

Libraries Board of South Australia

Financial report
for the year ended
30 June 2019



Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

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 2019.

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 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, Libraries Board of South Australia, Acting Director, State Library of South Australia and the 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 Director, State Library of South Australia and the Libraries Board of South Australia for the financial report

The 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, but not for the purpose of expressing an opinion on the effectiveness of the Libraries Board of South Australia's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 Director, State Library of South Australia and the Chair, 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 flourish extending to the right.

Andrew Richardson

Auditor-General

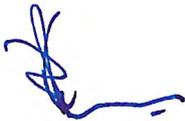
18 September 2019

Libraries Board of South Australia
Certification of Financial Statements
for the year ended 30 June 2019

We certify that the attached general purpose financial statements for 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; and
- present a true and fair view of the financial position of the Libraries Board of South Australia 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 Libraries Board of South Australia for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Bruce Linn AM
Chair
Libraries Board of South Australia
16 September 2019



Jo Bayly
Acting Director
State Library of South Australia
16 September 2019



Hanlie Erasmus
Associate Director
Public Library Services
16 September 2019

Libraries Board of South Australia
Statement of Comprehensive Income
for the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Expenses			
Employee benefits expenses	2.3	12 425	11 813
Supplies and services	3.1	9 985	8 555
Accommodation and facilities	3.2	3 272	3 136
Depreciation and amortisation	3.3	2 218	2 166
Subsidies to public libraries	3.4	12 085	11 817
Net loss from the disposal of non-current assets	4.6	4	-
Total expenses		39 989	37 487
Income			
Fees and charges	4.2	283	322
Investment income	4.5	801	595
Resources received free of charge	4.4	356	385
Net gain from the disposal of non-current assets	4.6	-	205
Bequests and donations		74	56
Council contributions		90	91
Rent and facilities hire	4.3	122	274
Recoveries		366	324
Other		209	263
Total income		2 301	2 515
Net cost of providing services		37 688	34 972
Revenues from SA Government			
Revenues from SA Government	4.1	36 076	36 022
Total		36 076	36 022
Net result		(1 612)	1 050
Other comprehensive income			
Items that will not be reclassified to net result			
Gain/(Loss) on sale of investments classified as fair value through other comprehensive income	4.6	-	-
Changes in fair value of investments classified as fair value through other comprehensive income		400	-
Total other comprehensive income		400	-
Total comprehensive result		(1 212)	1 050

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

Libraries Board of South Australia
Statement of Financial Position
as at 30 June 2019

	Note	2019 \$'000	2018 \$'000
<u>Current assets</u>			
Cash and cash equivalents	6.1	7 687	7 551
Receivables	6.2	1 519	760
Total current assets		9 206	8 311
<u>Non-current assets</u>			
Receivables	6.2	16	3
Property, plant and equipment	5.1	58 364	60 608
Intangible assets	5.2	291	134
Research and heritage collections	5.3	142 596	142 314
Investments	6.3	10 477	9 302
Total non-current assets		211 744	212 361
Total assets		220 950	220 672
<u>Current liabilities</u>			
Payables	7.1	1 703	1 461
Employee benefits	2.4	1 302	1 418
Provisions	7.2	16	18
Other	7.3	11	-
Total current liabilities		3 032	2 897
<u>Non-current liabilities</u>			
Payables	7.1	246	226
Employee benefits	2.4	2 679	2 453
Provisions	7.2	26	27
Other	7.3	10	10
Total non-current liabilities		2 961	2 716
Total liabilities		5 993	5 613
Net Assets		214 957	215 059
<u>Equity</u>			
Retained earnings		86 247	87 921
Asset revaluation surplus		127 138	127 138
Investment Reserve		1 572	-
Total Equity		214 957	215 059

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

Libraries Board of South Australia
Statement of Changes in Equity
for the year ended 30 June 2019

	Asset revaluation surplus \$'000	Investment Reserve \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2017	127 138	-	86 871	214 009
Net result for 2017-18	-	-	1 050	1 050
Total comprehensive result for 2017-18	-	-	1 050	1 050
Balance at 30 June 2018	127 138	-	87 921	215 059
Adjustments on initial adoption of AASB 9	-	1 172	(62)	1 110
Adjusted balance as at 1 July 2018	127 138	1 172	87 859	216 169
Net result for 2018-19			(1 612)	(1 612)
Transfer of realised gain/(loss) on sale of investments classified as fair value through other comprehensive income	-	-	-	-
Fair value movement of investments classified as fair value through other comprehensive income	-	400	-	400
Total comprehensive result for 2018-19	-	400	(1 612)	(1 212)
Balance at 30 June 2019	127 138	1 572	86 247	214 957

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

Libraries Board of South Australia
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>		
<i>Cash outflows</i>		
Employee benefits payments	(12 332)	(12 857)
Payments for supplies and services	(10 040)	(7 229)
Payments for accommodation and facilities	(3 272)	(3 136)
Subsidies paid to public libraries	(12 085)	(11 817)
Cash used in operations	(37 729)	(35 039)
<i>Cash inflows</i>		
Fees and charges	283	322
Bequests and donations	47	31
Council contributions	90	91
Rent and facilities hire	88	354
Investment income	690	580
Recoveries	353	322
Other	223	252
Cash generated from operations	1 774	1 952
Cash flows from SA government		
Receipts from SA Government	36 076	36 022
Cash generated from SA government	36 076	36 022
Net cash provided by operating activities	121	2 935
<u>Cash flows from investing activities</u>		
<i>Cash outflows</i>		
Purchase of heritage collections	(255)	(298)
Purchase of investments	(411)	(2 309)
Purchase of property, plant and equipment	(131)	(1 318)
Cash used in investing activities	(797)	(3 925)
<i>Cash inflows</i>		
Proceeds from the sale of / maturity of investments	812	635
Cash generated from investing activities	812	635
Net cash provided by / (used in) investing activities	15	(3 290)
Net increase / (decrease) in cash and cash equivalents	136	(355)
Cash and cash equivalents at the beginning of the period	7 551	7 906
Cash and cash equivalents at the end of the reporting period	7 687	7 551

The accompanying notes form part of these financial statements.

Libraries Board of South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2019

NOTES TO THE FINANCIAL STATEMENTS

1.	About the Libraries Board of South Australia	11
1.1.	Basis of preparation.....	11
1.2.	Objectives and programs.....	11
2.	Board, committees and employees	14
2.1.	Key management personnel.....	14
2.2.	Board and committee members.....	14
2.3.	Employee benefits expenses.....	15
2.4.	Employee benefits liability	16
3.	Expenses	17
3.1.	Supplies and services.....	17
3.2.	Accommodation and facilities	17
3.3.	Depreciation and amortisation.....	18
3.4.	Subsidies to Public Libraries.....	18
4.	Income	19
4.1.	Net revenues from SA Government	19
4.2.	Fees and charges	19
4.3.	Rent and facilities hire	19
4.4.	Resources received free of charge.....	19
4.5.	Investment income.....	19
4.6.	Net gain / (loss) from the disposal of non-current assets	20
5.	Non-financial assets	21
5.1.	Property, plant and equipment.....	21
5.2.	Intangible assets.....	22
5.3.	Research and heritage collections	22
6.	Financial assets	25
6.1.	Cash and cash equivalents.....	25
6.2.	Receivables	25
6.3.	Investments.....	26
7.	Liabilities	27
7.1.	Payables	27
7.2.	Provisions	28
7.3.	Other liabilities	28
8.	Other disclosures	28

Libraries Board of South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2019

8.1.	Equity	28
8.2.	Cash flow	29
9.	Changes in accounting policy	30
9.1.	Treasurer's Instructions (Accounting Policy Statements).....	30
9.2.	AASB 9 Financial Instruments	30
10.	Outlook	32
10.1.	Unrecognised contractual commitments	32
10.2.	Contingent assets and liabilities	32
10.3.	Impact of standards and statements not yet effective	33
10.4.	Events after the reporting period	33
11.	Measurement and risk	33
11.1.	Long service leave liability – measurement.....	33
11.2.	Fair value	34
11.3.	Financial instruments.....	35

Libraries Board of South Australia

Notes to and forming part of the financial statements

for the year ended 30 June 2019

1. About the Libraries Board of South Australia

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.

1.1. 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 Board 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 (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

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 and programs

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.

Programs

The Board undertakes the following programs:

- *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.

Libraries Board of South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2019

The disaggregated disclosures schedules present expenses, income, assets and liabilities attributable to each of the programs for the years ended 30 June 2019 and 30 June 2018.

Expenses and income by program

	Provision of State Library Services		Support of Public Library Services		Eliminations		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Expenses								
Employee benefits expenses	9 780	9 310	2 645	2 503	-	-	12 425	11 813
Supplies and services	3 832	3 175	6 269	5 465	(116)	(85)	9 985	8 555
Accommodation and facilities	3 270	3 135	2	1	-	-	3 272	3 136
Depreciation and amortisation	2 160	2 121	58	45	-	-	2 218	2 166
Net loss on disposal of non-current assets	3	-	1	-	-	-	4	-
Subsidies to public libraries	-	-	12 085	11 817	-	-	12 085	11 817
Total expenses	19 045	17 741	21 060	19 831	(116)	(85)	39 989	37 487
Income								
Fees and charges	283	322	-	-	-	-	283	322
Bequests and donations	75	56	(1)	-	-	-	74	56
Council contributions	-	-	90	91	-	-	90	91
Rent and facilities hire	122	274	-	-	-	-	122	274
Resources received free of charge	307	343	49	42	-	-	356	385
Investment revenues	723	516	78	79	-	-	801	595
Net gain on disposal of non-current assets	-	205	-	-	-	-	-	205
Recoveries	180	171	186	153	-	-	366	324
Other	296	348	29	-	(116)	(85)	209	263
Total income	1 986	2 235	431	365	(116)	(85)	2 301	2 515
Net cost of providing services	17 059	15 506	20 629	19 466	-	-	37 688	34 972
Revenues from SA Government								
Revenues from SA Government	16 330	16 752	19 746	19 270	-	-	36 076	36 022
Total net revenues from SA Government	16 330	16 752	19 746	19 270	-	-	36 076	36 022
Net result	(729)	1 246	(883)	(196)	-	-	(1 612)	1 050

Libraries Board of South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2019

Assets and liabilities by program

	Provision of State Library Services		Support of Public Library Services		Eliminations		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Assets								
Assets	216 372	215 104	4 578	5 568	-	-	220 950	220 672
Total assets	216 372	215 104	4 578	5 568	-	-	220 950	220 672
Liabilities								
Liabilities	4 410	3 866	1 583	1 747	-	-	5 993	5 613
Total liabilities	4 410	3 866	1 583	1 747	-	-	5 993	5 613
Net assets	211 962	211 238	2 995	3 821	-	-	214 957	215 059

Libraries Board of South Australia
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 Board include the Premier of the State of South Australia as responsible for the Arts, the Chairman 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 \$537 000 (2018: \$771 000).

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*.

Transactions with key management personnel and other related parties

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.

The Board received an annual recurrent operating grant of \$36.076 million (2018: \$35.053 million) from the Department of the Premier and Cabinet. The operating grant is the primary source of revenue for the Board as disclosed under note 4.1.

2.2. Board and committee members

Members during the 2019 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

Board and committee remuneration

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

	2019	2018
\$0 - \$19 999	8	8
Total number of Board members	8	8

The total remuneration received or receivable by members was \$57 000 (2018: \$52 000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

Libraries Board of South Australia
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	8 469	8 558
Employment on-costs superannuation	1 013	1 106
Annual leave	817	887
Targeted voluntary separation packages (refer below)	682	-
Payroll tax	557	558
Long service leave	539	327
Skills and experience retention leave	96	101
Board fees	48	48
Workers compensation provision adjustment	(3)	18
Other employee related expenses	207	210
Total employee benefits expenses	12 425	11 813

Effective 1 July 2018, employees of the business unit known as Arts South Australia (including the State Library of South Australia, and Public Library Services) within the Department of State Development were transferred to employment in the Department of Premier and Cabinet.

Employment on-costs - superannuation

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

Executive remuneration

	2019	2018
	Number	Number
The number of employees whose remuneration received or receivable falls within the following bands:		
\$151 001 to \$171 000	N/A	1
\$171 001 to \$191 000	1	1
\$211 001 to \$231 000	-	1
\$231 001 to \$251 000	1	-
Total	2	3

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits.

The total remuneration received or receivable by these staff for the year was \$414 000 (2018: \$580 000).

Targeted voluntary separation packages

	2019	2018
	\$'000	\$'000
Amounts paid to separated employees:		
Targeted Voluntary Separation Packages	682	754
Leave paid to separated employees	186	180
Recovery from the Department of Treasury and Finance	(584)	-
Net cost to the Board	284	934

Number of employees who received a TVSP during the reporting period	10	13
---	----	----

Libraries Board of South Australia
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	614	673
Long service leave	434	477
Skills and experience retention leave	100	99
Accrued salaries and wages	154	169
Total current employee benefits	1 302	1 418
<u>Non-current</u>		
Long service leave	2 679	2 453
Total non-current employee benefits	2 679	2 453
Total employee benefits	3 981	3 871

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 salaries and wages is measured as the amount unpaid at the reporting date at remuneration rates current at the 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. Details about the measurement of long service leave liability is provided as note 11.1.

Libraries Board of South Australia
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
Freight, courier, and postage	1 999	1 878
Information technology	1 879	1 704
Communications	849	830
Projects	731	268
Contractors	673	479
Minor equipment purchases and leasing	639	192
Cataloguing and end processing	518	528
Licences	428	490
Marketing and promotion	250	217
Preservation activities	254	196
Business services charge	244	236
Electronic resources	214	203
Insurance and risk management	184	203
Exhibitions	135	54
Travel and accommodation	85	91
Maintenance	82	99
Membership / Subscriptions	78	69
Consultants' fees	30	89
Doubtful Debts	14	-
Other	699	729
Total supplies and services	9 985	8 555

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:

	2019	2019	2018	2018
	Number	\$'000	Number	\$'000
Below \$10 000	-	-	5	7
\$10 000 or above	1	30	4	82
Total	1	30	9	89

3.2. Accommodation and facilities

	2019	2018
	\$'000	\$'000
Accommodation	1 540	1 600
Facilities	1 193	1 018
Security	539	518
Total accommodation and facilities	3 272	3 136

Libraries Board of South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2019

3.3. Depreciation and amortisation

	2019	2018
	\$'000	\$'000
Depreciation		
Buildings and improvements	1 877	1 820
Plant and equipment	148	151
Compactus and lifts	80	79
Computer equipment	72	89
Intangibles	41	27
Total depreciation and amortisation	2 218	2 166

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:

Class of asset	Useful life (years)
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.

Review 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.

3.4. Subsidies to Public Libraries

	2019	2018
	\$'000	\$'000
Library materials contribution	6 466	6 201
Operating contribution	4 901	4 901
Library materials local purchase contribution	665	663
Community information contribution	33	32
Community information access	20	20
Total subsidies to Public Libraries	12 085	11 817

Libraries Board of South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2019

4. Income

4.1. Net revenues from SA Government

	2019	2018
	\$'000	\$'000
<u>Revenues from SA Government</u>		
Recurrent operating grant	36 076	35 053
Capital grant	-	969
Total revenues from SA Government	36 076	36 022

Grants are recognised on receipt.

4.2. Fees and charges

	2019	2018
	\$'000	\$'000
Lecturing services	185	198
Photocopying services	50	37
Other fees and charges	38	75
Fees for services	10	12
Total revenues from fees and charges	283	322

4.3. Rent and facilities hire

	2019	2018
	\$'000	\$'000
Facilities hire	34	109
Rental income	88	165
Total revenues from rent and facilities hire	122	274

4.4. Resources received free of charge

	2019	2018
	\$'000	\$'000
Conservation services	112	149
Services received free of charge - Shared Services SA	244	236
Total resources received free of charge	356	385

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 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 3.1).

4.5. Investment income

	2019	2018
	\$'000	\$'000
Dividends	260	204
Interest	243	218
Dividend imputation credits	146	118
Distributions	83	55
Revaluation of debt instruments (investments)	69	-
Total investment revenues	801	595

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.

Libraries Board of South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2019

4.6. Net gain / (loss) from the disposal of non-current assets

	2019	2018
	\$'000	\$'000
<u>Debt instruments mandatorily measured at fair value through profit or loss</u>		
Proceeds from disposal	400	-
Less value of assets disposed	(403)	-
Net gain / (loss) from disposal at FVTPL	(3)	-
<u>Shares and other direct investments at cost</u>		
Proceeds from disposal	-	635
Less value of assets disposed	-	(430)
Net gain / (loss) from disposal at cost	-	205
<u>Property, plant and equipment</u>		
Proceeds from disposal	-	-
Less value of assets disposed	(1)	-
Net gain from disposal of property, plant and equipment	(1)	-
<u>Non current assets through profit or loss</u>		
Proceeds from disposal	400	635
Less value of assets disposed	(404)	(430)
Total net gain / (loss) from disposal of non-current assets seen in net result	(4)	205
<u>Equity instruments designated at fair value through other comprehensive income</u>		
Proceeds from disposal	412	-
Less value of assets disposed	(412)	-
Total net gain / (loss) from disposal of non-current assets seen in total other comprehensive income	-	-
<u>Total non current assets</u>		
Proceeds from disposal	812	635
Less value of assets disposed	(816)	(430)
Total net gain / (loss) from disposal of non-current assets seen in total comprehensive income	(4)	205

Libraries Board of South Australia
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	2018
	\$'000	\$'000
<u>Land, buildings and improvements</u>		
Land at fair value	4 530	4 530
Buildings and improvements at fair value	116 762	116 762
Accumulated depreciation at the end of the period	(65 000)	(63 123)
Total land, buildings and improvements	56 292	58 169
<u>Work in progress</u>		
Work in progress at cost	-	234
Total work in progress	-	234
<u>Compactus and lifts</u>		
Compactus and lifts at cost (deemed fair value)	2 496	2 494
Accumulated depreciation at the end of the period	(1 245)	(1 165)
Total compactus and lifts	1 251	1 329
<u>Plant and equipment</u>		
Plant and equipment at cost (deemed fair value)	2 007	1 961
Accumulated depreciation at the end of the period	(1 373)	(1 235)
Total plant and equipment	634	726
<u>Computer equipment</u>		
Computer equipment at cost (deemed fair value)	881	834
Accumulated depreciation at the end of the period	(694)	(684)
Total computer equipment	187	150
Total property, plant and equipment	58 364	60 608

All non-current assets with a value of \$10 000 or greater are capitalised, with the exception of Compactus and Lifts category.

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.

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

Libraries Board of South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2019

Reconciliation 2018-19

	Buildings and Land		Work in improv. progress	Compactus and lifts	Plant and equip.	Computer equip.	Total tangible assets	Computer Software	Total intangible assets
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2018	4 530	53 639	234	1 329	726	150	60 608	134	134
Additions	-	-	73	2	56	-	131	-	-
Depreciation and amortisation	-	(1 877)	-	(80)	(148)	(72)	(2 177)	(41)	(41)
Transfers to/(from) works in progress	-	-	(307)	-	-	109	(198)	198	198
Carrying amount at the end of period	4 530	51 762	-	1 251	634	187	58 364	291	291

5.2. Intangible assets

	2019 \$'000	2018 \$'000
<u>Intangibles</u>		
Computer software	451	253
Accumulated amortisation	(160)	(119)
Total intangibles	291	134

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.

Libraries Board of South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2019

5.3. Research and heritage collections

	At valuation	At cost / additions	Total
	\$'000		\$'000
Monographs	39 510	104	39 614
Private archives	35 868	40	35 908
Rare books and named collections	29 334	50	29 384
Periodicals	12 606	295	12 901
Mortlock use collections	10 315	69	10 384
Newspapers purchased	6 568	196	6 764
Maps	6 362	15	6 377
Mortlock audio-visual	894	16	910
Microfilm serials	57	135	192
Family history collection	145	1	146
Purchased databases	16	-	16
Total research and heritage collections	141 675	921	142 596

Reconciliation 2018-19

The following table shows the movement of research and heritage collection assets during 2018-19:

	Balance at 1 July	Additions	Balance at 30 June
	\$'000	\$'000	\$'000
Monographs	39 580	34	39 614
Private archives	35 905	3	35 908
Rare books and named collections	29 374	10	29 384
Periodicals	12 804	97	12 901
Mortlock use collections	10 368	16	10 384
Newspapers purchased	6 702	62	6 764
Maps	6 376	1	6 377
Mortlock audio-visual	904	6	910
Microfilm serials	140	52	192
Family history collection	145	1	146
Purchased databases	16	-	16
Total research and heritage collections	142 314	282	142 596

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).

Libraries Board of South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2019

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.

Libraries Board of South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2019

6. Financial assets

6.1. Cash and cash equivalents

	2019	2018
	\$'000	\$'000
Deposits with the Treasurer	7 680	7 544
Cash on hand	7	7
Total cash and cash equivalents	7 687	7 551

Deposits with the 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 \$1.69 million (2018: \$1.87 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 2019. The total of these trust accounts is \$205 000 (2018: \$195 000).

6.2. Receivables

	2019	2018
	\$'000	\$'000
<u>Current</u>		
Prepayments	1 118	440
Trade receivables	190	136
Provision for doubtful debts	(14)	-
Accrued revenues	225	184
Total current receivables	1 519	760
<u>Non-current</u>		
Prepayments	15	2
Receivables	1	1
Total non-current receivables	16	3
Total receivables	1 535	763

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.

Libraries Board of South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2019

6.3. Investments

	2019	2018
	\$'000	\$'000
Non-current		
Shares and other direct investments in companies		
Carrying amount at the beginning of period	9 302	7 423
Investment market value movement from adoption of AASB 9	1 110	-
Additions	411	2 309
Disposals	(815)	(430)
Investment market value movement at end of financial year	469	
Total non-current investments	10 477	9 302
Total investments	10 477	9 302

	Equity instruments designated at fair value through other comprehensive income	Debt instruments mandatorily measured at fair value through profit or loss	Total investments
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2018	6 754	2 548	9 302
Investment market value movement from adoption of AASB 9	1 172	(62)	1 110
Additions	411	-	411
Disposals	(412)	(403)	(815)
Changes in fair value of investments	400	69	469
Carrying amount at the end of period	8 325	2 152	10 477

The equity instruments are carried at fair value.

During the comparative year, the investments were brought to account at cost in accordance with Accounting Policy Framework IV *Financial Asset and Liability Framework* APS 2.1. Gains and losses were recognised in profit or loss when they were sold.

During the current year, the equity investments were designated at fair value through other comprehensive income with all changes in fair value being taken to the investment reserve. On disposal of these equity investments, any related balance within the investment reserve will be reclassified to retained earnings.

During the current year, the debt instruments were designated at fair value through profit or loss with all changes in fair value going through profit or loss. On disposal of these debt instruments, any gains or losses will be recognised in profit and loss.

Dividends arising from all investments are recognised in the statement of comprehensive income.

For further information on risk management refer to note 11. For further information on the impact of AASB 9 refer to note 9.2

Libraries Board of South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2019

7. Liabilities

Employee benefits liabilities are disclosed in note 2.4.

7.1. Payables

	2019	2018
	\$'000	\$'000
<u>Current</u>		
Trade Payables	1 528	1 268
Employment on-costs	175	193
Total current payables	1 703	1 461
<u>Non-current</u>		
Employment on-costs	246	226
Total non-current payables	246	226
Total payables	1 949	1 687

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, ReturntoWorkSA levies and superannuation contributions and are settled when the respective employee benefits that they relate to are discharged.

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. The only liability outstanding at reporting date relates to any contributions due but not yet paid to superannuation schemes.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has remained at the 2018 rate of 41%, and the average factor for the calculation of employer superannuation on-costs has changed to 9.8% (2018 9.9%). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current and future financial years was immaterial.

Libraries Board of South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2019

7.2. Provisions

	2019 \$'000	2018 \$'000
<u>Current</u>		
Provision for workers' compensation	16	18
Total current provisions	16	18
<u>Non-current</u>		
Provision for workers' compensation	26	27
Total non-current provisions	26	27
Total provisions	42	45
Provision movement		
Carrying amount at the beginning of the period	45	27
Increase / (decrease) in provision recognised	(3)	18
Carrying amount at the end of the period	42	45

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 Board is responsible for the payment of workers compensation claims.

7.3. Other liabilities

	2019 \$'000	2018 \$'000
<u>Current</u>		
Income received in advance	11	-
Total current other liabilities	11	-
<u>Non-current</u>		
Contractual security deposit	10	10
Total non-current other liabilities	10	10
Total other liabilities	21	10

8. Other disclosures

8.1. Equity

Asset revaluation surplus

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.

Libraries Board of South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2019

Investment reserve

As a result of the implementation of AASB 9 *Financial Instruments*, an investment reserve has been created to record all changes in fair value of investments classified as fair value through other comprehensive income.

8.2. Cash flow

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 the Premier and Cabinet, 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 2019

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.

The Accounting Policy Statements also set out requirements in relation to Accounting Standards and Statements not yet effective. This is further discussed in note 10.3.

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 Board 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, where material 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, the impairment was considered immaterial to warrant separate disclosure in the statement of comprehensive income.
- 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.

Libraries Board of South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2019

9.2. AASB 9 Financial Instruments (continued)

	2018
	\$000
Closing retained earnings 30 June 2018 – AASB 139	87 921
Increase in provision for trade receivables	-
Adjustment to investment reserve from adoption of AASB 9	1 172
Adjustment to retained earnings from adoption of AASB 9	(62)
Opening retained earnings and investment reserve 1 July 2018 – AASB 9	89 031

On 1 July 2018, the Board has assessed and reclassified its financial assets into the appropriate AASB 9 categories depending on the business model and contractual cash flow characteristics applying to the asset. AASB 9 eliminates the AASB 139 categories of held to maturity, loans and receivables and available for sale.

On the date of initial application, the Board's financial instruments were as follows. The Board elected not to make any changes on implementation, rather the Board implemented changes at 30 June 2019.

	Measurement category		AASB 139	Carrying	AASB 9 at 1
	AASB 139	AASB 9	at 30 June	amount re-	July 2018
			2018	measurement	July 2018
			\$'000	\$'000	\$'000
<u>Current financial assets</u>					
Trade receivables	Loans and receivables	Amortised cost	136	-	136
<u>Non-current financial assets</u>					
Investments	At cost	Fair Value	9 302	1 110	10 412
<u>Current financial liabilities</u>					
Trade payables	Amortised cost	Amortised cost	1 268	-	1 268

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 Board are subject to AASB 9's new expected credit loss model:

- trade receivables from provision of services
- debt investments carried at amortised cost (i.e. bonds and debentures)

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 Board 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 impact to the loss allowance on 1 July 2018 for trade receivables external to Government.

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

Libraries Board of South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2019

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.

Shares and other direct investments in companies

Equity investments that would previously have been classified at cost are now classified as Fair Value through Other Comprehensive Income.

10. Outlook

10.1. Unrecognised contractual commitments

Commitments include operating and outsourcing 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	296	446
Later than one year but not longer than five years	1 144	1 710
Later than five years	-	428
Total operating lease commitments	1 440	2 584

The operating lease commitments predominantly comprise the Netley off-site storage. Other lease commitments relate 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:

	2019	2018
	\$'000	\$'000
Within one year	1 584	1 610
Total public libraries commitments	1 584	1 610

Other commitments

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

	2019	2018
	\$'000	\$'000
Within one year	3 039	3 412
Later than one year but not longer than five years	3 800	3 596
Later than five years	31	-
Total other commitments	6 870	7 008

10.2. 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 2019.

Libraries Board of South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2019

10.3. Impact of standards and statements not yet effective

An assessment has been made and the impact of AASB 15 *Revenue with Contracts with Customers*, AASB 1058 *Income of Not for Profit Entities* and AASB 16 *Leases* on the Board is immaterial.

10.4. Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June 2019 and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June 2019.

Note disclosure is made about events between 30 June 2019 and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June 2019 and which may have a material impact on the results of subsequent years.

There has not arisen in the interval between the end of the financial year and the date of this report, any other item, transaction or event of a material and unusual nature likely, in the opinion of the Board, to affect significantly the operations of the Board, the results of those operations, or the state of affairs of the Board in subsequent financial years.

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 of \$237 000.

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 demographical 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 taken in the next 12 months based on historical data

Libraries Board of South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2019

11.2. Fair value

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

Initial recognition

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

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

Revaluation

Property, plant and equipment are subsequently measured at fair value after allowing for accumulated depreciation.

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

Revaluation is undertaken as detailed below. If at any time management considers that 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.

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*.

The valuer used depreciated replacement cost 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.

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 less than \$1 million or had an estimated useful life that was less than three years. Plant and equipment have not been revalued in accordance with APS 116.D. The carrying value of these items are deemed to approximate fair value.

Heritage assets

These assets are classified in level 3 as there is no active market. An independent valuation of heritage assets was performed as at 30 June 2016 by Mr. P. Tinslay, NCJV Registered Valuer, of Aon Risk Solutions (Fine Arts Division). Fair value was determined by estimating the current replacement cost based on the limited market information available for similar heritage assets and reproduction materials.

Libraries Board of South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2019

11.3. 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 by grants from the Department of the Premier and Cabinet. The Board works with the Department of the Premier and Cabinet 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.

Impairment

There were no indications of impairment as at 30 June 2019.

Categorisation of financial instruments

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

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

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

- Held-to-maturity investments
- Loans 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 Board holds debt instruments which are measured at amortised cost and fair value through profit or loss and equity instruments classified at fair value through other comprehensive income (refer note 6.3).

At 1 July 2018, the Board designated the equity instruments (Investments) previously measured at cost, at fair value through other comprehensive income, since these instruments represent investments that the Board intends to hold for long term strategic purposes. At 1 July 2018, the Board designated debt instruments (Investments) previously measured at cost, at fair value through Profit and Loss.

Libraries Board of South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2019

Category of financial asset and financial liability	Statement of Financial Position line item	Note	2019	2018
			Carrying amount / fair value \$'000	Carrying amount / fair value \$'000
Financial assets				
Cash and cash equivalents				
Cash and cash equivalents	Cash	6.1	7 687	7 551
Financial assets at amortised cost				
Loans and receivables	Receivables	6.2	402	321
Financial assets classified as fair value				
Investments	Investments	6.3	10 477	9 302
Total financial assets			18 566	17 174
Financial liabilities				
Financial liabilities at amortised cost				
Financial liabilities (at cost)	Payables	7.1	1 476	1 216
Other	Other	7.3	21	10
Total financial liabilities			1 497	1 226

Receivables and Payables

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

The receivables amount disclosed here excludes prepayments as they are not financial assets. Prepayments are presented in note 6.2.