

Australian Children's Performing Arts Company

Financial report
for the year ended
30 June 2018



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

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 13(3) of the schedule to the *Public Corporations Act 1993*, I have audited the financial report of the Australian Children's Performing Arts Company 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 Australian Children's Performing Arts Company 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, the Executive Producer and the Business Manager.

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 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 Producer and the Board for the financial report

The Executive Producer 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 Producer
- 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 Producer 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 line extending to the right.

Andrew Richardson

Auditor-General

24 August 2018

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

We certify that the attached general purpose financial statements for the Australian Children's Performing Arts Company:

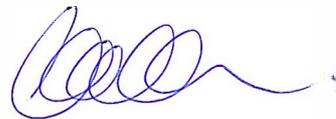
- comply with relevant Treasurers Instructions issued under section 41 of the Public Finance and Audit Act 1987, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of authority; and
- present a true and fair view of the financial position of the Australian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



Bruce Speirs
Chair

22 August 2018



Kaye Weeks
Executive Producer

22 August 2018



Genevieve Fischer
Business Manager

22 August 2018

Australian Children's Performing Arts Company

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2018

	<i>Note</i>	2018 \$'000	2017 \$'000
EXPENSES			
Supplies and services	3	1,655	1,691
Employee benefits expenses	4	819	697
Grants paid	5	320	-
Depreciation expenses	6	23	27
Notional loss on investment in joint venture	18	-	2
Total Expenses		<u>2,817</u>	<u>2,417</u>
INCOME			
Program revenues	7	402	673
Commonwealth revenues	8	503	406
Sponsorship	9	101	48
Private grants	10	94	40
Donations		54	30
Merchandise sales		33	-
Return on film investment funding	11	26	32
Other revenues	12	65	84
Total Income		<u>1,278</u>	<u>1,313</u>
Net cost of providing services		<u>(1,539)</u>	<u>(1,104)</u>
Revenues from SA Government			
Revenues from SA Government	13	<u>1,487</u>	<u>1,093</u>
NET RESULT		<u>(52)</u>	<u>(11)</u>
TOTAL COMPREHENSIVE RESULT		<u>(52)</u>	<u>(11)</u>

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

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

Australian Children's Performing Arts Company

STATEMENT OF FINANCIAL POSITION

as at 30 June 2018

	<i>Note</i>	2018 \$'000	2017 \$'000
CURRENT ASSETS			
Cash and cash equivalents	14	891	904
Receivables	15	121	117
Total Current Assets		1,012	1,021
NON-CURRENT ASSETS			
Plant and equipment	16	41	77
Other financial assets	17	20	20
Total Non-Current Assets		61	97
TOTAL ASSETS		1,073	1,118
CURRENT LIABILITIES			
Payables	19	115	204
Other liabilities	20	310	229
Employee benefits	21	52	57
Total Current Liabilities		477	490
NON-CURRENT LIABILITIES			
Payables	19	7	6
Employee benefits	21	71	52
Total Non-Current Liabilities		78	58
TOTAL LIABILITIES		555	548
NET ASSETS		518	570
EQUITY			
Retained earnings		518	570
TOTAL EQUITY		518	570

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

Unrecognised contractual commitments 23

Contingent assets and liabilities 24

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

Australian Children's Performing Arts Company

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2018

	Retained Earnings \$'000	Total Equity \$'000
Balance at 30 June 2016	581	581
Net result for 2016-17	(11)	(11)
Total Comprehensive Result for 2016-17	(11)	(11)
Balance at 30 June 2017	570	570
Net result for 2017-18	(52)	(52)
Total Comprehensive Result for 2017-18	(52)	(52)
Balance at 30 June 2018	518	518

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

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

Australian Children's Performing Arts Company

STATEMENT OF CASH FLOWS

for the year ended 30 June 2018

	<i>Note</i>	2018 \$'000	2017 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Outflows			
Payments for supplies and services		(1,708)	(1,616)
Employee benefit payments		(827)	(693)
Grants paid		(320)	-
Deposits paid		(20)	-
GST paid to the ATO		-	(10)
Cash used in operations		(2,875)	(2,319)
Cash Inflows			
Program receipts		682	851
Commonwealth receipts		649	587
Interest received		16	17
Deposits returned		-	2
GST recovered from ATO		34	-
Cash generated from operations		1,381	1,457
Cash Flows from SA Government			
Receipts from SA Government		1,487	1,093
Cash generated from SA Government		1,487	1,093
Net Cash provided by (used in) Operating Activities		(7)	231
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash Outflows			
Purchases of plant and equipment		(6)	(35)
Cash used in investing activities		(6)	(35)
Net Increase (decrease) in cash and cash equivalents		(13)	196
Cash and cash equivalents at the beginning of the period		904	708
Cash and cash equivalents at the end of the period		891	904

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

Australian Children's Performing Arts Company

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Australian Children's Performing Arts Company

Australian Children's Performing Arts Company's (ACPAC) functions are 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.

2. Basis of Financial Statements

2.1 Reporting Entity

ACPAC is a subsidiary of the Minister for the Arts and was established by Regulations under the *Public Corporations Act 1993*.

The current business activities of ACPAC are dependent on the continuation of grants from the State Government. ACPAC'S 2018-19 funding has not been confirmed, however the State Government has confirmed that funding from 1 July 2018 will be on similar terms to the 2017-18 Funding Agreement (\$1,084,000) until a Funding Agreement for 2018-19 is executed by Windmill and Arts South Australia. Accordingly, this financial report has been prepared on a going concern basis.

2.2 Subsidiary

ACPAC has a fully-owned subsidiary, Windmill Pictures Pty Ltd. The activities of Windmill Pictures Pty Ltd are not material and have not been consolidated in accordance with AASB 10. ACPAC will re-assess the materiality of Windmill Pictures Pty Ltd to Windmill Theatre Co annually.

Further details about this subsidiary can be found at note 22.

2.3 Statement of Compliance

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 (Reduced Disclosure Requirements) and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provision of the *Public Finance and Audit Act 1987*.

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

2.4 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).

Transactions in foreign currencies are translated at rates of exchange applicable at the date the foreign currency is acquired. Gains or losses arising from translation are taken directly to revenues or expenses.

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.

Significant accounting policies are set out in the notes.

2.4 Taxation

ACPAC is not subject to income tax. ACPAC is liable for payroll tax, fringe benefits tax and goods and services tax (GST), emergency services levy, and local government rate equivalents.

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 Australian Taxation Office is included as part of receivables or payables in the Statement of Financial Position. 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.

2.5 Comparative Information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change.

The restated comparative amounts do not replace the original financial statements for the preceding periods.

3. Supplies and services

	2018	2017
	\$'000	\$'000
Production costs	397	430
Artist / contractor expenses	367	617
Theatre costs	153	38
Marketing, publicity & sponsorship expenses	115	135
Marketing productions	108	44
In-kind advertising, marketing, accommodation and events costs	100	40
Operating lease - premises	83	80
Education program expenses	73	47
Travel & accommodation	39	41
Merchandise costs	38	-
Professional fees	28	39
Audit fees - Auditor-General's Department	24	23
IT & communications	31	25
Minor capital expenditure	37	6
Booking Agents Fee and Commission	-	61
Other sundry expenses	62	65
Total Supplies and services	1,655	1,691

Program expenditure (production costs, artist/contractor expenses, theatre costs, marketing productions)

Program expenditure related to a performance season is recognised when a season is complete. Program expenditure related to performance seasons in progress at reporting date are recognised in the Statement of Financial Position as an asset (prepayments) until the production is complete. Program expenditure that is not related to a performance season (eg. creative development) is recognised as incurred.

Operating lease - premises

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.

Minor capital expenditure

On 1 July 2017 ACPAC changed its accounting policy to capitalise plant and equipment equal to or in excess of \$3,000 (previously \$1,000). Minor capital expenditure in 2017-18 includes \$19,000 of assets purchased prior to 1/7/2017 for less than \$3,000.

4. Employee benefits expenses

	2018	2017
	\$'000	\$'000
Salaries & wages	656	561
Annual and long service leave	69	46
Employment on-costs - superannuation	68	58
Employment on-costs - other	26	32
Total Employee Benefits Expenses	819	697

Employee benefit expenses include all costs related to employment including salaries and wages, non-monetary benefits and leave entitlements. These are recognised when incurred.

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by ACPAC to various superannuation plans in respect of current services of current ACPAC staff.

5. Grants paid

	2018	2017
	\$'000	\$'000
Windmill Pictures Pty Ltd operational funding	320	-
Total Grants Paid	320	-

6. Depreciation expenses

	2018	2017
	\$'000	\$'000
Leasehold improvements	12	12
Office equipment	8	9
Computer equipment	3	6
Total Depreciation Expenses	23	27

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

Useful Life

Depreciation of plant and equipment is calculated on a straight-line basis over the estimated useful life of the following classes of assets:

Class of Asset	Useful life (years)
Leasehold Improvements	Life of lease
Computer Equipment	3 - 5
Office Equipment	5 - 7

7. Program Revenues

	2018 \$'000	2017 \$'000
Box office	233	-
Presenter fees	129	440
Program partnerships	21	169
Other program recoveries	19	64
Total Program revenues	402	673

Program revenues are recognised when a production is complete. Presenter fees, program partnership 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 liability (revenue received in advance) until the production is complete.

Presenter fees

During the year Presenters paid for a number of productions to tour in the following locations:

	2018	2017
National	2	3
International	1	2
Total number of production tours	3	5

Program partnerships

There was one program partner in 2017-18 (1 in 2016-17).

8. Commonwealth revenues

	2018 \$'000	2017 \$'000
Australia Council:		
General	303	300
Special purpose grants - productions	166	95
Creative Partnerships		
Special purpose grants - productions	22	-
Austrade:		
Special purpose grants - export market development	12	11
Total Commonwealth revenues	503	406

Australia Council

ACPAC's currently has a four year funding agreement expiring on 31 December 2020 with Australia Council for general operating purposes. Other Australia Council contributions are program and timeframe specific based upon the success of the individual grant applications.

Grants from the Commonwealth government are recognised as revenue when ACPAC obtains control over the funding. Control over grants is normally obtained upon receipt, unless the grant discloses conditional stipulations including specified project timeframes, in which case it is recognised in the Statement of Financial Position as a liability (unearned revenue) until the enforceable stipulations in the funding agreement occur or are satisfied.

There were \$239,000 of 'special purpose grants - productions' received in 2017-18 from Australia Council which have conditions of expenditure related to touring activities in 2018-19. These contributions are recognised as a liability (unearned revenue).

9. Sponsorship

	2018 \$'000	2017 \$'000
Sponsorship - commercial	1	8
Sponsorship - commercial - in kind	100	40
Total Sponsorship	101	48

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

10. Private grants

	2018	2017
	\$'000	\$'000
Grants from trusts & foundations	94	40
Total Private Grants	94	40

11. Return on film investment funding

	2018	2017
	\$'000	\$'000
Return on film investment funding	26	32
Total Return on film investment funding	26	32

Return on film investment funding.

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

Return on film investment funding is recognised upon receipt.

12. Other revenues

	2018	2017
	\$'000	\$'000
Director and Producer Fees	21	-
Interest	17	18
Theatre hire received free of charge	15	-
Administrative Fees	10	-
Prizemoney	-	50
Miscellaneous revenue	2	16
Total Other revenues	65	84

Prizemoney

In August 2016 the feature film 'Girl Asleep' was awarded the \$100,000 top prize at the CinefestzOZ festival in Western Australia. \$50,000 represents ACPAC's share of the prize money in accordance with the Production Agreement between ACPAC, Soft Tread Enterprises Pty Ltd and Girl Asleep Pty Ltd.

13. Revenues from SA Government

	2018	2017
	\$'000	\$'000
Operating grant	1,084	1,057
Windmill Pictures Pty Ltd operational funding	320	-
Special purpose grants	83	36
Total Revenues from SA Government	1,487	1,093

Grants from the State government are recognised as revenue when ACPAC obtains control over the funding. Control over funding is normally obtained upon receipt, unless the grant has conditional stipulations including specified timeframes, in which case it is recognised in the Statement of Financial Position as a liability (unearned revenue) until the enforceable stipulations in the funding agreement occur or are satisfied.

14. Cash and cash equivalents

	2018	2017
	\$'000	\$'000
Cash on hand	1	2
Short term deposit - SAFA	698	672
Cash at bank	192	230
Total Cash and cash equivalents	891	904

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.

15. Receivables

	2018 \$'000	2017 \$'000
Debtors	19	18
Security deposits paid	45	25
Accrued income	25	43
Prepayments for future productions	12	2
Other prepayments	20	19
GST receivable	-	10
Total Receivables	121	117

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 a contractual arrangement. Receivables, prepayments and accrued revenues 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 ACPAC will not be able to collect the debt.

16. Plant and equipment

	2018 \$'000	2017 \$'000
Leasehold improvements at cost (deemed fair value)	49	49
Accumulated depreciation at the end of the period	(30)	(18)
Total leasehold improvements	19	31
Office equipment at cost (deemed fair value)	41	65
Accumulated depreciation	(25)	(29)
	16	36
Computer Equipment at cost (deemed fair value)	18	43
Accumulated depreciation	(12)	(33)
	6	10
Total Plant and equipment	41	77

Acquisition and recognition

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

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

All non-current tangible assets with a value equal to or in excess of \$3,000 are capitalised (2017 - \$1,000).

Carrying amount 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 that was less than three years, and have not been revalued in accordance with APF III. The carrying value of these items are deemed to approximate fair value.

Impairment

All non-current tangible and intangible assets are tested 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 2018

Reconciliation of Plant and Equipment

The following table shows the movement in plant and equipment during the reporting period:

2017-18	Leasehold improvements \$'000	Office equipment \$'000	Computer equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	31	36	10	77
Acquisitions	-	-	6	6
Depreciation expenses	(12)	(8)	(3)	(23)
Write-off assets < \$3,000 (change in accounting policy)	-	(13)	(6)	(19)
Carrying amount at the end of the period	19	15	7	41

17. Other financial assets

	2018 \$'000	2017 \$'000
Term deposit	20	20
Total other financial assets	20	20

Other financial assets are measured at historical cost.

18. Interest in a joint venture

In 2014, ACPAC and Soft Tread Enterprises Pty Ltd formed a joint venture company 'Girl Asleep Pty Ltd' with 50% interest each. The entity was established to produce the feature film 'Girl Asleep' which premiered at the Adelaide Film Festival in October 2015.

An application for deregistration was lodged with ASIC and approved in June 2018.

	2018 \$'000	2017 \$'000
Statement of Financial Position		
Current assets	-	-
Non-current assets	-	-
Current liabilities	-	-
Non-current liabilities	-	-
Equity	-	-
ACPAC's carrying amount of the investment	-	-

	2018 \$'000	2017 \$'000
Statement of Comprehensive Income		
Income	-	-
Expense	-	(5)
Administrative expenses	-	(1)
Net gain (loss)	-	(6)
Income tax refund (expense)	-	2
Gain (loss) for the year (continuing operations)	-	(4)
ACPAC's share of gain (loss) for the year	-	(2)

19. Payables

	2018	2017
	\$'000	\$'000
Current		
Creditors	60	107
Employment on-costs	7	30
Accrued expenses	37	67
GST Payable	11	-
Total Current Payables	<u>115</u>	<u>204</u>
Non-current		
Employment on-costs	7	6
Total Non-Current Payables	<u>7</u>	<u>6</u>
Total Payables	<u>122</u>	<u>210</u>

Employment on-costs include payroll tax, WorkCover levies and superannuation contributions. 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.

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%.

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.

20. Other liabilities

	2018	2017
	\$'000	\$'000
Unearned revenue - Commonwealth Government	239	130
Unearned revenue - private grants	-	27
Unearned revenue - presenter fees	41	42
Unearned revenue - SA Govt special purpose grants	30	30
Total Other liabilities	<u>310</u>	<u>229</u>

Unearned revenue - Government grants

The contributions disclosed have conditional stipulations attached, including specified project timeframes and unspent contributions must be returned to the contributor.

21. Employee benefits

	2018	2017
	\$'000	\$'000
Current		
Accrued salaries & wages	12	14
Annual leave	40	43
Total Current Employee benefits	<u>52</u>	<u>57</u>
Non-current		
Long service leave	71	52
Total Non-current Employee Benefits	<u>71</u>	<u>52</u>
Total Employee benefits	<u>123</u>	<u>109</u>

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.

22. Subsidiary

In August 2017, with approval from the Minister for the Arts, ACPAC established a wholly owned subsidiary, Windmill Pictures Pty Ltd. This entity was established to facilitate stage-to-screen adaptations of Windmill Theatre Co productions. The financial position and performance of the subsidiary for 2017-18 is provided below:

	2018	2017
	\$'000	\$'000
Statement of Financial Position		
Current assets	238	-
Non-current assets	-	-
Current liabilities	238	-
Non-current liabilities	-	-
Equity	-	-
	2018	2017
	\$'000	\$'000
Statement of Comprehensive Income		
Income	140	-
Expense	(140)	-
Net gain (loss) before tax	-	-

23. 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 and contingencies are disclosed net of the amount of GST recoverable from, or payable to the Australian Taxation Office. If GST is not payable to, or recoverable from the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

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

	2018	2017
	\$'000	\$'000
Within one year	86	83
Later than one year and not later than five years	44	131
Total Operating Lease Commitments	130	214

The commitments disclosed in 2018 represents ACPAC's lease of office accommodation at 2/234 Sturt Street, Adelaide. The lease is non-cancellable and expires on 1 January 2020. Rent is payable in advance and a rent review of 4% will occur on 2 January 2019 with review to market on renewal dates.

24. Contingent assets and liabilities

ACPAC is not aware of any contingent assets and liabilities.

25. Remuneration of Board Members

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

Mr Bruce Speirs (Chair)
Ms Rosey Batt
Ms Rosalba Clemente
Ms Sophie Doyle
Mr Rodney Harrex
Mr Adam Smith
Ms Deonne Smith

No members of the Board of Directors received remuneration from ACPAC during the reporting period ended 30 June 2018 (2017: Nil).

Except for members of the Board of Directors receiving complimentary tickets to productions, transactions with members are on conditions no more favourable than those that it is reasonable to expect ACPAC would have adopted if dealing with the related party at arm's length in the same circumstances.

26. Related Party Transactions

ACPAC is a statutory authority established pursuant to the Public Corporations Act 1993; and is a wholly owned and controlled entity of the Crown.

Related parties of ACPAC include its subsidiary Windmill Pictures 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.

Key Management Personnel

Key management personnel includes the Minister, members of the Board, and the joint Chief Executives.

Total compensation for ACPAC's key management personnel during the reporting period ended 30 June 2018 was \$296,000 (2017: \$254,000). Salaries and other benefits the Minister of Arts receives are excluded from this total. 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

ACPAC has not entered into any transactions with key management personnel.

ACPAC has recharged Windmill Pictures Pty Ltd \$14,000 for services provided.

27. 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.