Service Leave - Measurement

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability. AASB 119 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government Bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government Bonds has increased from 2021 (1.25%) to 2022 (3.5%).

The financial effect of the changes in the long-term Commonwealth Government Bond yield in the current year is not material. The impact on future periods is impracticable to estimate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 2.5% for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

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

10.2 Fair Value

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

Initial Recognition

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

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructure of administrative arrangements, then the assets are recognised at book value (i.e. the amount recorded by the transferor public authority immediately prior to the restructure).

Revaluation

ACPAC is required to revalue items of plant and equipment that had a fair value at the time of acquisition greater than \$1.5 million and had an estimated useful life of greater than 3 years. ACPAC has no items of plant and equipment that meet this criteria.