

Museum Board

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 Museum Board

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 16(3) of the *South Australian Museum Act 1976*, I have audited the financial report of the Museum Board and the consolidated entity comprising the Museum Board and its controlled entities 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 Museum Board and its controlled entities 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 consolidated 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, Museum Board and the Manager Corporate Services and the Director, South Australian Museum

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 Museum Board and its controlled entities. 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, South Australian Museum and Museum Board for the financial report

The Director, South Australian Museum 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 Museum Board are responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Museum Board and its controlled entities' internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director, South Australian Museum

- 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, South Australian Museum 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.



Andrew Richardson

Auditor-General

2 October 2019

Museum Board
Certification of the Financial Statements
for the year ended 30 June 2019

We certify that the attached general purpose financial statements for the Museum Board:

- 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 Museum Board; and
- present a true and fair view of the financial position of the Museum Board 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 Museum Board for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Dr Jane Lomax-Smith
Chair
Museum Board
1st October 2019



Brian Oldman
Director
SA Museum
1st October 2019



Brenton Macdonald
Manager Corporate Services
SA Museum
1st October 2019

Museum Board
Statement of Comprehensive Income
for the year ended 30 June 2019

| | Note | 2019 \$'000 | 2018 \$'000 |
|--|------|----------------|----------------|
| Expenses | | | |
| Employee benefits expenses | 2.3 | 9 361 | 8 599 |
| Supplies and services | 3.1 | 5 150 | 4 639 |
| Accommodation and facilities | 3.2 | 3 245 | 3 182 |
| Depreciation and amortisation | 3.3 | 2 192 | 2 183 |
| Grants expense | | 106 | 144 |
| Total expenses | | 20 054 | 18 747 |
| Income | | | |
| Grant income | 4.3 | 1 385 | 1 425 |
| Fees and charges | 4.4 | 833 | 1 122 |
| Sponsorships | 4.5 | 148 | 127 |
| Interest and investment income | 4.6 | 142 | 174 |
| Resources received free of charge | 4.7 | 596 | 570 |
| Sale of goods | | 1 426 | 1 676 |
| Donations and bequests | | 809 | 467 |
| Donations of heritage assets | | 897 | 937 |
| Recoveries | | 20 | 23 |
| Net gain from the disposal of non-current assets | 4.2 | - | 25 |
| Other income | 4.8 | 544 | 390 |
| Total income | | 6 800 | 6 936 |
| Net cost of providing services | | 13 254 | 11 811 |
| Revenues from SA Government | | | |
| Recurrent operating grant | | 11 792 | 11 901 |
| Capital grant | | - | 169 |
| Total revenues from SA Government | 4.1 | 11 792 | 12 070 |
| Net result | | (1 462) | 259 |
| 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 | 4.2 | (5) | - |
| Changes in fair value of investments classified as fair value through other comprehensive income | 6.3 | (50) | - |
| Total other comprehensive income | | (55) | - |
| Total comprehensive result | | (1 517) | 259 |

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

Museum Board
Statement of Financial Position
as at 30 June 2019

| | Note | 2019 \$'000 | 2018 \$'000 |
|--------------------------------------|------|----------------|----------------|
| Current assets | | | |
| Cash and cash equivalents | 6.1 | 4 494 | 4 741 |
| Receivables | 6.2 | 959 | 845 |
| Inventories | | 131 | 123 |
| Total current assets | | 5 584 | 5 709 |
| Non-current assets | | | |
| Receivables | 6.2 | 2 | 11 |
| Property, plant and equipment | 5.1 | 33 967 | 35 985 |
| Intangibles | 5.2 | 82 | 60 |
| Heritage collections | 5.3 | 295 566 | 294 589 |
| Investments | 6.3 | 1 934 | 1 814 |
| Total non-current assets | | 331 551 | 332 459 |
| Total assets | | 337 135 | 338 168 |
| Current liabilities | | | |
| Payables | 7.1 | 1 355 | 1 164 |
| Employee benefits | 2.4 | 1 024 | 825 |
| Provisions | 7.2 | 12 | 12 |
| Total current liabilities | | 2 391 | 2 001 |
| Non-current liabilities | | | |
| Payables | 7.1 | 166 | 161 |
| Employee benefits | 2.4 | 1 812 | 1 746 |
| Provisions | 7.2 | 18 | 19 |
| Total non-current liabilities | | 1 996 | 1 926 |
| Total liabilities | | 4 387 | 3 927 |
| Net Assets | | 332 748 | 334 241 |
| Equity | | | |
| Asset revaluation surplus | 8.1 | 196 120 | 196 120 |
| Investment reserve | 8.1 | (26) | - |
| Retained earnings | | 136 654 | 138 121 |
| Total Equity | | 332 748 | 334 241 |

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

Museum Board
Statement of Changes in Equity
for the year ended 30 June 2019

| | Asset | | | |
|--|-------------|------------|----------|---------|
| | revaluation | Investment | Retained | Total |
| | surplus | reserve | earnings | equity |
| Note | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at 1 July 2017 | 196 120 | - | 137 862 | 333 982 |
| Net result for 2017-18 | - | - | 259 | 259 |
| Total comprehensive result for 2017-18 | - | - | 259 | 259 |
| Balance at 30 June 2018 | 196 120 | - | 138 121 | 334 241 |
| Adjustments on initial adoption of AASB 9 | - | 24 | - | 24 |
| Adjusted balance as at 1 July 2018 | 196 120 | 24 | 138 121 | 334 265 |
| Net result for 2018-19 | - | - | (1 462) | (1 462) |
| Gain / (loss) on sale of investments classified as fair value through other comprehensive income | - | (5) | - | (5) |
| Transfer of revaluation loss on sale of investments from investment reserve to retained earnings | - | 5 | (5) | - |
| Fair value movement of investments classified as fair value through other comprehensive income | - | (50) | - | (50) |
| Total comprehensive result for 2018-19 | - | (50) | (1 467) | (1 517) |
| Balance at 30 June 2019 | 196 120 | (26) | 136 654 | 332 748 |

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

Museum Board
Statement of Cash Flows
for the year ended 30 June 2019

| | 2019 | 2018 |
|---|-----------------|-----------------|
| | \$'000 | \$'000 |
| | (Outflows) | (Outflows) |
| | Inflows | Inflows |
| <u>Cash flows from operating activities</u> | | |
| Cash outflows | | |
| Employee benefits payments | (9 093) | (8 711) |
| Payments for supplies and services | (4 348) | (3 944) |
| Accommodation and facilities | (3245) | (3 182) |
| Grant payments | (106) | (144) |
| GST payments to the ATO | (28) | (146) |
| Cash used in operations | (16 820) | (16 127) |
| Cash inflows | | |
| Sale of goods | 1 425 | 1 676 |
| Grant contributions | 1 385 | 1 425 |
| Donations and bequests | 809 | 467 |
| Fees and charges | 777 | 1 112 |
| Sponsorships | 148 | 127 |
| Interest and investment income | 176 | 162 |
| Recoveries | 20 | 23 |
| Other | 491 | 600 |
| Cash generated from operations | 5 231 | 5 592 |
| Cash flows from SA Government | | |
| Recurrent operating grant | 11 792 | 11 901 |
| Capital grant | - | 169 |
| Cash generated from SA Government | 11 792 | 12 070 |
| Net cash provided by / (used in) operating activities | 203 | 1 535 |
| <u>Cash flows from investing activities</u> | | |
| Cash inflows | | |
| Proceeds from sale of investments | 448 | 1 527 |
| Cash generated from investing activities | 448 | 1 527 |
| Cash outflows | | |
| Purchases of heritage collections | (80) | (25) |
| Purchases of property, plant and equipment and intangibles | (196) | (243) |
| Purchases of investments | (622) | (1 493) |
| Cash used in investing activities | (898) | (1 761) |
| Net cash provided by / (used in) investing activities | (450) | (234) |
| Net increase / (decrease) in cash and cash equivalents | (247) | 1 301 |
| Cash and cash equivalents at the beginning of the period | 4 741 | 3 440 |
| Cash and cash equivalents at the end of the period | 4 494 | 4 741 |

6.1

The accompanying notes form part of these financial statements.

Museum Board
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

NOTES TO THE FINANCIAL STATEMENTS

| | | |
|-----------|---|-----------|
| 1. | About the Museum Board | 8 |
| 1.1. | Basis of preparation | 8 |
| 1.2. | Objectives | 9 |
| 2. | Board, committees and employees | 9 |
| 2.1. | Key management personnel | 9 |
| 2.2. | Board and committee members | 10 |
| 2.3. | Employee benefits expenses | 10 |
| 2.4. | Employee benefits liability | 12 |
| 3. | Expenses | 13 |
| 3.1. | Supplies and services | 13 |
| 3.2. | Accommodation and facilities | 13 |
| 3.3. | Depreciation and amortisation | 14 |
| 4. | Income | 15 |
| 4.1. | Revenues from SA Government | 15 |
| 4.2. | Net gain from the disposal of non-current assets | 15 |
| 4.3. | Grant income | 15 |
| 4.4. | Fees and charges | 15 |
| 4.5. | Sponsorships | 15 |
| 4.6. | Interest and investment income | 16 |
| 4.7. | Resources received free of charge | 16 |
| 4.8. | Other income | 16 |
| 5. | Non-financial assets | 17 |
| 5.1. | Property, plant and equipment | 17 |
| 5.2. | Intangible assets | 18 |
| 5.3. | Heritage collections | 18 |
| 6. | Financial assets | 20 |
| 6.1. | Cash and cash equivalents | 20 |
| 6.2. | Receivables | 21 |
| 6.3. | Investments | 22 |
| 7. | Liabilities | 22 |
| 7.1. | Payables | 22 |
| 7.2. | Provisions | 23 |
| 8 | Other disclosures | 24 |
| 9. | Changes in accounting policy | 24 |
| 9.1. | Treasurer's Instructions (Accounting Policy Statements) | 24 |
| 9.2. | AASB 9 Financial instruments | 25 |

Museum Board
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

| | |
|---|-----------|
| 10. Outlook | 27 |
| 10.1. Unrecognised contractual commitments | 27 |
| 10.2. Events after the reporting period | 27 |
| 11. Measurement and risk | 28 |
| 11.1. Long service leave liability – measurement..... | 28 |
| 11.2. Fair Value..... | 28 |
| 11.3. Financial instruments..... | 29 |

Museum Board

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

1. About the Museum Board

The Museum Board (the Board) is a statutory authority of the State of South Australia, constituted pursuant to section 3 of the *South Australian Museum Act 1976*. The Board is charged with the management of the South Australian Museum (the Museum) under the Act.

The consolidated financial statements have been prepared by combining the financial statements of the Museum Board, SA Museum Foundation Incorporated and the SA Museum Foundation Fund in accordance with AASB 10 *Consolidated Financial Statements*.

Consistent accounting policies have been applied and all inter-entity balances and transactions arising within the consolidated entity have been eliminated in full.

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 with reduced disclosure requirements.

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 8.

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.

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

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

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

The net GST receivable/payable to the ATO is not recognised as a receivable/payable 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 (DPC), is responsible for the remittance and collection of GST.

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.

Museum Board

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

1.2. Objectives

The functions of the Museum Board (the Board), as prescribed under the *South Australian Museum Act 1976*, are as follows:

- to undertake the care and management of the Museum
- to manage the premises of the Board
- to carry out, or promote, research into matters of scientific and historical interest
- to accumulate and care for objects and specimens of scientific or historical interest
- to accumulate and classify data in regard to any such matters
- to disseminate information of scientific or historical interest
- to advise the Minister on matters relating to scientific or historical research or collections
- to carry out any other functions assigned to the Board by this or any other Act or the Minister.

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 Minister for the Arts, the nine members of the Museum Board and the Director of the South Australian Museum, all who have responsibility for the strategic direction and management of the Board.

Total compensation for the Board's key management personnel \$308 000 (2018: \$304 000).

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 the *Parliamentary Remuneration Act 1990*.

Transactions with key management personnel and other related parties

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

Museum Board
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

2.2. Board and committee members

Members during the 2018-19 financial year were:

Museum Board

The Hon Dr J Lomax-Smith AM (Chair)
 Prof D Adelson
 AJ Duthie
 SY Edwards
 P Hanlon (resigned 31 August 2018)
 A Noble
 E Rainieri (appointed 7 February 2019)
 D Rathman AM PSM
 TA Whiting
 R Perkins (deputy member to 31 August 2018)

Aboriginal Advisory Committee

D Rathman AM PSM (Chair)
 FH Lampard OAM
 S Miller
 T Sansbury (resigned 20 December 2018)
 V Wilson (appointed 20 December 2018)

*In accordance with the Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board/committee duties during the financial year.

Board and committee remuneration

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

| | 2019 | 2018 |
|--------------------------------|-------------|-------------|
| \$0 - \$19 999 | 10 | 9 |
| Total number of members | 10 | 9 |

The total remuneration received or receivable by members was \$26 000 (2018: \$24 000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

2.3. Employee benefits expenses

| | 2019 | 2018 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Salaries and wages | 6 374 | 6 404 |
| Targeted voluntary separation packages | 714 | 239 |
| Employee on-costs - superannuation | 701 | 694 |
| Annual leave | 558 | 524 |
| Employee on-costs - other | 382 | 352 |
| Long service leave | 372 | 147 |
| Salaries charged externally | 122 | 110 |
| Other employee related expenses | 81 | 75 |
| Skills and experience retention leave | 32 | 31 |
| Board fees | 25 | 23 |
| Total employee benefits expenses | 9 361 | 8 599 |

Museum Board
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

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.

Employee Remuneration

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

| | 2019 | 2018 |
|-----------------------|-----------------|-----------------|
| \$271 001 - \$291 000 | <u>1</u> | <u>1</u> |
| Total | <u><u>1</u></u> | <u><u>1</u></u> |

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 \$283,000 (2018: \$283 000).

Targeted voluntary separation packages (TVSP)

| | 2019 | 2018 |
|--|-------------------|-------------------|
| | \$'000 | \$'000 |
| Amounts paid to separated employees | | |
| Targeted voluntary separation packages | 714 | 288 |
| Leave paid to separated employees | <u>247</u> | <u>35</u> |
| | 961 | 323 |
| Recovery from the Department of Treasury and Finance | <u>(553)</u> | <u>-</u> |
| Net cost to the Board | <u><u>408</u></u> | <u><u>323</u></u> |

The number of employees who received a TVSP during the reporting period was: 8 4

Museum Board
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 |
| Current | | |
| Annual leave | 468 | 479 |
| Long service leave | 210 | 156 |
| Accrued salaries and wages | 287 | 118 |
| Skills and experience retention leave | 59 | 72 |
| Total current employee benefits | 1 024 | 825 |
| Non-current | | |
| Long service leave | 1 812 | 1 746 |
| Total non-current employee benefits | 1 812 | 1 746 |
| Total employee benefits | 2 836 | 2 571 |

Employee benefits accrue as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

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

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

The annual leave liability and the SERL liability in full is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

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 7.1.

Museum Board
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 |
| Exhibitions | 799 | 489 |
| Cost of goods sold | 512 | 606 |
| Other | 424 | 268 |
| Artlab conservation work | 397 | 366 |
| Marketing | 378 | 404 |
| Maintenance | 377 | 143 |
| Administration | 349 | 221 |
| Insurance and risk | 315 | 334 |
| Information technology | 376 | 385 |
| Research | 308 | 433 |
| Business services charge | 219 | 204 |
| Travel and accommodation | 212 | 139 |
| Contractors | 141 | 97 |
| Consultants | 101 | 133 |
| Minor equipment | 73 | 31 |
| Audit fees | 63 | 68 |
| Motor vehicle expenses | 35 | 58 |
| Hire, rent and equipment | 25 | 27 |
| OHS&W | 20 | 28 |
| Fees | 16 | 18 |
| Bad and doubtful debts | 10 | - |
| Legal Fees | 6 | 25 |
| Collections | (6) | 162 |
| Total supplies and services | 5 150 | 4 639 |

Consultants

The number of consultancies and 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 | 22 | 51 | 15 | 65 |
| \$10 000 or above | 3 | 50 | 5 | 68 |
| Total | 25 | 101 | 20 | 133 |

3.2. Accommodation and facilities

| | 2019 | 2018 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Facilities | 1 176 | 1 099 |
| Security | 1 040 | 1 010 |
| Electricity and gas | 583 | 660 |
| Accommodation | 446 | 413 |
| Total accommodation and facilities | 3 245 | 3 182 |

Museum Board
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 | 1 481 | 1,480 |
| Plant and equipment | 693 | 676 |
| Computer equipment | - | 1 |
| Total depreciation | 2 174 | 2 157 |
| Amortisation | | |
| Intangibles | 18 | 26 |
| Total amortisation | 18 | 26 |
| Total depreciation and amortisation | 2 192 | 2 183 |

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.

Lease incentives in the form of leasehold improvements are capitalised as an asset and depreciated over the remaining term of the lease or estimated useful life of the improvement, whichever is shorter.

Land and heritage collections are not depreciated.

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 life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate.

Useful life

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

| Class of asset | Useful life (years) |
|----------------------------|----------------------------|
| Buildings and improvements | 15-100 |
| <i>Plant and equipment</i> | |
| Exhibition | 10 |
| Other | 3-25 |
| Computer equipment | 3-5 |
| Intangibles | 5-10 |

Exhibitions with a life of less than one year are expensed.

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

Museum Board
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

4. Income

4.1. Revenues from SA Government

| | 2019 | 2018 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Recurrent operating grant | 11 792 | 11 901 |
| Capital grant | - | 169 |
| Total revenues from SA Government | 11 792 | 12 070 |

Grants

Grants are recognised on receipt.

4.2. Net gain from the disposal of non-current assets

| | 2019 | 2018 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Investments | | |
| Proceeds from disposal | 448 | 1 527 |
| Less value on sale of investments classified as fair value through other comprehensive income | (453) | (1 502) |
| Net gain (loss) from disposal of investments | (5) | 25 |

Total assets

| | | |
|--|-------------|-----------|
| Total proceeds from disposal | 448 | 1 527 |
| Less total carrying amount of assets disposed | (453) | (1 502) |
| Total net gain (loss) from disposal of non-current assets | (5) | 25 |

4.3. Grant income

| | 2019 | 2018 |
|---------------------|---------------|---------------|
| | \$'000 | \$'000 |
| General | 579 | 405 |
| Commonwealth | 541 | 844 |
| State Government | 265 | 176 |
| Total grants | 1 385 | 1 425 |

Grants are recognised on receipt.

4.4. Fees and charges

| | 2019 | 2018 |
|-------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Admissions | 483 | 635 |
| Functions | 235 | 296 |
| Fees for service | 52 | 177 |
| Other | 63 | 14 |
| Total fees and charges | 833 | 1 122 |

4.5. Sponsorships

| | 2019 | 2018 |
|---------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Cash sponsorships | 148 | 127 |
| Total sponsorships | 148 | 127 |

Museum Board
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

4.6. Interest and investment income

| | 2019 | 2018 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Investment income | 86 | 111 |
| Interest | 56 | 63 |
| Total interest and investment income | 142 | 174 |

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 established.

4.7. Resources received free of charge

| | 2019 | 2018 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Artlab conservation work | 377 | 366 |
| Services received free of charge - Shared Services SA | 219 | 204 |
| Total resources received free of charge | 596 | 570 |

Resources received free of charge are recorded as income and expenditure in the Statement of Comprehensive Income at their fair value.

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

4.8. Other income

| | 2019 | 2018 |
|---------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Other | 240 | 275 |
| Competition entry fees | 119 | - |
| Lab consumable recharge | 104 | 53 |
| Exhibition hire | 81 | 55 |
| Commission and royalties | - | 7 |
| Total other income | 544 | 390 |

Museum Board
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 |
| Land, buildings and improvements | | |
| Land at fair value | 5 300 | 5 300 |
| Buildings and improvements at fair value | 73 906 | 73 881 |
| Accumulated depreciation at the end of the period | (48 668) | (47 187) |
| Total land, buildings and improvements | 30 538 | 31 994 |
| Work in progress | | |
| Work in progress at cost | 101 | - |
| Total work in progress | 101 | - |
| Plant and equipment | | |
| Plant and equipment at cost (deemed fair value) | 10 027 | 10 078 |
| Accumulated depreciation at the end of the period | (6 699) | (6 087) |
| Total plant and equipment | 3 328 | 3 991 |
| Computer equipment | | |
| Computer equipment at cost (deemed fair value) | 48 | 48 |
| Accumulated depreciation at the end of the period | (48) | (48) |
| Total computer equipment | - | - |
| Total property, plant and equipment | 33 967 | 35 985 |

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

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

Reconciliation 2018-19

| | Buildings & Land improvements | Work in progress | Plant and equipment | Computer equipment | Total tangible assets |
|---|----------------------------------|---------------------|------------------------|-----------------------|--------------------------|
| 2019 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Carrying amount at 1 July 2018 | 5 300 | 26 694 | - | 3 991 | 35 985 |
| Additions | - | - | 156 | - | 156 |
| Disposals | - | - | - | (81) | (81) |
| Accumulated depreciation on disposals | - | - | - | 81 | 81 |
| Depreciation and amortisation | - | (1481) | - | (693) | (2174) |
| Transfer to/(from) capital works in progress | - | 25 | (55) | 30 | - |
| Carrying amount at the end of the period | 5 300 | 25 238 | 101 | 3 328 | 33 967 |

Museum Board
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

5.2. Intangible assets

| | 2019 | 2018 |
|--------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Computer software | 155 | 155 |
| Accumulated amortisation | (113) | (95) |
| Total computer software | 42 | 60 |
| | | |
| Work in progress | | |
| Work in progress at cost | 40 | - |
| Total work in progress | 40 | - |
| | | |
| Total intangible assets | 82 | 60 |

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

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

5.3. Heritage collections

| | 2019 | 2018 |
|--|----------------|----------------|
| | \$'000 | \$'000 |
| Entomology | 53 418 | 53 418 |
| Australian Aboriginal ethnology | 35 255 | 35 165 |
| Marine invertebrates | 30 063 | 29 658 |
| Foreign ethnology | 26 984 | 26 984 |
| Mineralogy | 19 788 | 19 777 |
| Archives/artwork | 18 451 | 18 449 |
| Mammalogy | 16 857 | 16 496 |
| Australian helminthological collection | 16 140 | 16 092 |
| Palaeontology | 14 946 | 14 946 |
| Archaeology | 14 434 | 14 434 |
| Ornithology | 9 229 | 9 212 |
| Australian polar collection | 8 982 | 8 954 |
| Australian biological tissue bank | 6 588 | 6 587 |
| Arachnology | 6 321 | 6 320 |
| Malacology | 5 258 | 5 258 |
| Herpetology | 4 298 | 4 292 |
| Rare books | 4 260 | 4 260 |
| Ichthyology | 3 459 | 3 452 |
| Social/industrial history | 587 | 587 |
| Public program collection | 248 | 248 |
| Total heritage collections | 295 566 | 294 589 |

Museum Board
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

5.3. Heritage collections (continued)

Reconciliation of carrying amounts of heritage collections

| | Opening balance | Additions | Closing balance |
|---|--------------------|---------------|-----------------|
| 2019 | \$'000 | \$'000 | \$'000 |
| Entomology | 53 418 | - | 53 418 |
| Australian Aboriginal ethnology | 35 165 | 90 | 35 255 |
| Marine invertebrates | 29 658 | 405 | 30 063 |
| Foreign ethnology | 26 984 | - | 26 984 |
| Mineralogy | 19 777 | 11 | 19 788 |
| Archives/artwork | 18 449 | 2 | 18 451 |
| Mammalogy | 16 496 | 361 | 16 857 |
| Australian helminthological collection | 16 092 | 48 | 16 140 |
| Palaeontology | 14 946 | - | 14 946 |
| Archaeology | 14 434 | - | 14 434 |
| Ornithology | 9 212 | 17 | 9 229 |
| Australian polar collection | 8 954 | 28 | 8 982 |
| Australian biological tissue bank | 6 587 | 1 | 6 588 |
| Arachnology | 6 320 | 1 | 6 321 |
| Malacology | 5 258 | - | 5 258 |
| Herpetology | 4 292 | 6 | 4 298 |
| Rare books | 4 260 | - | 4 260 |
| Ichthyology | 3 452 | 7 | 3 459 |
| Social/industrial history | 587 | - | 587 |
| Public Program Collection | 248 | - | 248 |
| Carrying amount at the end of the period | 294 589 | 977 | 295 566 |

The Board's heritage collections, except for the foreign archaeology, were revalued as at 30 June 2016 using the valuation methodology outlined below in accordance with fair value principles adopted under AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*. The foreign archaeology collection was revalued as at 30 June 2017.

These valuations were undertaken by Aon Risk Solutions.

The collections were broadly valued on the following basis:

| Collection | Method of valuation |
|-----------------------------|----------------------------|
| Heritage collections | Market approach |
| Natural history collections | Cost approach |

Heritage collection status applies to those collections where an established market exists.

Natural history collections have been valued at fair value on the basis of the cost of fieldwork, preparation and documentation to replace the material in its present condition.

Heritage collections deemed to have market value are Australian Aboriginal ethnology, foreign ethnology, Australian polar collection, social/industrial history collection, mineralogy, museum library, archives/artworks, rare books and public programs.

Museum Board
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

5.3. Heritage collections (continued)

Natural history collections valued at cost of recovery are the Australian biological tissue bank, marine invertebrates, malacology, ichthyology, palaeontology, arachnology, entomology, ornithology, the Australian helminthological collection, archaeology, mammalogy and herpetology.

The public programs collection is a new collection which was valued for the first time in the 30 June 2016 valuation. This collection consists of both the Waterhouse Art Prize collection and the ANZANG nature photography collection.

The valuations of heritage collections deemed to have market value were carried out by the following recognised industry experts:

| Collection | Industry expert |
|---------------------------------|------------------------|
| Australian Aboriginal ethnology | D Davidson |
| Foreign ethnology | D Davidson |
| Australian polar collection | H Miller & P Tinslay |
| Archaeology | H Miller |
| Mineralogy | J Alford |
| Archives | H Miller & P Tinslay |
| Museum library | P Tinslay |
| Public programs | H Miller |
| Social/Industrial history | J Munroe |

Collections deemed to be culturally sensitive, including human remains or items which are secret and sacred to Aboriginal communities have not been included within the current valuation and are considered at zero valuation. These collections are human biology and secret sacred material.

6. Financial assets

6.1. Cash and cash equivalents

| | 2019 | 2018 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Deposits with the Treasurer | 1 398 | 1 501 |
| Term deposits | 600 | 608 |
| Cash on hand | 2 | 12 |
| Deposits with banks | 2 494 | 2 620 |
| Total cash and cash equivalents | 4 494 | 4 741 |

Deposits with the Treasurer

Deposits with the Treasurer are a combination of funds held in the "Museum Board Account", an account held with the Treasurer of South Australia pursuant to section 21 of the *Public Finance and Audit Act 1987*, and funds held in the Arts South Australia Operating Account. This account is held with the Treasurer of South Australia pursuant to section 8 of the *Public Finance and Audit Act 1987*. There are stipulated restrictions on the use of the Zimmerman Bequest component of the cash funds available \$113 000 (2018: \$111 000) and the Bonython Bequest component of the cash funds available \$22 000 (2018: \$22 000).

Cash other

Cash other is term deposits, cash held for investments by Hood Sweeney with Macquarie Bank and cash held by the SA Museum Foundation Incorporated and SA Museum Foundation Fund. There are restrictions in place for the cash accounts for Norman B Tindale Memorial, Mawson Collection, Thyne Reid and High Noon \$463 000 (2018: \$575 000).

Museum Board
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

6.2. Receivables

| | 2019 | 2018 |
|--------------------------------------|------------|------------|
| | \$'000 | \$'000 |
| Current | | |
| <u>Trade receivables</u> | | |
| Trade receivables | 464 | 348 |
| Less allowance for doubtful debts | (10) | (28) |
| Total trade receivables | 454 | 320 |
| GST receivable | 447 | 419 |
| Accrued revenues | 34 | 68 |
| Prepayments | 24 | 38 |
| Total current receivables | 959 | 845 |
| Non-current | | |
| Accrued revenues | - | 1 |
| Prepayments | 2 | 10 |
| Total non-current receivables | 2 | 11 |
| Total receivables | 961 | 856 |

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Receivables, prepayments and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

Impairment of receivables

| | 2019 | 2018 |
|---|-----------|-----------|
| | \$'000 | \$'000 |
| Balance at 30 June 2018 under AASB 139 | 28 | 37 |
| Adjustment on initial adoption of AASB 9 | - | - |
| Carrying amount at the beginning of the period | 28 | 37 |
| Increase/(decrease) in the allowance | (18) | (9) |
| Carrying amount at the end of the period | 10 | 28 |

Refer to note 9.3 for details regarding credit risk and the methodology for determining impairment.

Museum Board
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

6.3. Investments

| | 2019 | 2018 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Listed equity instruments at cost | - | 1 814 |
| <u>Investments classified as fair value through other comprehensive income</u> | | |
| Listed equity instruments designated at fair value through other comprehensive income | 1 934 | - |
| Total non-current investments | 1 934 | 1 814 |
| | | |
| Total investments | 1 934 | 1 814 |

From 1 July 2018 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.

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

Of the four investment accounts; Museum Board, Norman B Tindale, Memorial Mawson Collection and Thyne Reid - there are restrictions in place for Norman B Tindale Memorial, Mawson Collection and Thyne Reid relating to funds totalling \$1.3 million (2018: \$1.1 million).

7. Liabilities

Employee benefits liabilities are disclosed in note 2.4.

7.1. Payables

| | 2019 | 2018 |
|-----------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Current | | |
| Trade Payables | 1 241 | 1 050 |
| Employment on-costs | 114 | 114 |
| Total current payables | 1 355 | 1 164 |
| | | |
| Non-current | | |
| Employment on-costs | 166 | 161 |
| Total non-current payables | 166 | 161 |
| | | |
| Total payables | 1 521 | 1 325 |

Museum Board
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

7.1. Payables (continued)

Payables and accruals are raised for all amounts owing but unpaid. Sundry payables are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short-term nature.

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

Employment on-costs

Employment on-costs include payroll tax, ReturnToWorkSA levies and superannuation contributions and are settled when the respective employee benefits that they relate to is 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 the South Australian Superannuation Board.

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

Paid parent leave scheme

Paid Parental Leave Scheme payable represents amounts which the Board has received from the Commonwealth Government to forward onto eligible employees via the department's standard payroll processes. That is, the Board is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance Office.

7.2. Provisions

| | 2019 | 2018 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Current | | |
| Provision for workers compensation | 12 | 12 |
| Total current provisions | 12 | 12 |
| Non-current | | |
| Provision for workers compensation | 18 | 19 |
| Total non-current provisions | 18 | 19 |
| Total provisions | 30 | 31 |
| Movement in provisions | | |
| Carrying amount at the beginning of the period | 31 | 45 |
| Additional provision recognised | - | 26 |
| Reductions resulting from payment / other sacrifices of future economic benefits | - | (40) |
| Reductions resulting from re-measurement or settlement without cost | (1) | - |
| Carrying amount at the end of the period | 30 | 31 |

Museum Board

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

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.

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.

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

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

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:

- removal of the additional requirement to report transactions with the SA Government.
- increasing the bands from \$10,000 to \$20,000 for employee and board member reporting.
- no longer recognising financial assets at historic cost as required under APF IV - Financial Asset and Liability Framework.

The Accounting Policy Statements also set out requirements in relation to Accounting Standards and Statements not yet effective. This is further discussed in note 9.3.

Museum Board
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

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* requires the impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. In prior years, this information was presented as part of other expenses.
- *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 impact on the recognition, measurement or classification of financial liabilities.

The total impact on the Board's retained earnings and investment reserve as at 1 July 2018 is as follows:

| | |
|--|----------------|
| | <u>\$000</u> |
| Closing retained earnings 30 June 2018 – AASB 139 | 138 121 |
| Adjustment to investment reserve from adoption of AASB 9 | <u>24</u> |
| Opening retained earnings and investment reserve 1 July 2018 – AASB 9 | 138 145 |

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.

Museum Board
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

9.2. AASB 9 Financial instruments (continued)

On the date of initial application, the Board's financial instruments were as follows, with any reclassifications noted.

| | Measurement category | | AASB 139 at | Carrying | AASB 9 at 1 |
|---|-----------------------|---|--------------|-----------------------|-------------|
| | AASB 139 | AASB 9 | 30 June 2018 | amount re-measurement | July 2018 |
| | | | \$'000 | \$'000 | \$'000 |
| <u>Current financial assets</u> | | | | | |
| Trade receivables | Loans and receivables | Amortised cost | 348 | - | 348 |
| <u>Non-current financial assets</u> | | | | | |
| Investments | Available for sale | Fair value through other comprehensive income | 1 814 | 24 | 1 838 |
| <u>Current financial liabilities</u> | | | | | |
| Trade payables | Amortised cost | Amortised cost | 1 050 | - | 1 050 |

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.

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

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

Investments

The fair value of listed investments is based on the published market price from the Australian Stock Exchange.

Museum Board
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

10. Outlook

10.1. Unrecognised contractual commitments

Operating Commitments include operating and outsourcing commitments arising from contractual or statutory sources and are disclosed at their nominal value.

Unrecognised contractual commitments 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 under non-cancellable operating leases at the reporting date not recognised as liabilities in the financial statements are payable as follows:

| | 2019 | 2018 |
|---|-----------|-----------|
| | \$'000 | \$'000 |
| Within one year | 24 | 21 |
| Later than one year but not later than five years | 44 | 61 |
| Total operating lease commitments | 68 | 82 |

There are no purchase options available to the Board.

The Board's operating leases are for non-cancellable motor-vehicle leases.

Other commitments

| | 2019 | 2018 |
|---|--------------|--------------|
| | \$'000 | \$'000 |
| No later than one year | 1 246 | 1 365 |
| Later than one year but not later than five years | 2 975 | 2 379 |
| Later than five years | - | 340 |
| Total other commitments | 4 221 | 4 084 |

The Board's other commitments are for agreements for security and cleaning.

10.2. Events after the reporting period

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 members 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.

Museum Board
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

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 \$174 000.

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 demographic and financial assumptions – including the long-term discount rate.

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

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.

The revaluation process is reviewed by the Manager Corporate Services and Finance, Audit & Risk Committee each year.

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 \$1.5 million and estimated useful life is greater than three years.

Revaluation is undertaken on a regular cycle 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.

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.

Museum Board
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Land and buildings

An independent valuation of land and buildings was performed as at 30 June 2014 by a Certified Practising Valuer from Valcorp Australia Pty. Ltd.

Fair value of land has been determined using the market approach. The valuation was based on recent market transactions for similar land in the area and includes adjustment for factors specific to the land such as size and location. For land classified as restricted in use, adjustments were applied to reflect the restriction.

The fair value of buildings was determined using current replacement cost, due to there not being an active market. The current replacement cost considered the need for ongoing provision of government services, specialised nature and restricted use of the assets, their size, condition and location.

Plant and equipment

All items of plant and equipment had a fair value at the time of acquisition less than \$1.5 million and had an estimated useful life of no less than three years. Plant and equipment has not been revalued in accordance with APS 116.D. The carrying value of these items are deemed to approximate fair value.

11.3. Financial instruments

Financial risk management

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

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

Interest rate risk

Interest is calculated based on the average daily balances of the interest bearing funds. The interest bearing funds of the Board are held in the section 21 interest bearing account titled the "Museum Board Account" and in the accounts identified in cash other.

Categorisation of financial instruments

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

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

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

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

Museum Board
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

11.3. Financial risk management / financial instruments (continued)

Classification applicable from 1 July 2018 under AASB 9 Financial Instruments

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

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

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; 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 measures all financial instruments at amortised cost or fair value.

| | | 2019 |
|---|-------------|--|
| Category of financial asset and financial liability | Note | Carrying amount / fair value \$'000 |
| Financial assets | | |
| Cash and cash equivalents | | |
| Cash and cash equivalents | 6.1 | 4 494 |
| Financial assets at amortised cost | | |
| Receivables | 6.2 | 488 |
| Held to maturity investments | | |
| Listed equity instruments designated at fair value through other comprehensive income | 6.3 | 1 934 |
| Total financial assets | | 6 91€ |
| Financial liabilities | | |
| Financial liabilities at amortised cost | | |
| Payables | 7.1 | 1 194 |
| Total financial liabilities | | 1 194 |

| | | 2018 |
|--|-------------|--|
| Category of financial asset and financial liability | Note | Carrying amount / fair value \$'000 |
| Financial assets | | |
| Cash and cash equivalents | | |
| Cash and cash equivalents | 6.1 | 4 741 |
| Financial assets at amortised cost | | |
| Receivables | 6.2 | 389 |
| Held to maturity investments | | |
| Investments | 6.3 | 1 814 |
| Total financial assets | | 6 944 |
| Financial liabilities | | |
| Financial liabilities at amortised cost | | |
| Payables | 7.1 | 1 005 |
| Total financial liabilities | | 1 005 |

Museum Board
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

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.