

Carrick Hill Trust

Financial report
for the year ended
30 June 2019



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To the Chair Carrick Hill Trust

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 18(3) of the *Carrick Hill Trust Act 1985*, I have audited the financial report of the Carrick Hill Trust 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 Carrick Hill Trust 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 and the Acting Director.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Carrick Hill Trust. 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 Acting Director and members of the Trust for the financial report

The Acting Director is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

The members of the Trust 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, but not for the purpose of expressing an opinion on the effectiveness of the Carrick Hill Trust's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Acting Director
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

I communicate with the Acting Director and the members of the Trust 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 'A. Richardson', with a long horizontal stroke extending to the right.

Andrew Richardson

Auditor-General

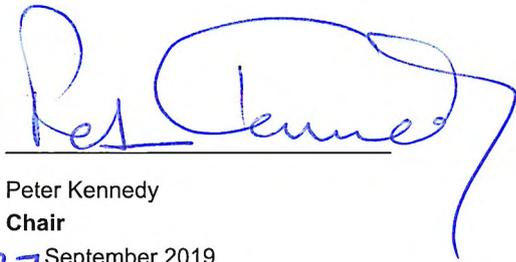
27 September 2019

Carrick Hill Trust
Certification of the Financial Statements
for the year ended 30 June 2019

We certify that the attached general purpose financial statements for the Carrick Hill Trust:

- comply with relevant Treasurer's 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 the Carrick Hill Trust; and
- present a true and fair view of the financial position of the Carrick Hill Trust as at 30 June 2019 and the results of its operations and cash flows for the financial year.

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



Peter Kennedy
Chair

27 September 2019



Belinda Causby
Acting Director

27 September 2019

Carrick Hill Trust
Statement of Comprehensive Income
for the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
<u>Expenses</u>			
Employee benefits expenses	2.3	1 034	1 002
Supplies and services	3.1	599	509
Accommodation and facilities	3.2	211	241
Depreciation and amortisation	3.3	176	175
Total expenses		2 020	1 927
<u>Income</u>			
Donations		202	219
Resources received free of charge	4.2	204	141
Admissions		144	146
Facilities hire		57	80
Rent		-	46
Sale of goods		44	45
Donations of heritage assets		228	3
Grants		3	-
Sponsorship		8	19
Interest		11	12
Other		27	53
Total income		928	764
Net cost of providing services		1 092	1 163
<u>Revenues from SA Government</u>			
Recurrent operating grant	4.1	1 181	1 168
Total revenues from SA Government		1 181	1 168
Net result		89	5
Total comprehensive result		89	5

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

Carrick Hill Trust
Statement of Financial Position
as at 30 June 2019

	Note	2019 \$'000	2018 \$'000
<u>Current assets</u>			
Cash and cash equivalents	6.1	735	684
Receivables	6.2	18	56
Inventories	5.4	13	17
Total current assets		766	757
<u>Non-current assets</u>			
Property, plant and equipment	5.1	10 774	10 798
Intangible assets	5.2	1	3
Heritage collections	5.3	37 482	37 254
Total non-current assets		48 257	48 055
Total assets		49 023	48 812
<u>Current liabilities</u>			
Payables	7.1	138	60
Employee benefits	2.4	114	112
Provisions	7.2	2	1
Unearned income		36	20
Total current liabilities		290	193
<u>Non-current liabilities</u>			
Payables	7.1	7	5
Employee benefits	2.4	84	58
Provisions	7.2	3	2
Unearned income		-	4
Total non-current liabilities		94	69
Total liabilities		384	262
Net Assets		48 639	48 550
<u>Equity</u>			
Asset revaluation surplus	8.1	40 516	40 516
Retained earnings		8 123	8 034
Total Equity		48 639	48 550

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

Carrick Hill Trust
Statement of Changes in Equity
for the year ended 30 June 2019

	Asset revaluation surplus	Retained earnings	Total equity
	\$'000	\$'000	\$'000
Balance at 30 June 2017	40 516	8 029	48 545
<u>Net result for 2017-18</u>	-	5	5
Total comprehensive result for 2017-18	-	5	5
Balance at 30 June 2018	40 516	8 034	48 550
<u>Net result for 2018-19</u>	-	89	89
Total comprehensive result for 2018-19	-	89	89
Balance at 30 June 2019	40 516	8 123	48 639

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

Carrick Hill Trust
Statement of Cash Flows
for the year ended 30 June 2019

	2019 (Outflows) Inflows \$'000	2018 (Outflows) Inflows \$'000
<u>Cash flows from operating activities</u>		
<u>Cash outflows</u>		
Employee benefits payments	(1 001)	(1 079)
Payments for supplies and services	(319)	(342)
Payments for accommodation and facilities	(211)	(241)
Cash used in operations	(1 531)	(1 662)
<u>Cash inflows</u>		
Donations	202	219
Admissions	144	146
Facilities hire	69	53
Rent	-	46
Sale of goods	83	4
Grants	3	-
Interest	11	12
Sponsorships	8	8
Other	31	53
Cash generated from operations	551	541
Cash flows from SA government		
Receipts from SA Government	1 181	1 168
Cash generated from SA government	1 181	1 168
Net cash provided by / (used in) operating activities	201	47
<u>Cash flows from investing activities</u>		
<u>Cash outflows</u>		
Purchase of property, plant and equipment	(154)	(41)
Cash used in investing activities	(154)	(41)
<u>Cash inflows</u>		
Proceeds from the sale of property, plant and equipment	4	-
Cash generated from investing activities	4	-
Net cash provided by / (used in) investing activities	(150)	(41)
Net increase in cash and cash equivalents	51	6
Cash and cash equivalents at the beginning of the period	684	678
Cash and cash equivalents at the end of the period	735	684

The accompanying notes form part of these financial statements.

Carrick Hill Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

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Carrick Hill Trust

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

1. About the Carrick Hill Trust

The Carrick Hill Trust (the Trust) is constituted pursuant to section 4 of the *Carrick Hill Trust Act 1985* (the Act).

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

The Carrick Hill Trust is a not-for-profit entity.

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.

For the 2018-19 financial statements the Trust adopted *AASB 9 – Financial Instruments* and is required to comply with new *Treasurer's Instructions (Accounting Policy Statements)* issued on 22 March 2019. Further information is provided in note 9.

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

Objectives

The Trust is committed to preserving and improving the real and personal property forming the original Hayward Bequest to the South Australian Government in 1983, and to encourage the use of the property as a widely based cultural, botanical and recreational resource.

Activities

The activities of the Trust are:

- a) to administer, develop and maintain Carrick Hill for any one or more of the following purposes:
 - as a gallery for the display of works of art
 - as a museum
 - as a botanic garden
- b) to promote and encourage the interest of the public in Carrick Hill, its collections and the services and amenities provided by the Trust
- c) to perform any other functions assigned to the Trust by this Act or the Minister.

Carrick Hill Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

2. Board, committees and employees

2.1. Key management personnel

Key management personnel of the Trust include the Premier of the State of South Australia as responsible Minister for the Arts, the Presiding Member and members, and members of the Executive Team who have responsibility for the strategic direction and management of the Trust.

Total compensation for the Trust's key management personnel was \$146 000 (2018: \$131 000).

The compensation disclosed in this note excludes salaries and other benefits Minister for the Arts receive. 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 of the *Parliamentary Remuneration Act 1990*.

Transactions with key management personnel and other related parties

There were no significant transactions between key management personnel and other related parties.

The Trust received annual recurrent operating grant of \$1.181 million (2018: \$1.168 million) from the Department of the Premier and Cabinet. The operating grant is the primary source of revenue for the Trust and disclosed under note 4.1.

In addition, the Trust receives business services including from Shared Services SA, a division of the Department of Treasury and Finance, and conservation services from Artlab Australia, a division of the Department of the Premier and Cabinet. These services received free of charge are disclosed under note 4.2.

2.2. Board and committee members

Members during the 2019 financial year were:

Carrick Hill Trust Board

PH Kennedy (Chair)
KM Kerrigan (resigned 10 May 2019)
KB Lloyd AM
SW Mason
MJ Picton
DA Schultz
Cr L Taeuber
VM West (appointed 06 December 2018)

Board and Committee Remuneration

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

	2019	2018
\$0 - \$19 999	8	7
Total	8	7

The total remuneration received or receivable by members was \$9,000 (2018: \$7,000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

Carrick Hill Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

2.3. Employee benefits expenses

	2019	2018
	\$'000	\$'000
Salaries and wages	741	780
Employment on-costs - superannuation	74	76
Annual Leave	71	73
Employment on-costs - other	46	47
Targeted voluntary separation packages	35	-
Long service leave	31	14
Board Fees	8	6
Skills and experience retention leave	2	-
Other employee related expenses	26	6
Total employee benefits expenses	1 034	1 002

Employment on-costs - superannuation

The superannuation employment on-cost charge represents the Trust's contributions to superannuation plans in respect of current services of current employees.

Executive Remuneration

There were no staff whose remuneration exceeded the executive base level remuneration rate of \$151 000 in 2018-19 or 2017-18.

Targeted voluntary separation packages (TVSP)

	2019	2018
	\$'000	\$'000
Amounts paid during the reporting period to separated employees:		
TVSPs	35	-
Annual leave, LSL and SERL paid to those employees	2	-
	37	-
Recovery from the Department of Treasury and Finance	(37)	-
Net cost to the department	-	-
Number of employees who received a TVSP during the reporting period	1	-

Carrick Hill Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

2.4. Employee benefits liability

	2019	2018
	\$'000	\$'000
<u>Current</u>		
Annual leave	57	42
Long service leave	45	57
Skills and experience retention leave	1	-
Accrued salaries and wages	11	13
Total current employee benefits	114	112
<u>Non-current</u>		
Long service leave	84	58
Total non-current employee benefits	84	58
Total employee benefits	198	170

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.

Salaries and wages, annual leave, skills and experience retention leave (SERL) and sick leave

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

The annual leave liability and the skills and experience retention 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 staff is estimated to be less than the annual entitlement for sick leave.

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided as note 11.1.

Carrick Hill Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

3. Expenses

Employee benefits expenses are disclosed in note 2.3.

3.1. Supplies and services

	2019	2018
	\$'000	\$'000
Artlab conservation services	174	106
Insurance	54	58
Contract services expenses	25	-
Cost of goods sold	24	24
Contractors	44	34
Administration	38	28
Business services charge	30	35
Audit fees	19	18
Marketing	16	33
Motor vehicle expenses	14	18
Minor equipment	80	33
Consultants	12	1
Maintenance	10	13
Information technology & communication	9	11
Projects	4	42
Bad and doubtful debts	4	-
Exhibitions	1	3
Research and collection	-	7
Other supplies and services	41	45
Total supplies and services	599	509

Operating leases payments

Operating lease payments (less any lease incentives) are recognised on a straight-line basis over the lease term.

Consultants

The number of consultancies and the dollar amount paid/payable (included in supplies and services expense) to consultants that fell within the following band:

	2019	2019	2018	2018
	Number	\$'000	Number	\$'000
Below \$10 000	-	-	1	1
\$10 000 or above	1	12	-	-
Total paid / payable to the consultants engaged	1	12	1	1

Carrick Hill Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

3.2. Accommodation and facilities

	2019	2018
	\$'000	\$'000
Accommodation	56	45
Electricity and Gas	41	60
Facilities	114	136
Total accommodation and facilities	211	241

3.3. Depreciation and amortisation

	2019	2018
	\$'000	\$'000
Buildings and improvements	172	169
Plant and equipment	2	3
Intangible assets	2	3
Total depreciation and amortisation	176	175

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.

Heritage collections are kept under special conditions so that there is no physical deterioration and they are anticipated to have very long and indeterminate useful lives. No amount for depreciation has been recognised, as their service potential has not, in any material sense, been consumed during the reporting period.

Review of accounting estimates

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, on an annual basis. Changes in the expected life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate.

Useful life

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

Class of asset	Useful life (years)
Buildings and improvements	10 to 100
Plant and equipment	3 to 10

Carrick Hill Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

4. Income

4.1. Revenues from SA Government

	June	
	2019	2018
	\$'000	\$'000
Recurrent operating grant	1 181	1 168
Total revenues from SA Government	1 181	1 168

Grants

Grants are recognised on receipt.

4.2. Resources received free of charge

	2019	2018
	\$'000	\$'000
Services received free of charge - Shared Services SA	30	35
Artlab Conservation services	174	106
Total resources received free of charge	204	141

On the 21 November 2016, approval was given by Cabinet to cease the intra-government charging model for services provided by Shared Services SA (SSSA) to general government sector agencies. As a result of this change, effective from 2017-18, SSSA is directly appropriation funded for the services provided by SSSA to general government agencies.

Under *AASB 1004 Contributions*, the contribution of services provided by SSSA to government agencies are disclosed in the financial statements as income because the fair value of the services can be reliably measured and the services would have been purchased if they had not been donated. A corresponding expense is recognised in the financial statements. Resources received free of charge are recorded as income and expenditure in the Statement of Comprehensive Income at their fair value.

Under an arrangement with Artlab Australia, a division of the Department of the Premier and Cabinet, Artlab Australia receives SA Government appropriation to perform conservation services on the Trust's heritage collections. The value of this work performed is recognised as resources received free of charge in income and a corresponding amount included as conservation work expenditure in note 3.1 Supplies and Services.

Carrick Hill Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

5. Non-financial assets

5.1. Property, plant and equipment

	2019 \$'000	2018 \$'000
Land		
Land at fair value	7 950	7 950
Total land	7 950	7 950
Buildings and improvements		
Buildings and improvements at fair value	9 670	9 675
Accumulated depreciation at the end of the period	(7 007)	(6 870)
Total buildings and improvements	2 663	2 805
Plant and equipment:		
Plant and equipment at cost (deemed fair value)	127	127
Accumulated depreciation at the end of the period	(127)	(125)
Total plant and equipment	-	2
Work in progress		
Work in progress at cost	161	41
Total work in progress	161	41
Total property, plant and equipment	10 774	10 798

Property, plant and equipment with a value equal to or in excess of \$10,000 is capitalised, otherwise it is expensed.

Property, plant and equipment is recorded at fair value. Detail about the Trust's approach to fair value is set out more in 11.2.

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 property, plant and equipment

	Land \$'000	Buildings and improvements \$'000	Plant and equipment \$'000	Work in progress \$'000	Total \$'000
Reconciliation 2018-19					
Carrying amount at the 1 July 2018	7 950	2 805	2	41	10 798
Acquisitions	-	-	-	154	154
Disposals	-	(4)	-	-	(4)
Transfer to/(from) work in progress	-	34	-	(34)	-
Depreciation	-	(172)	(2)	-	(174)
Carrying amount at the end of period	7 950	2 663	-	161	10 774

Carrick Hill Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

5.2. Intangible assets

	2019	2018
	\$'000	\$'000
Computer software	13	13
Accumulated amortisation	(12)	(10)
Total intangible assets	1	3

Reconciliation 2018-19

	Intangibles	Total
	\$'000	\$'000
Carrying amount at the 1 July 2018	3	3
Amortisation	(2)	(2)
Carrying amount at the end of period	1	1

Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$10 000.

5.3. Heritage collections

	2019		Total	2018		Total
	At valuation	At cost		At valuation	At cost	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Paintings, works on paper and sculptures	35 725	233	35 958	35 725	5	35 730
Furniture and artefacts	1 170	20	1 190	1 170	20	1 190
Books	334	-	334	334	-	334
Total heritage collections	37 229	253	37 482	37 229	25	37 254

Valuation of heritage collections

The Trust's collections have been valued at fair value using a market approach.

Reconciliation 2018-19

	Paintings, works on paper and sculptures	Furniture and artefacts	Books	Total
	\$'000	\$'000	\$'000	\$'000
2019				
Carrying amount at the 1 July 2018	35 730	1 190	334	37 254
Additions	228	-	-	228
Carrying amount at the 30 June 2019	35 958	1 190	334	37 482

Carrick Hill Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

5.4. Inventories

	2019	2018
	\$'000	\$'000
<u>Inventories held for distribution</u>		
Inventories held for distribution - at cost	13	17
Total inventories	13	17

Inventories held for distribution at no or nominal consideration are measured at cost and adjusted when applicable for any loss of service potential. Inventories held for sale are measured at the lower of cost or their net realisable value.

6. Financial assets

6.1. Cash and cash equivalents

	2019	2018
	\$'000	\$'000
Deposits with the Treasurer	732	681
Cash on hand	3	3
Total cash and cash equivalents	735	684

Deposits with the Treasurer

Deposits with the Treasurer are a combination of funds held in the "Carrick Hill Trust", an account held with the Treasurer of South Australia pursuant to section 21 of the *Public Finance and Audit Act 1987*, and funds held in the Arts South Australia Operating Account, an account held with the Treasurer of South Australia pursuant to section 8 of the *Public Finance and Audit Act 1987*.

Cash on hand

Cash on hand includes petty cash and an advance account.

Carrick Hill Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

6.2. Receivables

	2019	2018
	\$'000	\$'000
<u>Current</u>		
Trade Receivables	17	56
Less allowance for doubtful debts	(4)	-
Total trade receivables	<u>13</u>	<u>56</u>
Prepayments	5	-
Total current receivables	<u>18</u>	<u>56</u>

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 the contractual cash flows and they are measured at amortised cost.

Impairment of receivables

	2019	2018
	\$'000	\$'000
Balance at 30 June 2018 under AASB 139		-
Adjustment on initial adoption of AASB 9		
Carrying amount at the beginning of the period	<u>-</u>	<u>-</u>
Increase/(decrease) in the allowance	4	-
Carrying amount at the end of the period	<u>4</u>	<u>-</u>

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7. Liabilities

Employee Benefits liabilities are disclosed in note 2.4.

7.1. Payables

	2019	2018
	\$'000	\$'000
<u>Current</u>		
Trade Payables & accruals	123	46
Employment on-costs	15	14
Total current payables	138	60
<u>Non-current</u>		
Employment on-costs	7	5
Total non-current payables	7	5
Total payables	145	65

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.

Employment on-costs

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

The trust makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

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 remained at the 2018 rate (41%) and the average factor for the calculation of employer superannuation cost on-costs has changed from the 2018 rate (9.9%) to 9.8%. These rates are used in the employment on-cost calculation. The net financial effect of these changes in the current financial year is immaterial.

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7.2. Provisions

	2019 \$'000	2018 \$'000
<u>Current</u>		
Provision for workers' compensation	2	1
Total current provisions	2	1
<u>Non-current</u>		
Provision for workers' compensation	3	2
Total non-current provisions	3	2
Total provisions	5	3
Movement in provision		
Carrying amount at the beginning of the period	3	2
Increase / (decrease) in provision recognised	2	1
Carrying amount at the end of the period	5	3

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2019 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

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

8. Other disclosures

8.1 Equity

The asset revaluation surplus is used to record increments and decrements in the fair value of property and plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

8.2 Cash flow

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.

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9. Changes in accounting policy

9.1. Treasurer's Instructions (*Accounting Policy Statements*)

On 22 March 2019 the *Treasurer's Instructions (Accounting Policy Statements)* 2019 were issued by the Treasurer under the *Public Finance and Audit Act 1987*. The Accounting Policy Statements replaced the following Accounting Policy Frameworks:

- Purpose and Scope
- General Purpose Financial Statements Framework
- Asset Accounting Framework
- Financial Asset and Liability Framework
- Income Framework
- Definitions.

The new Accounting Policy Statements have largely been prepared on a no-policy change basis. Changes that impact on these financial statements are:

- increasing the bands from \$10,000 to \$20,000 for employee and board member reporting.

These changes, however, do not impact on the amounts reported in the financial statements.

9.2. AASB 9 Financial instruments

AASB 9 Financial Instruments replaces the provisions of AASB 139 that relate to recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 from 1 July 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in financial statements.

As part of the adoption of AASB 9, the Trust adopted consequential amendments to other accounting standards and the Treasurer's Instructions (*Accounting Policy Statements*) arising from the issue of AASB 9 as follows:

- *AASB 101 Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item, if material, in the statement of comprehensive income. In prior year, this information was presented as part of other expenses. For 30 June 2019 there was no impairment.
- *AASB 7 Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, these disclosures have been provided for the current year because the comparatives have not been restated.

In accordance with transitional provisions and the *Treasurer's Instructions (Accounting Policy Statements)*, *AASB 9 Financial Instruments* was adopted without restating comparative information for classification and measurement requirements. All adjustments relating to classification and measurement are recognised in retained earnings at 1 July 2018.

The adoption of AASB 9 has not had a significant effect on the recognition, measurement or classification of financial liabilities.

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9.2. AASB 9 Financial Instrument (continued)

There has been no material impact on the Trust's retained earnings as at 1 July 2018.

Impairment of financial assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' model. The following financial assets of the trust are subject to AASB 9's new expected credit loss model:

- trade receivables from provision of services

This model generally results in earlier recognition of credit losses than the previous one.

Trade receivables

New impairment requirements result in a provision being applied to all receivables rather than only on those receivables that are credit impaired. The Trust has adopted the simplified approach under AASB 9 Financial Instruments and measured lifetime expected credit losses on all trade receivables using a provision matrix approach as a practical expedient to measure the impairment provision. There was no material impact to the loss allowance on 1 July 2018 for trade receivables external to Government.

There are no additional impairment provisions for State, Territory, or Commonwealth Government receivables due to the Government high quality credit risk.

Trade and other receivables that were classified as loans and receivables under AASB 139 are now classified at amortised cost as they meet the appropriate criteria under AASB 9.

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10. Outlook

10.1. Unrecognised contractual commitments

Operating lease commitments arising from contractual or statutory sources and are disclosed at their nominal value.

Operating lease commitments

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

	2019	2018
	\$'000	\$'000
Within one year	7	7
Later than one year but not longer than five years	-	6
Total operating lease commitments	7	13
Representing:		
Non-cancellable operating leases	7	13
Total operating lease commitments	7	13

The operating lease commitments comprise non-cancellable motor vehicle leases, with rental payable monthly in arrears. No contingent rental provisions exist within the lease agreements and no options exist to renew the leases at the end of their terms.

Capital commitments

Capital commitments at the reporting date but not recognised as liabilities are payable as follows:

	2019	2018
	\$'000	\$'000
Within one year	2 602	-
Later than one year but not longer than five years	-	-
Total capital commitments	2 602	-

10.2. Contingent assets and liabilities

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

10.3. Impact of standards and statements not yet effective

An assessment has been made and there is no impact of AASB15 *Revenue with Contracts with Customers*, AASB 1058 – *Income of Not for Profit Entities* and AASB16 *Leases* on the Trust.

10.4. Events after the reporting date

There are no known events after balance date that effect these financial statements in a material manner.

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11. Measurement and risk

11.1. Long service leave liability – measurement

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

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 2.5% (2018) to 1.25% (2019).

This 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 future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographic and financial assumptions – including the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4.0% for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

The current portion of long service leave reflects the expected amount of long service leave to be taken in the next 12 months based on historical data.

11.2. Fair value

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 non-current tangible assets are valued at fair value and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years.

Land and buildings and heritage collections are revalued at least every six years via Certified Practising Valuer or internal estimates based on indices or recent transactions. If at any time management considers the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset. Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

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Fair value measurement – non-financial assets

In determining fair value, the Trust has taken into account the characteristics of the asset and the asset's highest and best use.

The Trust's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible within the next five years. As the Trust did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

The carrying amount of non-financial assets with a fair value at the time of acquisition that was less than \$1 million or an estimated useful life that was less than three years are deemed to approximate fair value.

11.3. Financial instruments

Financial risk management

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

The Trust'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

The Trust is funded principally from grants from the Department of the Premier and Cabinet. The Trust works with the Department of the Premier and Cabinet 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:

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 which is a debt instrument is classified as measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss. A financial asset which is an equity instrument is classified as measured at fair value through other comprehensive income 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; and

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.

The Trust currently only holds debt instruments and measures them at amortised cost.

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11.3. Financial risk management / financial instruments (continued)

Category of financial asset and financial liability	Statement of Financial Position line item	Note	2019 Carrying amount / fair value \$'000	2018 Carrying amount / fair value \$'000
Financial assets at amortised cost				
Cash and cash equivalents	Cash	6.1	735	684
Loans and receivables	Receivables	6.2	13	56
Total financial assets			748	740
Financial liabilities at amortised cost				
Financial liabilities at cost	Payables	7.1	104	28
Total financial liabilities			104	28

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 6.2.