

# Libraries Board of South Australia

Financial report  
for the year ended  
30 June 2018



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## To the Chair Libraries Board of South Australia

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 19(3) of the *Libraries Act 1982*, I have audited the financial report of the Libraries Board of South Australia 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 Libraries Board of South Australia 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
- expenses and income by activity for the year ended 30 June 2018
- assets and liabilities by activity as at 30 June 2018
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chair, Libraries Board of South Australia, the Acting Director, State Library of South Australia and the Acting Associate Director, Public Library Services.

### 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 Libraries Board of South Australia. 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, State Library of South Australia and the Libraries Board of South Australia for the financial report**

The Acting Director, State Library of South Australia 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 Libraries Board of South Australia is responsible for overseeing the entity's financial reporting process

### **Auditor's responsibilities for the audit of the financial report**

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances
- 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, State Library of South Australia and the Libraries Board of South Australia 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 stroke extending to the right.

Andrew Richardson

**Auditor-General**

21 September 2018

# **Libraries Board of South Australia**

## **Financial Statements**

For the year ended 30 June 2018

**Libraries Board of South Australia**  
**Certification of Financial Statements**  
*for the year ended 30 June 2018*

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We certify that the attached general purpose financial statements of the Libraries Board of South Australia:

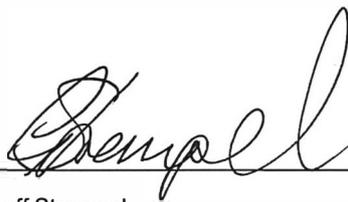
- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987* and relevant Australian Accounting Standards
- are in accordance with the accounts and records of the Libraries Board of South Australia
- present a true and fair view of the financial position of the Libraries Board of South Australia as at 30 June 2018 and the results of its operations and cash flows for the financial year.

We certify that the internal controls employed by the Libraries Board of South Australia over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the financial year.



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James Bruce  
Chair  
Libraries Board of South Australia  
10 September 2018



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Geoff Stempel  
Acting Director  
State Library of South Australia  
10 September 2018



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Jo Bayly  
Acting Associate Director  
Public Library Services  
10 September 2018

**Libraries Board of South Australia**  
**Statement of Comprehensive Income**  
*for the year ended 30 June 2018*

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	Note	2018 \$'000	2017 \$'000
<b><u>Expenses</u></b>			
Employee benefits expenses	3	11 813	13 550
Supplies and services	5	8 555	8 594
Accommodation and facilities	6	3 136	2 664
Depreciation and amortisation expense	7	2 166	2 177
Subsidies to public libraries	8	11 817	10 632
<b>Total expenses</b>		<b>37 487</b>	<b>37 617</b>
<b><u>Income</u></b>			
Fees and charges	9	322	318
Bequests and donations		56	449
Council contributions		91	126
Rent and facilities hire	10	274	242
Resources received free of charge	11	385	488
Investment income	12	595	576
Recoveries		324	216
Net gain from the disposal of non-current assets	13	205	99
Other		263	143
<b>Total income</b>		<b>2 515</b>	<b>2 657</b>
<b>Net cost of providing services</b>		<b>34 972</b>	<b>34 960</b>
<b><u>Revenues from SA Government</u></b>			
Revenues from SA Government	14	36 022	34 442
<b>Total net revenues from SA Government</b>		<b>36 022</b>	<b>34 442</b>
<b>Net result</b>		<b>1 050</b>	<b>(518)</b>
<b><u>Total comprehensive result</u></b>		<b>1 050</b>	<b>(518)</b>

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

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

**Libraries Board of South Australia**  
**Statement of Financial Position**  
*as at 30 June 2018*

	Note	2018 \$'000	2017 \$'000
<b><u>Current assets</u></b>			
Cash and cash equivalents	15	7 551	7 906
Receivables	16	760	1 539
<b>Total current assets</b>		<b>8 311</b>	<b>9 445</b>
<b><u>Non-current assets</u></b>			
Receivables	16	3	27
Property, plant and equipment	18	60 608	61 429
Intangible assets	19	134	161
Research and heritage collections	20	142 314	141 991
Investments	21	9 302	7 423
<b>Total non-current assets</b>		<b>212 361</b>	<b>211 031</b>
<b>Total assets</b>		<b>220 672</b>	<b>220 476</b>
<b><u>Current liabilities</u></b>			
Payables	22	1 461	1 239
Employee benefits	23	1 418	2 173
Provisions	24	18	10
Other	25	-	11
<b>Total current liabilities</b>		<b>2 897</b>	<b>3 433</b>
<b><u>Non-current liabilities</u></b>			
Payables	22	226	253
Employee benefits	23	2 453	2 754
Provisions	24	27	17
Other	25	10	10
<b>Total non-current liabilities</b>		<b>2 716</b>	<b>3 034</b>
<b>Total liabilities</b>		<b>5 613</b>	<b>6 467</b>
<b>Net assets</b>		<b>215 059</b>	<b>214 009</b>
<b><u>Equity</u></b>			
Retained earnings		87 921	86 871
Asset revaluation surplus		127 138	127 138
<b>Total equity</b>		<b>215 059</b>	<b>214 009</b>

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

Unrecognised contractual commitments	26
Contingent assets and liabilities	27

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

**Libraries Board of South Australia**  
**Statement of Changes in Equity**  
*for the year ended 30 June 2018*

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	Asset revaluation surplus \$'000	Retained earnings \$'000	Total equity \$'000
Note			
<b>Balance at 30 June 2016</b>	127 138	87 389	214,527
Net result for 2016-17	-	(518)	(518)
Gain on revaluation of research and heritage collections	-	-	-
<b>Total comprehensive result for 2016-17</b>	<u>-</u>	<u>(518)</u>	<u>(518)</u>
<b>Balance at 30 June 2017</b>	<u>127 138</u>	<u>86 871</u>	<u>214 009</u>
Net result for 2017-18	-	1 050	1 050
<b>Total comprehensive result for 2017-18</b>	<u>-</u>	<u>1 050</u>	<u>1 050</u>
<b>Balance at 30 June 2018</b>	<u><u>127 138</u></u>	<u><u>87 921</u></u>	<u><u>215 059</u></u>

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

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

**Libraries Board of South Australia**  
**Statement of Cash Flows**  
*for the year ended 30 June 2018*

	2018 (Outflows) Inflows \$'000	2017 (Outflows) Inflows \$'000
<b><u>Cash flows from operating activities</u></b>		
<b>Cash outflows</b>		
Employee benefits payments	(12 857)	(12 906)
Payments for supplies and services	(7 229)	(7 988)
Payments for accommodation and facilities	(3 136)	(2 664)
Subsidies to public libraries paid	(11 817)	(10 632)
<b>Cash used in operations</b>	<b>(35 039)</b>	<b>(34 190)</b>
<b>Cash inflows</b>		
Fees and charges	322	318
Bequests and donations	31	428
Council contributions	91	126
Rent and facilities hire	354	257
Investment income	580	556
Recoveries	322	217
Other	252	154
<b>Cash generated from operations</b>	<b>1 952</b>	<b>2 056</b>
<b>Cash flows from SA government</b>		
Receipts from SA Government	36 022	34 442
<b>Cash generated from SA government</b>	<b>36 022</b>	<b>34 442</b>
<b>Net cash provided by operating activities</b>	<b>2 935</b>	<b>2 308</b>
<b><u>Cash flows from investing activities</u></b>		
<b>Cash outflows</b>		
Purchase of heritage collections	(298)	(295)
Purchase of investments	(2 309)	(734)
Purchase of property, plant and equipment	(1 318)	(423)
<b>Cash used in investing activities</b>	<b>(3 925)</b>	<b>(1 452)</b>
<b>Cash inflows</b>		
Proceeds from the sale of/maturity of investments	635	1 726
<b>Cash generated from investing activities</b>	<b>635</b>	<b>1 726</b>
<b>Net cash provided by / (used in) investing activities</b>	<b>(3 290)</b>	<b>274</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(355)</b>	<b>2 582</b>
Cash and cash equivalents at the beginning of the period	7 906	5 324
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>7 551</b>	<b>7 906</b>

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

**Libraries Board of South Australia**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**1 Basis of financial statements**

**1.1 Reporting entity**

The Libraries Board of South Australia (the Board) is constituted pursuant to section 8 of the *Libraries Act 1982* (the Act). The Board is charged with the management of the State Library of South Australia (SLSA) and the Public Library Services (PLS) under the Act.

**1.2 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 provisions of the *Public Finance and Audit Act 1987*.

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

**1.3 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)

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.

**1.4 Taxation**

The Board is not subject to Income Tax. The Board is liable for Payroll Tax, Fringe Benefits Tax (FBT), Goods and Services Tax (GST), Emergency Services Levy (ESL), land tax equivalents and local government rate equivalents.

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

- when the amount of 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 an item of the expense item applicable
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is not included as part of receivables or payables in the Statement of Financial Position as the Board is a member of an approved GST group of which Arts South Australia, a division of the Department of State Development, is responsible for the remittance and collection of GST. As such there are no cash flows relating to GST transactions with the ATO in the Statement of Cash Flows.

**Libraries Board of South Australia**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**2 Objectives and activities**

**2.1 Objectives**

The objectives of the Board as prescribed under the Act are as follows:

- formulate policies and guidelines for the provision of public library services
- establish, maintain and expand collections of library materials
- administer the State Library
- promote, encourage and assist in the establishment, operation and expansion of public libraries and public library services by councils and others.

**2.2 Activities**

The Board undertakes the following activities:

- *Provision of State Library Services* - to provide, through the State Library of South Australia, a comprehensive library and information service for the economic, educational, cultural and social benefit of South Australia and its citizens.
- *Support of Public Library Services* - to provide through Public Library Services and the distribution of State subsidies, an equitable and responsible provision of resources, support and services to public libraries and community information agencies.

The disaggregated disclosures schedules present expenses, income, assets and liabilities attributable to each of the activities for the years ended 30 June 2018 and 30 June 2017.

**Libraries Board of South Australia**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

**Expenses and income by activity**

	Provision of State Library Services		Support of Public Library Services		Eliminations		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Expenses</b>								
Employee benefits expenses	9 310	10 964	2 503	2 586	-	-	11 813	13 550
Supplies and services	3 175	3 072	5 465	5 566	(85)	(44)	8 555	8 594
Accommodation and facilities	3 135	2 662	1	2	-	-	3 136	2 664
Depreciation and amortisation expense	2 121	2 132	45	45	-	-	2 166	2 177
Subsidies to public libraries	-	-	11 817	10 632	-	-	11 817	10 632
<b>Total expenses</b>	<b>17 741</b>	<b>18 830</b>	<b>19 831</b>	<b>18 831</b>	<b>(85)</b>	<b>(44)</b>	<b>37 487</b>	<b>37 617</b>
<b>Income</b>								
Fees and charges	322	317	-	1	-	-	322	318
Bequests and donations	56	449	-	-	-	-	56	449
Council contributions	-	-	91	126	-	-	91	126
Rent and facilities hire	274	242	-	-	-	-	274	242
Resources received free of charge	343	431	42	57	-	-	385	488
Investment revenues	516	503	79	73	-	-	595	576
Net gain on disposal of non-current assets	205	99	-	-	-	-	205	99
Recoveries	171	140	153	76	-	-	324	216
Other	348	187	-	-	(85)	(44)	263	143
<b>Total income</b>	<b>2 235</b>	<b>2 368</b>	<b>365</b>	<b>333</b>	<b>(85)</b>	<b>(44)</b>	<b>2 515</b>	<b>2 657</b>
<b>Net cost of providing services</b>	<b>15 506</b>	<b>16 462</b>	<b>19 466</b>	<b>18 498</b>	<b>-</b>	<b>-</b>	<b>34 972</b>	<b>34 960</b>
<b>Revenues from SA Government</b>								
Revenues from SA Government	16 752	15 637	19 270	18 805	-	-	36 022	34 442
<b>Total net revenues from SA Government</b>	<b>16 752</b>	<b>15 637</b>	<b>19 270</b>	<b>18 805</b>	<b>-</b>	<b>-</b>	<b>36 022</b>	<b>34 442</b>
<b>Net result</b>	<b>1 246</b>	<b>(825)</b>	<b>(196)</b>	<b>307</b>	<b>-</b>	<b>-</b>	<b>1 050</b>	<b>(518)</b>

**Libraries Board of South Australia**  
**Notes to and forming part of the financial statements**  
for the year ended 30 June 2018

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**Assets and liabilities by activity**

	Provision of State Library Services		Support of Public Library Services		Eliminations		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Assets</b>								
Assets	215 104	215 099	5 568	5 377	-	-	220 672	220 476
<b>Total assets</b>	<b>215 104</b>	<b>215 099</b>	<b>5 568</b>	<b>5 377</b>	<b>-</b>	<b>-</b>	<b>220 672</b>	<b>220 476</b>
<b>Liabilities</b>								
Liabilities	3 866	5 076	1 747	1 391	-	-	5 613	6 467
<b>Total liabilities</b>	<b>3 866</b>	<b>5 076</b>	<b>1 747</b>	<b>1 391</b>	<b>-</b>	<b>-</b>	<b>5 613</b>	<b>6 467</b>
<b>Net assets</b>	<b>211 238</b>	<b>210 023</b>	<b>3 821</b>	<b>3 986</b>	<b>-</b>	<b>-</b>	<b>215 059</b>	<b>214 009</b>

**Libraries Board of South Australia**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**3 Employee benefits**

**Employee benefits expenses**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and wages	8 558	9 422
Annual leave	887	921
Board fees	48	45
Long service leave	327	202
Payroll tax	558	595
Skills and experience retention leave	101	103
Employment on-costs superannuation *	1 106	1 241
Targeted voluntary separation payments (refer below)	-	868
Workers compensation provision adjustment	18	(22)
Other staff related expenses	210	175
<b>Total employee benefits expenses</b>	<b>11 813</b>	<b>13 550</b>

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

**Targeted voluntary separation packages (TVSP's)**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Amounts paid during the reporting period to separated staff:		
TVSPs	754	114
Annual leave, LSL and skills and experience retention leave paid to those staff	180	10
<b>Net cost to the Board</b>	<b>934</b>	<b>124</b>

Number of employees who received a TVSP during the reporting period 13                      2

Thirteen employees accepted TVSP offers on or before 30 June 2017, but the payments were not processed until July 2017. The total TVSP paid to these employees was \$754 000 (2017: \$114 000). The termination payments for outstanding leave balances owing for these TVSPs was \$180 000 (2017: \$10 000).

**Key management personnel**

Key management personnel of the Board include the Premier, the Chair and members of the Board itself and the Director of the State Library of South Australia, the Associate Director, State Library Services, and Associate Director, Public Library Services, all who have responsibility for the strategic direction and management of the Board.

Total compensation for the Board's key management personnel was \$771 000 (2017: \$648 000).

The compensation disclosed in this note excludes salaries and other benefits the Premier receives. The Premier'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*.

**Libraries Board of South Australia**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**3 Employee benefits (continued)**

**Remuneration of employees**

The number of employees whose remuneration received or receivable falls within the following bands:

	<b>2018</b>	<b>2017</b>
	<b>Number</b>	<b>Number</b>
\$159 001 to \$169 000	1	1
\$179 001 to \$189 000	-	1
\$189 001 to \$199 000	1	-
\$229 001 to \$239 000 *	1	1
\$249 001 to \$259 000	-	1
<b>Total</b>	<b>3</b>	<b>4</b>

\* This bandwidth in 2016-17 included one staff member who cashed out their long service leave. This has resulted in their disclosure in this table.

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, fringe benefits, and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received by these employees for the year was \$580 000 (2017: \$832 000).

**4 Remuneration of board members**

Board members that were entitled to receive remuneration for membership during the 2017-18 financial year were:

**Libraries Board**

JFB Bruce AM (Chair)  
V Ciccarello  
JMH Finlay  
SG Hicks  
A Luckhurst-Smith  
LM Spurling  
JY Whittaker  
Dr. JC Wisdom

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

	<b>2018</b>	<b>2017</b>
\$0 - \$9 999	8	9
<b>Total number of Board members</b>	<b>8</b>	<b>9</b>

Remuneration of Board members reflects all costs of performing Board member duties including sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits, and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received or receivable by Board members was \$47 000 (2017: \$45 000).

Amounts paid or payable to a superannuation plan for Board / Committee members were \$5 000 (2017: \$4 000).

**Libraries Board of South Australia**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**5 Supplies and services**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Business services charge	236	305
Cataloguing and end processing	528	527
Communications	830	846
Consultants' fees	89	190
Contractors	479	222
Electronic resources	203	319
Freight, courier, postage	1 878	1,658
Information technology	1 704	1,895
Insurance & risk management	203	207
Maintenance	99	103
Marketing and promotion	217	147
Minor equipment purchases and leasing	192	277
Preservation activities	196	225
Travel and accommodation	91	113
Other	1 610	1,560
<b>Total supplies and services</b>	<b>8 555</b>	<b>8 594</b>

**Payments to consultants**

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

	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>Number</b>	<b>\$'000</b>	<b>Number</b>	<b>\$'000</b>
Below \$10 000	5	7	4	18
\$10 000 or above	4	82	5	172
<b>Total paid / payable to the consultants engaged</b>	<b>9</b>	<b>89</b>	<b>9</b>	<b>190</b>

**6 Accommodation and facilities**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Accommodation	1 600	1 182
Facilities	1 018	979
Security	518	503
<b>Total accommodation and facilities</b>	<b>3 136</b>	<b>2 664</b>

**Libraries Board of South Australia**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**7 Depreciation and amortisation expense**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Depreciation</b>		
Buildings and improvements	1 820	1,814
Compactus and lifts	79	79
Computer equipment	89	110
Intangibles	27	27
Plant and equipment	151	147
<b>Total depreciation and amortisation</b>	<b>2 166</b>	<b>2 177</b>

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. Land and heritage collections are not depreciated.

**Useful Life**

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

<b>Class of asset</b>	<b>Useful life (years)</b>
Buildings and improvements	10-50
Plant and Equipment	5-20
Computer Equipment	3-10
Compactus and lifts	30
Intangibles	3-10

The research and heritage collections are kept under special conditions to minimise deterioration and 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.

**Revision of accounting estimates**

Assets' residual values, useful lives and depreciation / amortisation methods are reviewed and adjusted if appropriate, on an annual basis. Changes in the expected useful 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, which is a change in accounting estimate.

**8 Subsidies to Public Libraries**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Library materials local purchase contribution	663	691
Library materials contribution	6 201	5 139
Operating contribution	4 901	4 750
Community information contribution	32	32
Community information access	20	20
<b>Total subsidies to Public Libraries</b>	<b>11 817</b>	<b>10 632</b>

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**Notes to and forming part of the financial statements**  
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**9 Fees and charges**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Fees for services	12	38
Lecturing services	198	179
Photocopying services	37	43
Other fees and charges	75	58
<b>Total revenues from fees and charges</b>	<b>322</b>	<b>318</b>

**10 Rent and facilities hire**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Facilities hire	109	37
Rental income	165	205
<b>Total revenues from rent and facilities hire</b>	<b>274</b>	<b>242</b>

**11 Resources received free of charge**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Conservation services	149	123
Business services received free of charge - Shared Services SA	236	365
<b>Total resources received free of charge</b>	<b>385</b>	<b>488</b>

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 (refer to Note 5).

Under an arrangement with Arts South Australia and Artlab Australia, both divisions of the Department of State Development (DSD), Artlab Australia receives SA Government appropriation to perform conservation services on the heritage collections of the Board. The value of the work performed is recognised as resources received free of charge in income and a corresponding amount included as conservation work expenditure in supplies and services (refer to note 5).

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**12 Investment income**

	2018	2017
	\$'000	\$'000
Interest	218	211
Dividends	204	196
Distributions	55	77
Dividend imputation credits	118	92
<b>Total investment revenues</b>	<b>595</b>	<b>576</b>

Interest revenue is recognised taking into account the interest rates applicable to the financial assets. Dividend income is recognised when the right to receive a dividend has been declared.

**13 Net gain from the disposal of non-current assets**

	2018	2017
	\$'000	\$'000
<b><u>Investments</u></b>		
Proceeds from disposal	635	1 726
Less net book value of assets disposed	(430)	(1 622)
<b>Net gain from disposal of investments</b>	<b>205</b>	<b>104</b>
<b><u>Property, plant and equipment</u></b>		
Less net book value of assets disposed	-	(5)
<b>Net gain from disposal of property, plant and equipment</b>	<b>-</b>	<b>(5)</b>
<b><u>Total assets</u></b>		
Proceeds from disposal	635	1 726
Less net book value of assets disposed	(430)	(1 627)
<b>Total net gain from disposal of non-current assets</b>	<b>205</b>	<b>99</b>

Gains/losses on disposal of non-current assets are recognised at the date control of the asset is passed to the buyer and are determined after deducting the cost of the asset from the proceeds at that time. When revalued assets are sold, the revaluation surplus is transferred to retained earnings.

**14 Revenues from SA Government**

	2018	2017
	\$'000	\$'000
<b><u>Revenues from SA Government</u></b>		
Recurrent operating grant	35 053	34 035
Capital grant	969	407
<b>Total revenues from SA Government</b>	<b>36 022</b>	<b>34 442</b>

Appropriations are recognised on receipt.

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**15 Cash and cash equivalents**

	2018	2017
	\$'000	\$'000
Deposits with the Treasurer	7 544	7 899
Cash on hand	7	7
<b>Total cash and cash equivalents</b>	<b>7 551</b>	<b>7 906</b>

Cash is measured at nominal amounts.

**Deposits with Treasurer**

Deposits with the Treasurer are funds held in the "Libraries Board of South Australia Account", an account held with the Treasurer of South Australia pursuant to section 21 of the *Public Finance and Audit Act 1987* (PFAA), and funds held in the Premier and Cabinet Operating Account, an account held with the Treasurer of South Australia pursuant to section 8 of the PFAA.

The cash balance includes \$1.87 million (2017: \$2.05 million) of unspent funding allocated to public libraries for the purchase of library materials.

*Trust Accounts*

Public Library Services hold subsidy payments in trust for the Outback Communities Authority and Aboriginal Lands (Anangu Pitjantjatjara, Maralinga Tjarutja, Nepabunna, Gerard and Yalata). These funds are controlled by the Board and are recorded in the cash balance as at 30 June 2018. The total of these trust accounts is \$195 000 (2017: \$180 000).

**16 Receivables**

	2018	2017
	\$'000	\$'000
<b><u>Current</u></b>		
Prepayments	440	1 136
Receivables	136	234
Accrued income	184	169
<b>Total current receivables</b>	<b>760</b>	<b>1 539</b>
<b><u>Non-current</u></b>		
Prepayments	2	27
Receivables	1	-
<b>Total non-current receivables</b>	<b>3</b>	<b>27</b>
<b>Total receivables</b>	<b>763</b>	<b>1 566</b>

**Interest rate and credit risk**

Receivables arise in the normal course of selling goods and services to the public and other government agencies. 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 the Board will not be able to collect the debt.

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**17 Non-current assets**

**Revaluation of non-current assets**

All non-current assets are valued at fair value and a revaluation of non-current assets or a 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 every five years via Certified Practising Valuer. However, 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 assets that are acquired between revaluations are held at cost until the next valuation, where they are then 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.

**Fair value measurement of non-financial assets**

In determining fair value, the Board has taken into account the characteristic of the asset (for example, condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is, physically possible, legally permissible, financially feasible).

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

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**18 Property, plant and equipment**

	2018 \$'000	2017 \$'000
<b><u>Land, buildings and improvements</u></b>		
Land at fair value	4 530	4 530
Buildings and improvements at fair value	116 762	115 522
Accumulated depreciation at the end of the period	<u>(63 123)</u>	<u>(61 303)</u>
<b>Total land, buildings and improvements</b>	<b><u>58 169</u></b>	<b><u>58 749</u></b>
<b><u>Work in progress</u></b>		
Work in progress at cost	<u>234</u>	<u>256</u>
<b>Total work in progress</b>	<b><u>234</u></b>	<b><u>256</u></b>
<b><u>Compactus and lifts</u></b>		
Compactus and lifts at cost (deemed fair value)	2 494	2 469
Accumulated depreciation at the end of the period	<u>(1 165)</u>	<u>(1 085)</u>
<b>Total compactus and lifts</b>	<b><u>1 329</u></b>	<b><u>1 384</u></b>
<b><u>Plant and equipment</u></b>		
Plant and equipment at cost (deemed fair value)	1 961	2 144
Accumulated depreciation at the end of the period	<u>(1 235)</u>	<u>(1 313)</u>
<b>Total plant and equipment</b>	<b><u>726</u></b>	<b><u>831</u></b>
<b><u>Computer equipment</u></b>		
Computer equipment at cost (deemed fair value)	834	878
Accumulated depreciation at the end of the period	<u>(684)</u>	<u>(669)</u>
<b>Total computer equipment</b>	<b><u>150</u></b>	<b><u>209</u></b>
<b>Total property, plant and equipment</b>	<b><u>60 608</u></b>	<b><u>61 429</u></b>

**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. 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 (that is the amount recorded by the transferor public authority immediately prior to the restructure).

All non-current assets with a value of \$10 000 or greater are capitalised.

Componentisation of complex assets is only performed when the complex asset's fair value at the time of acquisition is equal to or in excess of \$5 million for infrastructure assets and \$1 million for other assets.

**Valuation of land and buildings**

An independent valuation of the land and buildings was conducted as at 30 June 2014 by Valcorp Australia Pty Ltd. The valuation of land and buildings as at 30 June 2014 was prepared on a fair value basis in accordance with AASB 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*.

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The valuer used depreciated replacement cost (DRC) for buildings. The depreciated replacement cost considered the need for ongoing provision of government services; specialised nature of the assets, including the restricted use of the assets; the size, condition, location and current use of the assets. The valuation was based on a combination of internal records, specialised knowledge and the acquisition/transfer costs.

The valuation of land was based on recent market transactions for similar land in the area and includes adjustment for factors specific to the land being valued such as size, location and current use.

**Carrying amount of plant and equipment**

All items of plant and equipment including computer equipment and compactus and shelving on acquisition, 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 *Asset Accounting Framework* (APF III). The carrying value of these items is deemed to approximate fair value. These assets are classified in level 3 as there have been no subsequent adjustments to their value, except for management assumptions about the assets' condition and remaining useful life.

**Impairment**

All non-current tangible and intangible assets are tested for indications 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.

For revalued assets, an impairment loss is offset against the asset revaluation surplus.

There were no indications of impairment as at 30 June 2018.

**Reconciliation of carrying amounts of property plant and equipment and intangible assets**

	Buildings and Land		Work in progress	Compactus and lifts	Plant and equip.	Computer equip.	Total tangible assets	Computer Software	Total intangible assets
2018	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	4 530	54 219	256	1 384	831	209	61 429	161	161
Additions	-	16	1 202	24	46	30	1 318	-	-
Depreciation and amortisation	-	(1 820)	-	(79)	(151)	(89)	(2 139)	(27)	(27)
Transfers to/(from) works in progress	-	1 224	(1 224)	-	-	-	-	-	-
<b>Carrying amount at the end of period</b>	<b>4 530</b>	<b>53 639</b>	<b>234</b>	<b>1 329</b>	<b>726</b>	<b>150</b>	<b>60 608</b>	<b>134</b>	<b>134</b>

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**19 Intangible assets**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Intangibles</u></b>		
Computer software	253	252
Accumulated amortisation	(119)	(91)
<b>Total intangibles</b>	<b>134</b>	<b>161</b>

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The Board only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

The acquisition 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.

**Impairment**

There were no indications of impairment of intangibles as at 30 June 2018.

**Libraries Board of South Australia**  
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**20 Research and heritage collections**

	<u>At valuation</u>	<u>At cost / additions</u>	<u>Total</u>
	\$'000		\$'000
Family history collection	145	-	145
Maps	6 362	14	6 376
Microfilm serials	57	83	140
Monographs	39 510	70	39 580
Mortlock audio-visual	894	10	904
Mortlock use collections	10 315	53	10 368
Newspapers purchased	6 568	134	6 702
Periodicals	12 606	198	12 804
Private archives	35 868	37	35 905
Purchased databases	16	-	16
Rare books and named collections	29 334	40	29 374
<b>Total research and heritage collections</b>	<b>141 675</b>	<b>639</b>	<b>142 314</b>

**Reconciliation of carrying amounts of research and heritage collections**

The following table shows the movement of research and heritage collection assets during 2017-18:

	<u>Balance at 1 July</u>	<u>Additions</u>	<u>Balance at 30 June</u>
	\$'000	\$'000	\$'000
Family history collection	145	-	145
Maps	6 375	1	6 376
Microfilm serials	101	39	140
Monographs	39 540	40	39 580
Mortlock audio-visual	899	5	904
Mortlock use collections	10 345	23	10 368
Newspapers purchased	6 632	70	6 702
Periodicals	12 708	96	12 804
Private archives	35 880	25	35 905
Purchased databases	16	-	16
Rare books and named collections	29 350	24	29 374
<b>Total research and heritage collections</b>	<b>141 991</b>	<b>323</b>	<b>142 314</b>

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## 20 Research and heritage collections (continued)

### Valuation basis

#### *Public library services collections*

The film collection is valued at zero value on the basis that this collection is not being added to, is rarely used and may not be disposed under the terms of its original acquisition.

#### *Research and heritage collections*

The research and heritage collection is independently valued every five years. The collections were valued as at 30 June 2016 by Mr. P Tinslay, NCJV Registered Valuer, of Aon Risk Solutions (Fine Arts Division).

This valuer specialises in the valuation of heritage assets. This valuation has been carried out in accordance with the principles determined by the International Valuation Standards Committee. These international standards have been followed except where they are altered by Australian Law or by local standards as laid out by the Australian Property Institute.

The market approach has been utilised to determine fair value. The market approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. This approach considers the prices of identical or similar assets that are listed or offered for sale and may necessitate adjusting the price information from other transactions to reflect any differences in the terms of the actual transaction and the basis of value and any assumptions adopted in the valuation being undertaken, as well as differences in the legal, economic or physical characteristics of the assets in other transactions and the asset being valued.

In instances where there were sufficient observable transactions of similar assets to the subject asset (generally in second hand markets) level 1 Inputs have been used. Where inputs to the fair value measurement are considered level 2 in the fair value hierarchy they have been observed from the market and the valuer has made relatively minor adjustments for differences in asset characteristics.

## 21 Investments

	2018	2017
	\$'000	\$'000
<b>Non-current</b>		
Shares and other direct investments in companies	9 302	7 423
<b>Total non-current investments</b>	<b>9 302</b>	<b>7 423</b>
<b>Total investments</b>	<b>9 302</b>	<b>7 423</b>

Investments are brought to account at cost in accordance with Accounting Policy Framework IV *Financial Asset and Liability Framework* APS 2.1.

The market value of investments as at 30 June 2018 is \$10.4 million (2017: \$8.4 million).

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**22 Payables**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Current</u></b>		
Creditors and accruals	1 268	1 039
Employment on-costs	193	200
<b>Total current payables</b>	<b>1 461</b>	<b>1 239</b>
<b><u>Non-current</u></b>		
Employment on-costs	226	253
<b>Total non-current payables</b>	<b>226</b>	<b>253</b>
<b>Total payables</b>	<b>1 687</b>	<b>1 492</b>

Employment on-costs include Payroll Tax and superannuation contributions. The Board 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.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave in 2018 was 41% (2017 40%). The average factor for the calculation of employer superannuation cost on-cost has decreased from the 2017 rate of 10.1% to 9.9%. These rates are used in the employment on-cost calculation. The financial effect of this change to employment on-costs and employment benefits expense is immaterial.

**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.

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**23 Employee benefits liabilities**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Current</u></b>		
Annual leave	673	694
Long service leave	477	419
Skills and experience retention leave	99	115
Accrued salaries and wages	169	945
<b>Total current employee benefits</b>	<b>1 418</b>	<b>2 173</b>
<b><u>Non-current</u></b>		
Long service leave	2 453	2 754
<b>Total non-current employee benefits</b>	<b>2 453</b>	<b>2 754</b>
<b>Total employee benefits</b>	<b>3 871</b>	<b>4 927</b>

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, wages, annual leave and skills and experience retention leave 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 are expected to be payable within 12 months and are 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 of 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.

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 is unchanged from 2017 at 2.5%.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and 3% for annual leave and skills, experience and retention 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 taken in the next twelve months based on historical data.

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**24 Provisions**

	2018 \$'000	2017 \$'000
<b><u>Current</u></b>		
Provision for workers' compensation	18	10
<b>Total current provisions</b>	<b>18</b>	<b>10</b>
<b><u>Non-current</u></b>		
Provision for workers' compensation	27	17
<b>Total non-current provisions</b>	<b>27</b>	<b>17</b>
<b>Total provisions</b>	<b>45</b>	<b>27</b>
<b>Provision movement</b>		
Carrying amount at the beginning of the period	27	49
Increase / (decrease) in provision recognised	18	(22)
<b>Carrying amount at the end of the period</b>	<b>45</b>	<b>27</b>

A liability 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 2018 provided by a consulting actuary engaged through the Office for the Public Sector (a division of the Department of the Premier and Cabinet). The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The Board is responsible for the payment of workers' compensation claims.

**25 Other liabilities**

	2018 \$'000	2017 \$'000
<b><u>Current</u></b>		
Income received in advance	-	11
<b>Total current other liabilities</b>	<b>-</b>	<b>11</b>
<b><u>Non-current</u></b>		
Contractual security deposit	10	10
<b>Total non-current other liabilities</b>	<b>10</b>	<b>10</b>
<b>Total other liabilities</b>	<b>10</b>	<b>21</b>

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**26 Unrecognised contractual commitments**

Commitments include operating and outsourcing commitments 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 (ATO). If GST is not payable to, or recoverable from the ATO, the commitments and contingencies are disclosed on a gross basis.

**Operating lease commitments**

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

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	446	385
Later than one year but not longer than five years	1 710	1 443
Later than five years	428	735
<b>Total operating lease commitments</b>	<b>2 584</b>	<b>2 563</b>

The operating lease commitments predominantly comprise the Netley off-site storage. Other lease commitments relates to non-cancellable motor vehicle leases, with rentals payable monthly in arrears.

**Public libraries commitments**

Committed orders placed by public libraries through Public Library Services for libraries materials at the reporting date not recognised as liabilities in the financial statements, are payable as follows:

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	1 610	1 618
<b>Total public libraries commitments</b>	<b>1 610</b>	<b>1 618</b>

**Other commitments**

The Board's other commitments are for contracts for security, cleaning and other:

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	3 412	2 993
Later than one year but not longer than five years	3 596	691
<b>Total other commitments</b>	<b>7 008</b>	<b>3 684</b>

**27 Contingent assets and liabilities**

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

The Board is not aware of any contingent assets or liabilities as at 30 June 2018.

**Libraries Board of South Australia**  
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**28 Related party transactions**

The Board is a statutory authority established pursuant to the *Libraries Act 1982* and is a wholly owned and controlled entity of the Crown.

Related parties of the Board include 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.

**Transactions with key management personnel and other related parties**

The Board received an annual recurrent operating grant of \$35.053 million (2017: \$34.035 million) from Arts South Australia, a division of the Department for State Development (DSD). The operating grant is the primary source of revenue for the Board as disclosed under note 14.

**29 Financial risk management / financial instruments**

**Financial risk management**

Risk management is managed by the Board's corporate services section. Board 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 Board's exposure to financial risk (liquidity, credit and market) is low due to the nature of the financial instruments held.

**Liquidity risk**

The Board is funded principally from grants from Arts South Australia a division of the Department for State Development. The Board works with Arts South Australia and the Department of Treasury and Finance 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.

The carrying amounts of each of the following categories of financial assets and liabilities: held-to-maturity investments; loan and receivables; and financial liabilities measured at cost and fair value are detailed below.

**Libraries Board of South Australia**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

**29 Financial risk management / financial instruments (continued)**

Category of financial asset and financial liability	Statement of Financial Position line item	Note	2018		2017	
			Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
<b>Financial assets</b>						
Cash and cash equivalents	Cash	15	7 551	7 551	7 906	7 906
Loans and receivables Available for sale	Receivables <sup>(1)(2)</sup>	16	321	321	403	403
financial assets	Investments	21	9 302	10 412	7 423	8 396
<b>Total financial assets</b>			<b>17 174</b>	<b>18 284</b>	<b>15 732</b>	<b>16 705</b>
<b>Financial liabilities</b>						
Financial liabilities (at cost)	Payables <sup>(1)</sup>	22	1 216	1 216	988	988
Other	Other	25	10	10	21	21
<b>Total financial liabilities</b>			<b>1 226</b>	<b>1 226</b>	<b>1 009</b>	<b>1 009</b>

- (1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (for example 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).
- (2) Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 16 as trade and other receivables in accordance with paragraph 78(b) of AASB 101 *Presentation of Financial Statements*. However, prepayments are not financial assets as defined in AASB 132 *Financial Instruments: Presentation* as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

**30 Impact of standards and statements not yet implemented**

The Board did not voluntarily change any of its accounting policies during 2017-2018.

**AASB 9 *Financial Instruments***

The revision to AASB 9 *Financial Instruments* applies to reporting periods beginning on or after 1 January 2018, i.e. to financial statements as at 30 June 2019. AASB 9 *Financial Instruments* provides the principles for the classification, measurement, recognition, de-recognition and disclosure associated with financial assets and liabilities. The key changes include simplified requirements for classification and measurement of financial assets and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognised impairment only when incurred.

The Board's investments are currently recognised at Cost, refer to Note 21. On adoption of AASB 9 *Financial Instruments*, these investments will be measured at Fair Value; however, it is still to be determined whether it will be through Profit and Loss, or Other Comprehensive Income.

**Libraries Board of South Australia**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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*AASB 16 Leases*

This standard will apply for the first time to reporting periods beginning on or after 1 January 2019, i.e. to financial statements as 30 June 2020. The standard supersedes AASB 117 *Leases* and unlike AASB 117 *Leases*, AASB 16 *Leases* introduces a single lease accounting model for lessees, eliminating the distinction between operating and finance leases. Lessees will be required to recognise a right-of-use asset (representing rights to use the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value.

The Board has not yet quantified the exact impact on the Statement of Comprehensive Income or the Statement of Financial Position of applying AASB 16 *Leases* to its current operating leases, including the extent of additional disclosures required. The exact impact will not be known until next year.

*AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities*

These standards will apply for the first time to reporting periods beginning on or after 1 January 2019, i.e. to financial statements as 30 June 2020. The Board has commenced analysing the new revenue recognition requirements under these standards and is yet to form conclusions about significant impacts.

**31 Events after the reporting period**

There were no events after the reporting period.