

Australian Children's Performing Arts Company

Financial report
for the year ended
30 June 2019



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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 2019.

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 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, the Chair Finance Committee, 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

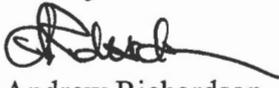
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an 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 'Andrew Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson

Auditor-General

16 August 2019

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 2019 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
13 August 2019



Rodney Harrex
Chair Finance Committee
13 August 2019



Kaye Weeks
Executive Producer
13 August 2019



Genevieve Fischer
Business Manager
13 August 2018

Australian Children's Performing Arts Company

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2019

	<i>Note</i>	2019 \$'000	2018 \$'000
EXPENSES			
Supplies and services	2	1,662	1,655
Employee benefits expenses	3	826	819
Grants paid	4	-	320
Depreciation expenses	5	23	23
Total Expenses		2,511	2,817
INCOME			
Commonwealth revenues	6	548	503
Program revenues	7	538	402
Sponsorship	8	6	101
Private grants	9	74	94
Service fees	10	60	31
Donations	11	27	54
Other revenues	12	35	93
Total Income		1,288	1,278
Net cost of providing services		(1,223)	(1,539)
Revenues from SA Government			
Revenues from SA Government	13	1,194	1,487
NET RESULT		(29)	(52)
TOTAL COMPREHENSIVE RESULT		(29)	(52)

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 2019

	<i>Note</i>	2019 \$'000	2018 \$'000
CURRENT ASSETS			
Cash and cash equivalents	14	712	891
Receivables	15	154	121
Total Current Assets		866	1,012
NON-CURRENT ASSETS			
Plant and equipment	16	35	41
Other financial assets	17	20	20
Total Non-Current Assets		55	61
TOTAL ASSETS		921	1,073
CURRENT LIABILITIES			
Payables	18	126	115
Other liabilities	19	207	310
Employee benefits	3	30	52
Total Current Liabilities		363	477
NON-CURRENT LIABILITIES			
Payables	18	4	7
Employee benefits	3	65	71
Total Non-Current Liabilities		69	78
TOTAL LIABILITIES		432	555
NET ASSETS		489	518
EQUITY			
Retained earnings		489	518
TOTAL EQUITY		489	518

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 2019

	Retained Earnings \$'000	Total Equity \$'000
Balance at 30 June 2017	<u>570</u>	<u>570</u>
Net result for 2017-18	<u>(52)</u>	<u>(52)</u>
Total Comprehensive Result for 2017-18	<u>(52)</u>	<u>(52)</u>
Balance at 30 June 2018	<u>518</u>	<u>518</u>
Net result for 2018-19	<u>(29)</u>	<u>(29)</u>
Total Comprehensive Result for 2018-19	<u>(29)</u>	<u>(29)</u>
Balance at 30 June 2019	<u><u>489</u></u>	<u><u>489</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 2019

	<i>Note</i>	2019 \$'000	2018 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Outflows			
Payments for supplies and services		(1,807)	(1,708)
Employee benefit payments		(837)	(827)
Grants paid		-	(320)
Deposits paid		(29)	(20)
Cash used in operations		<u>(2,673)</u>	<u>(2,875)</u>
Cash Inflows			
Program and other receipts		747	682
Commonwealth receipts		497	649
Interest received		12	16
GST recovered from ATO		43	34
Cash generated from operations		<u>1,299</u>	<u>1,381</u>
Cash Flows from SA Government			
Receipts from SA Government		1,214	1,487
Cash generated from SA Government		<u>1,214</u>	<u>1,487</u>
Net Cash provided by (used in) Operating Activities		<u>(160)</u>	<u>(7)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash Outflows			
Purchases of plant and equipment		(19)	(6)
Cash used in investing activities		<u>(19)</u>	<u>(6)</u>
Net Increase (decrease) in cash and cash equivalents		(179)	(13)
Cash and cash equivalents at the beginning of the period		891	904
Cash and cash equivalents at the end of the period	14	<u>712</u>	<u>891</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 Australian Children's Performing Arts Company

Australian Children's Performing Arts Company (ACPAC) is a subsidiary of the Minister for Education. ACPAC was established by Regulations under the Public Corporations Act 1993.

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 20.

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* (Reduced Disclosure Requirements)

For the 2018-19 financial statements ACPAC adopted AASB 9 - Financial Instruments and is required to comply with the new Treasurer's Instructions.

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

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

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

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

1.2 Objectives of the Australian Children's Performing Arts Company

ACPAC's 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.

1.3 Related Party Transactions

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.

ACPAC has recharged Windmill Pictures Pty Ltd \$60,000 for producing, marketing and administrative services provided.

2. Supplies and services

	2019	2018
	\$'000	\$'000
Artist / contractor expenses	533	367
Production costs	501	397
Marketing, publicity & sponsorship expenses	113	115
Theatre costs	106	153
Operating lease - premises	87	83
Marketing productions	72	108
Education program expenses	65	73
Travel & accommodation	36	39
IT & communications	34	31
Audit fees - Auditor-General's Department	23	24
Minor capital expenditure	14	37
In-kind advertising, marketing, accommodation and events costs	5	100
Other sundry expenses	73	128
Total Supplies and services	1,662	1,655

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.

3. Board and employees

Key Management Personnel

Key management personnel includes the Minister, members of the Board, the Executive Producer and Artistic Director.

Total compensation for ACPAC's key management personnel during the reporting period ended 30 June 2019 was \$293,000 (2018: \$296,000). Salaries and other benefits the Minister for Education 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*.

ACPAC has not entered into any transactions with KMP's.

Board members and remuneration

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

Mr Bruce Speirs (Chair)
Ms Rosey Batt
Ms Rosalba Clemente (retired 24th April 2019)
Ms Sophie Doyle
Mr Rodney Harrex
Mr Adam Smith (retired 3rd July 2018)
Ms Deonne Smith
Mr Chris Stewart (appointed 16th October 2018)

No members of the Board of Directors received remuneration from ACPAC during the reporting period ended 30 June 2019 (2018: 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.

Employee Benefits Expenses

	2019	2018
	\$'000	\$'000
Salaries & wages	678	656
Annual and long service leave	50	69
Employment on-costs - superannuation	71	68
Employment on-costs - other	27	26
Total Employee Benefits Expenses	826	819

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.

Executive Remuneration

	2019	2018
	No.	No.
The number of employees whose remuneration received or receivable falls within the following bands:		
\$149,000 to \$151,000	N/A	-
\$151,000 to \$171,000	1	-
Total	1	-

The \$149,000 to \$151,000 band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2018-19.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments 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.

Employee benefits liability

	2019	2018
	\$'000	\$'000
Current		
Accrued salaries & wages	12	12
Annual leave	18	40
Total Current Employee benefits	30	52
Non-current		
Long service leave	65	71
Total Non-current Employee Benefits	65	71
Total Employee benefits	95	123

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 24.1.

4. Grants paid

	2019 \$'000	2018 \$'000
Windmill Pictures Pty Ltd operational funding	-	320
Total Grants Paid	-	320

5. Depreciation expenses

	2019 \$'000	2018 \$'000
Leasehold improvements	13	12
Office equipment	6	8
Computer equipment	4	3
Total Depreciation Expenses	23	23

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

6. Commonwealth revenues

	2019 \$'000	2018 \$'000
Australia Council:		
General	306	303
Special purpose grants - productions	242	166
Creative Partnerships		
Special purpose grants - productions	-	22
Austrade:		
Special purpose grants - export market development	-	12
Total Commonwealth revenues	548	503

Australia Council

ACPAC 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 was \$140,000 of 'special purpose grants - productions' received in 2018-19 from Australia Council which have conditions of expenditure related to touring activities in 2019-20. These contributions are recognised as a liability (unearned revenue).

7. Program Revenues

	2019 \$'000	2018 \$'000
Box office	79	233
Presenter fees	381	129
Program partnerships	45	21
Other program recoveries	33	19
Total Program revenues	538	402

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.

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

	2019 No.	2018 No.
National	3	2
International	3	1
Total number of production tours	6	3

Program partnerships

There were two program partners in 2018-19 (1 in 2017-18).

8. Sponsorship

	2019 \$'000	2018 \$'000
Sponsorship - commercial	1	1
Sponsorship - commercial - in kind	5	100
Total Sponsorship	6	101

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

At 30 June 2018 ACPAC's contract with Channel 7 changed from a formal in-kind sponsorship (\$78,000 in-kind sponsorship income recognised in 17-18) to continuing support on an informal basis. In 2017-18 ACPAC also recognised in-kind sponsorship of discounted rates from two suppliers that were not used in 2018-19.

9. Private grants

	2019 \$'000	2018 \$'000
Grants from trusts & foundations	74	94
Total Private Grants	74	94

10. Service fees

	2019 \$'000	2018 \$'000
Producing Fees	38	8
Administrative Fees	12	4
Marketing Fees	10	2
Directing Fees	-	17
Total Service Fees	60	31

In 2018-19 and 2017-18 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.

In 2017-18 ACPAC provided directing services to a third party.

11. Donations

	2019	2018
	\$'000	\$'000
Donations - General	27	32
Donations - Major Gifts	-	22
Total Donations	27	54

In 2017-18 ACPAC received a major gift of \$22,000 to support the 2018-19 Rumpelstiltskin Southbank Season. No major gifts were received in 2018-19.

12. Other revenues

	2019	2018
	\$'000	\$'000
Interest	13	17
Insurance claim revenue	10	-
Return on film investment funding	5	26
Education income	3	-
Merchandise sales	-	33
Theatre hire received free of charge	-	15
Miscellaneous revenue	4	2
Total Other revenues	35	93

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.

13. Revenues from SA Government

	2019	2018
	\$'000	\$'000
Operating grant	1,111	1,084
Windmill Pictures Pty Ltd operational funding	-	320
Special purpose grants	83	83
Total Revenues from SA Government	1,194	1,487

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

	2019	2018
	\$'000	\$'000
Cash on hand	1	1
Short term deposit - SAFA	482	698
Cash at bank	229	192
Total Cash and cash equivalents	712	891

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

	2019	2018
	\$'000	\$'000
Debtors	2	19
Security deposits paid	74	45
Accrued income	4	25
Prepayments for future productions	53	12
Other prepayments	21	20
Total Receivables	154	121

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

16. Plant and equipment

	2019	2018
	\$'000	\$'000
Leasehold improvements at cost (deemed fair value)	49	49
Accumulated depreciation at the end of the period	(43)	(30)
Total leasehold improvements	6	19
Office equipment at cost (deemed fair value)	41	41
Accumulated depreciation at the end of the period	(31)	(25)
Total office equipment	10	16
Computer Equipment at cost (deemed fair value)	34	18
Accumulated depreciation at the end of the period	(15)	(12)
Total computer equipment	19	6
Total Plant and equipment	35	41

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

Plant and equipment is recorded at fair value. Detail about ACPAC's approach is set out in note 24.2.

Impairment

Property, plant and equipment have not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continual use of their service capacity and are subject to regular revaluation.

Reconciliation of Plant and Equipment

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

2018-19	Leasehold improvements \$'000	Office equipment \$'000	Computer equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	19	16	6	41
Acquisitions	-	-	19	19
Depreciation expenses	(13)	(6)	(4)	(23)
Write off stolen asset partially depreciated	-	-	(2)	(2)
Carrying amount at the end of the period	6	10	19	35

17. Other financial assets

	2019 \$'000	2018 \$'000
Term deposit	20	20
Total other financial assets	20	20

Other financial assets are measured at historical cost.

18. Payables

	2019 \$'000	2018 \$'000
Current		
Creditors	43	60
Employment on-costs	27	7
Accrued expenses	31	37
GST Payable	25	11
Total Current Payables	126	115
Non-current		
Employment on-costs	4	7
Total Non-Current Payables	4	7
Total Payables	130	122

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.

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

Employment on-costs

Employment on-costs include 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 remains unchanged from the 2018 rate of 41%.

19. Other liabilities

	2019 \$'000	2018 \$'000
Unearned revenue - Commonwealth Government	140	239
Unearned revenue - Presenter fees	17	41
Unearned revenue - SA Govt special purpose grants	50	30
Total Other liabilities	207	310

Unearned revenue - Government grants

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

20. *Subsidiary*

In August 2017, 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 2018-19 is provided below:

	2019 \$'000	2018 \$'000
Statement of Financial Position		
Current assets	49	238
Non-current assets	-	-
Current liabilities	49	238
Non-current liabilities	-	-
Equity	<u>-</u>	<u>-</u>
	2019 \$'000	2018 \$'000
Statement of Comprehensive Income		
Income	168	140
Expense	(168)	(140)
Net gain (loss) before tax	<u>-</u>	<u>-</u>

21. *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:

	2019 \$'000	2018 \$'000
Within one year	44	86
Later than one year and not later than five years	-	44
Total Operating Lease Commitments	<u>44</u>	<u>130</u>

The commitments disclosed in 2019 represents ACPAC's lease of office accommodation at 2/234 Sturt Street, Adelaide. The lease is non-cancellable and expires on 1 January 2020.

22. *Contingent assets and liabilities*

ACPAC is not aware of any contingent assets and liabilities.

23. *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.

24. Measurement and Risk

24.1 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 decreased from 2018 (2.5%) to 2019 (1.25%).

The decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability. The net financial effect of the changes to actuarial assumptions in the current financial year is immaterial. The impact on the future periods is impracticable to estimate.

24.2 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

All items of plant and equipment had a fair value at the time of acquisition less than \$1.5 million and had an estimated useful life of between three and five years. Plant and equipment has not been revalued in accordance with APS 116.D. The carrying value of these items are deemed to approximate fair value.

25. Financial instruments

Financial risk management

Risk management is managed by the Executive Producer and Business Manager. ACPAC's Risk Management Policy is in accordance with the Risk Management Policy Statement issued by the Premier and Treasurer and the principles established in the Australian Standard Risk Management Principles and Guidelines.

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

Liquidity risk

ACPAC is funded principally from appropriation by the SA Government. ACPAC works with the Department for Education to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in the respective financial asset / financial liability note.

Classification applicable until 30 June 2018 under AASB 139 Financial Instruments: Recognition and Measurement

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

- Held-to-maturity investments
- Loan and receivables
- Financial liabilities measured at cost.

Classification applicable from 1 July 2018 under AASB 9 Financial Instruments

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) – debt instrument, FVOCI – equity instrument or fair value through profit or loss.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows;
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest only on the principal amount outstanding.

ACPAC measures all financial instruments at amortised cost.

Category of financial asset and financial liability	Note	2019 Carrying amount (\$'000)
Financial assets		
Cash and cash equivalents	14	712
Financial assets at amortised cost		
Receivables	15	80
Other financial assets	17	20
Total financial assets		<u>812</u>
Financial liabilities		
Financial liabilities at amortised cost		
Payables	18	49
Total financial liabilities		<u>49</u>

Category of financial asset and financial liability	Note	2018 Carrying amount (\$'000)
Financial assets		
Cash and cash equivalents	14	891
Financial assets at amortised cost		
Receivables	15	89
Other financial assets	17	20
Total financial assets		<u>1,000</u>
Financial liabilities		
Financial liabilities at amortised cost		
Payables	18	85
Total financial liabilities		<u>85</u>

Receivables and payables

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore, in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents, they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

The receivables amount disclosed here excludes prepayments as they are not financial assets. Prepayments are presented in note 15.