



Level 9  
State Administration Centre  
200 Victoria Square  
Adelaide SA 5000  
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 Presiding Member Office of Green Industries SA

### Opinion

I have audited the financial report of the Office of Green Industries SA for the financial year ended 30 June 2022.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Office of Green Industries SA as at 30 June 2022, its financial performance and its cash flows for the year then ended in accordance with relevant 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 2022
- a Statement of Financial Position as at 30 June 2022
- a Statement of Changes in Equity for the year ended 30 June 2022
- a Statement of Cash Flows for the year ended 30 June 2022
- notes, comprising material accounting policies and other explanatory information
- a Certificate from the Presiding Member, Chief Executive and Associate Director, Governance and Business.

### 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 Office of Green Industries SA. 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 (including Independence Standards)* have been met.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Responsibilities of the Chief Executive and the Board for the financial report**

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant 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.

In preparing the financial report, the Chief Executive is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Chief Executive is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

The Board are responsible for overseeing the entity's financial reporting process.

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

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Office of Green Industries SA for the financial year ended 30 June 2022.

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 Office of Green Industries SA's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- conclude on the appropriateness of the Chief Executive's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- 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 Presiding Member and Chief Executive 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.



Daniel O'Donohue

**Assistant Auditor-General (Financial Audit)**

28 September 2022

**Green Industries SA  
(GISA)**

**Financial Statements**

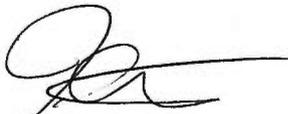
**For the year ended 30 June 2022**

**Green Industries SA**  
**Certification of Financial Statements**  
*for the year ended 30 June 2022*

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We certify that the:

- financial statements of Green Industries SA:
  - are in accordance with the accounts and records of Green Industries SA;
  - comply with relevant Treasurer's Instructions;
  - comply with relevant accounting standards; and
  - present a true and fair view of the financial position of Green Industries SA at the end of the financial year and the results of their operations and cash flows for the financial year.
- internal controls employed by Green Industries SA for the financial year over their financial reporting and their preparation of financial statements have been effective.



Ian Overton

**Chief Executive**

28 September 2022



Josh Wheeler

**Associate Director, Governance and  
Business**

29 September 2022



Kevin McGuinness

**Presiding Member**

Board of Green Industries SA

28 September 2022

**Green Industries SA**  
**Statement of Comprehensive Income**  
*for the year ended 30 June 2022*

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	Note	2022 \$'000	2021 \$'000
<b>Income</b>			
Solid waste levies	1.5	49 470	48 346
Revenues from SA Government	2.1	3 836	7 731
Appropriation	2.2	-	2 000
Interest	2.3	82	142
Resources received free of charge	2.4	32	36
Other income	2.5	70	58
<b>Total income</b>		<b>53 490</b>	<b>58 313</b>
<b>Expenses</b>			
Employee benefits expenses	3.3	3 646	3 254
Supplies and services	4.1	3 282	8 279
Depreciation	5.1	54	54
Grants and subsidies	4.2	62 602	72 786
Other expenses	4.3	18	18
<b>Total expenses</b>		<b>69 602</b>	<b>84 391</b>
<b>Net result</b>		<b>(16 112)</b>	<b>(26 078)</b>
<b>Total comprehensive result</b>		<b>(16 112)</b>	<b>(26 078)</b>

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

**Green Industries SA**  
**Statement of Financial Position**  
*as at 30 June 2022*

	Note	2022 \$'000	2021 \$'000
<b>Current assets</b>			
Cash and cash equivalents	6.1	68 194	89 835
Receivables	6.2	485	104
Loans	6.3	731	906
<b>Total current assets</b>		<b>69 410</b>	<b>90 845</b>
<b>Non-current assets</b>			
Property, plant and equipment	5.1	320	374
Loans	6.3	2 029	3 000
<b>Total non-current assets</b>		<b>2 349</b>	<b>3 374</b>
<b>Total assets</b>		<b>71 759</b>	<b>94 219</b>
<b>Current liabilities</b>			
Payables	7.1	1 072	7 147
Employee benefits	3.4	571	441
Other liabilities	7.3	64	69
Provisions	7.2	10	5
<b>Total current liabilities</b>		<b>1 717</b>	<b>7 662</b>
<b>Non-current liabilities</b>			
Payables	7.1	50	79
Employee benefits	3.4	513	842
Other liabilities	7.3	308	372
Provisions	7.2	30	11
<b>Total non-current liabilities</b>		<b>901</b>	<b>1 304</b>
<b>Total liabilities</b>		<b>2 618</b>	<b>8 966</b>
<b>Net assets</b>		<b>69 141</b>	<b>85 253</b>
<b>Equity</b>			
Retained earnings		69 141	85 253
<b>Total equity</b>		<b>69 141</b>	<b>85 253</b>

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

**Green Industries SA**  
**Statement of Changes in Equity**  
*for the year ended 30 June 2022*

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	<b>Retained earnings</b>	<b>Total equity</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 1 July 2020</b>	<u>111 331</u>	<u>111 331</u>
Net result for 2020-21	<u>(26 078)</u>	<u>(26 078)</u>
<b>Total comprehensive result for 2020-21</b>	<u>(26 078)</u>	<u>(26 078)</u>
<b>Balance at 30 June 2021</b>	<u>85 253</u>	<u>85 253</u>
Net result for 2021-22	<u>(16 112)</u>	<u>(16 112)</u>
<b>Total comprehensive result for 2021-22</b>	<u>(16 112)</u>	<u>(16 112)</u>
<b>Balance at 30 June 2022</b>	<u><u>69 141</u></u>	<u><u>69 141</u></u>

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

**Green Industries SA**  
**Statement of Cash flows**  
*for the year ended 30 June 2022*

	Note	2022 \$'000	2021 \$'000
<b>Cash flows from operating activities</b>			
<i>Cash inflows</i>			
Waste levies received		49 470	48 403
Receipts from SA Government		3 833	9 731
Interest received		86	111
Other receipts		15	58
<b>Cash generated from operations</b>		<b>53 404</b>	<b>58 303</b>
<i>Cash outflows</i>			
Employee benefits payments		(3 845)	(3 246)
Payments for supplies and services		(5 983)	(10 518)
Payments of grants and subsidies		(66 105)	(68 808)
Other payments		(18)	(18)
<b>Cash used in operations</b>		<b>(75 951)</b>	<b>(82 590)</b>
<b>Net cash used in operating activities</b>	8.1	<b>(22 547)</b>	<b>(24 287)</b>
<b>Cash flows from investing activities</b>			
<i>Cash inflows</i>			
Loans advanced		906	-
<b>Cash generated from investing activities</b>		<b>906</b>	<b>-</b>
<b>Net cash provided by investing activities</b>		<b>906</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(21 641)</b>	<b>(24 287)</b>
Cash and cash equivalents at the beginning of the reporting period		89 835	114 122
<b>Cash and cash equivalents at the end of the reporting period</b>	6.1	<b>68 194</b>	<b>89 835</b>

The accompanying notes form part of these financial statements.

# Green Industries SA

## Notes to and forming part of the financial statements

### for the year ended 30 June 2022

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#### 1. About Green Industries SA

Green Industries SA (GISA) is a not-for-profit entity and comprises the following:

- GISA – a statutory corporation with an appointed governing board established by the *Green Industries Act 2004*
- an administrative unit named the Office of Green Industries SA established under the *Public Sector Act 2009*
- the Green Industry Fund established under the *Green Industries SA Act 2004*.

The Chief Executive of the statutory corporation is subject to the control and direction of the Board in giving effect to its policies and decisions. The *Green Industries SA Act 2004* permits the statutory corporation to make use of the services of the administrative unit's employees and facilities.

#### 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*
- relevant Australian Accounting Standards.

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

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.

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.

The Department for Environment and Water (DEW) prepares a Business Activity Statement on behalf of GISA under the grouping provisions of the GST legislation. Under these provisions, DEW is liable for the payments and entitled to the receipts associated with GST. Therefore, GISA's net GST receivable/payable is recorded in DEW's Statement of Financial Position. GST cash flows applicable to GISA are recorded in DEW's Statement of Cash Flows.

**Green Industries SA**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2022*

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**1.2. Objectives and programs**

**Objectives**

GISA promotes waste management practices that, as far as possible, eliminate waste or its consignment to landfill; and promotes innovation and business activity in the waste management, resource recovery and green industry sectors, recognising these areas present a valuable opportunity to contribute to the state's economic growth.

To achieve its objectives, GISA undertakes programs and projects according to *South Australia's Waste Strategy 2020-25* and its strategic plan and annual business plan which include:

- developing and implementing government policy objectives in waste management, resource recovery, single-use plastics, green industry development and the circular economy
- encouraging innovation and economic growth through the circular and green economies and achieving environmental and community wellbeing gains
- helping businesses to be more productive with resources, reduce their costs through efficiencies in materials, water and energy, and become net-zero
- administering grants to local government and industry to drive innovation and support the circular economy through best practice in waste management, resource recovery, recycling and remanufacturing
- developing, administering and monitoring the State's Waste Strategy and food waste strategy
- reporting against landfill diversion targets, recycling outcomes and circular economy activity
- developing behaviour change programs to improve recycling and waste avoidance practices for households, schools and businesses
- functional lead for disaster waste management under the Government of South Australia's State Emergency Management Plan.

**Programs**

To achieve its objectives, GISA undertakes its services through a single program, 'Circular Economy and Green Industry Development'. Therefore, a Statement of Disaggregated Disclosures has not been prepared.

**1.3. Impact of COVID-19 pandemic on GISA**

The COVID-19 pandemic has not had a material impact on the operations of GISA in the 2021-22 financial year. Waste management services are identified as an essential service and continue to operate during restrictions.

**Green Industries SA**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2022*

**1.4. Budget performance**

The budget performance table compares GISA's outcomes against budget information presented to Parliament (2021-22 Budget Paper 4). The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

	Original Budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000
<b>Note</b>			
<b>Statement of Comprehensive Income</b>			
<b>Income</b>			
Solid waste levies	46 506	49 470	2 964
Revenues from SA Government	7 000	3 836	(3 164)
Interest	10	82	72
Revenues received free of charge	-	32	32
Other income	-	70	70
<b>Total income</b>	<b>53 516</b>	<b>53 490</b>	<b>(26)</b>
<b>Expenses</b>			
Employee benefits expenses	3 727	3 646	(81)
Supplies and services	4 056	3 282	(774)
Depreciation	54	54	-
Grants and subsidies	70 413	62 602	(7 811)
Other expenses	12	18	6
<b>Total expenses</b>	<b>78 262</b>	<b>69 602</b>	<b>(8 660)</b>
<b>Net result</b>	<b>(24 746)</b>	<b>(16 112)</b>	<b>8 634</b>

Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of the original budgeted total expenses.

a Grants and subsidies are \$7.811 million lower than the original budget primarily due to:

- Climate Change Initiatives administered by DEW where some funding was reallocated from 2021-22 to future years as a result of program re-profiling regarding the Securing the Future of Our Coastline project.
- Partially offset by additional funding from the Australian Government for the Food Waste for Healthy Soils Program \$1.362 million.

**1.5. Significant transactions with government related entities**

Significant transactions with the SA Government are identifiable throughout this financial report. In addition:

- GISA had significant transactions with the Environment Protection Authority (EPA) during the 2021-22 financial year. The receipts of \$49.470 million (2021: \$48.346 million) from the EPA are associated with the transfer of 50% of solid waste levy revenue collected in accordance with the *Environment Protection Act 1993* and transferred to GISA in accordance with section 17 of the *Green Industries SA Act 2004*.
- GISA also made significant intra government transfer payments of \$29.052 million (2021: \$10.027 million) to DEW and \$20.759 million (2021: \$53.333 million) to the Department for Energy and Mining (DEM) for climate change initiatives.

**Green Industries SA**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2022*

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**2. Income**

**2.1. Revenues from SA Government**

	2022	2021
	\$'000	\$'000
Intra-government transfers	3 836	7 731
<b>Total revenues from SA Government</b>	<b>3 836</b>	<b>7 731</b>

Revenues from SA Government are recognised as income on receipt.

Primarily related to funding of \$3.645 million received from the Australian Government via the Department of Treasury and Finance (DTF) for the National Partnership on Recycling Infrastructure Program.

**2.2. Appropriation**

	2022	2021
	\$'000	\$'000
Appropriation from Consolidated Account pursuant to the <i>Appropriation Act</i>	-	2 000
<b>Total appropriation</b>	<b>-</b>	<b>2 000</b>

Appropriation received in 2021 pursuant to the Appropriation Act consisted of \$2.0 million for operating funding associated with clean-up of bushfire-affected material. This appropriation comprised of money issued and applied to the department as per Schedule 1 of the Act.

**2.3. Interest**

	2022	2021
	\$'000	\$'000
Interest from the Green Industry Fund*	-	37
Interest on loan receivable^	82	105
<b>Total interest revenues</b>	<b>82</b>	<b>142</b>

\* Interest rate is determined by DTF.

^ Relates to interest revenue of \$60 910 collected from the Recycling Infrastructure loan – refer to note 6.2 and 6.3; and \$21 193 from the Commercialisation of Innovation loan – refer to note 6.3.

**2.4. Resources received free of charge**

	2022	2021
	\$'000	\$'000
Services received free of charge	32	36
<b>Total resources received free of charge</b>	<b>32</b>	<b>36</b>

Contributions of services are recognised only when a fair value can be determined reliably, and the services would be purchased if they had not been donated. GISA receives Financial Accounting, Taxation, Payroll, Accounts Payable from Shared Services SA free of charge valued at \$23 304 (2021: \$27 000), and ICT services valued at \$9 000 (2021: \$9 000) from the Department of the Premier and Cabinet.

**Green Industries SA**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2022*

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**2.5. Other income**

	2022	2021
	\$'000	\$'000
Grant refund *	8	53
Reimbursement of expenses incurred <sup>^</sup>	62	5
<b>Total other income</b>	<b>70</b>	<b>58</b>

\* Return of unspent funds to the Green Industry Fund related to the Recyclers SA project funded under the Circular Economy Market Development Grant Program that did not proceed in 2021-22.

<sup>^</sup> Primarily related to funding of \$50 000 reimbursed by South Australian Regional Development Australia Boards for the Benefits of a Circular Economy to Regional South Australia project.

**3. Board, committees and employees**

**3.1. Key management personnel**

Key management personnel of GISA include the Minister for Climate, Environment and Water (the Minister), Board Members, the Chief Executive, Director and Associate Directors, who have key responsibility for the strategic direction and management of GISA.

The compensation detailed in the table below excludes salaries and other benefits received by the Minister. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account under section 6 of the *Parliamentary Remuneration Act 1990*.

	2022	2021
	\$'000	\$'000
<b>Compensation</b>		
Salaries and other short term employee benefits*	1 054	776
Post-employment benefits	130	170
<b>Total</b>	<b>1 184</b>	<b>946</b>

\*GISA undertook an organisational restructure during 2021-22. The Executive team includes 6 key management personnel (2021: 4)

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

Related parties of GISA 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.

GISA did not enter into any transactions with key management personnel or their close family members during the reporting period.

Circular360 was established following an agreement between GISA and Circular Economy Alliance Australia Pty Ltd (CEAA). Refer to note 8.2. Two members of GISA's key management personnel were directors of Circular360 during 2021-22. One of GISA's key management personnel was replaced as a director of Circular360 and as at 30 June 2022, one member of GISA's key management personnel remains a director of Circular360. Grants provided by GISA to Circular360 during 2021-22 were \$300,000 (2021: nil). Refer note 4.2. There were no other transactions between GISA and Circular360.

**Green Industries SA**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2022*

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**3.2. Board and committee members**

Members during the 2021-22 financial year were:

**Green Industries SA Board**

K P McGuinness (Presiding Member)	A J Skull
J L Conduit	I Overton* (Ex Officio)
T Dodd	P P Sandercock
L I Henderson	V Tremaine

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

**Board and committee remuneration**

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

	2022	2021
\$0 - \$19 999	7	7
\$20 000 - \$39 999	1	1
<b>Total number of members</b>	<b>8</b>	<b>8</b>

The total remuneration received or receivable by members was \$89 000 (2021: \$87 000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

**3.3. Employee benefits expenses**

	2022	2021
	\$'000	\$'000
Salaries and wages	2 674	2 380
Employment on-costs - superannuation	326	389
Annual leave	282	246
Employment on-costs - other	163	128
Board and committees fees	80	80
Long service leave	77	13
Skills and experience retention leave	11	14
Targeted voluntary separation packages	30	-
Other employment related expenses	3	4
<b>Total employee benefits expenses</b>	<b>3 646</b>	<b>3 254</b>

**Employment on-costs – superannuation**

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

**Green Industries SA**  
**Notes to and forming part of the financial statements**  
**for the year ended 30 June 2022**

**3.3. Employee benefits expenses (continued)**

**Executive remuneration**

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

	2022	2021
	No	No
\$157 001 to \$177 000	2	-
\$177 001 to \$197 000	-	1
\$197 001 to \$217 000	-	1
\$217 001 to \$237 000	1	-
\$237 001 to \$257 000	-	1
\$277 001 to \$297 000	1	-
\$317 001 to \$337 000	-	1
<b>Total</b>	<b>4</b>	<b>4</b>

The total remuneration received by those employees for the years was \$0.825 million (2021: \$0.946 million).

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, termination payments, salary sacrifice benefits and fringe benefits and any related fringe benefits tax.

**Targeted Voluntary Separation Packages (TVSPs)**

The number of employees who accepted a Rejuvenation Scheme payment was 1 (2021: nil).

	2022	2021
	\$'000	\$'000
Amounts paid to separated employees:		
Rejuvenation Package	30	-
Leave paid to separated employees	5	-
<b>Net cost to GISA</b>	<b>35</b>	<b>-</b>

**3.4. Employee benefits liability**

	2022	2021
	\$'000	\$'000
<b>Current</b>		
Accrued salaries and wages	4	75
Annual leave	315	278
Long service leave	236	71
Skills and experience retention leave	16	17
<b>Total current employee benefits</b>	<b>571</b>	<b>441</b>
<b>Non-current</b>		
Long service leave	513	842
<b>Total non-current employee benefits</b>	<b>513</b>	<b>842</b>
<b>Total employee benefits</b>	<b>1 084</b>	<b>1 283</b>

**Green Industries SA**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2022*

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**3.4. Employee benefits liability (continued)**

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 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 of sick leave.

***Long service leave liability - measurement***

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

The actuarial assessment performed by DTF 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 bonds has increased from 2021 (1.25%) to 2022 (3.50%).

Following the actuarial assessment performed by DTF the salary inflation rate remained unchanged from 2021 (2.5%) for long service leave liability. The salary inflation rate for annual leave and skills, experience and retention leave liability has decreased from 2021(2.0%) to 2022 (1.50%)

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service liability of \$0.109 million. The impact on future periods is impracticable to estimate as the long service liability is calculated using a number of demographic and financial assumptions – including the long-term discount rate.

Current long service leave reflects the portion of leave expected to be settled within the next 12 months, based on the average proportion of long service leave taken or paid over the last year.

**Green Industries SA**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2022*

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**4. Expenses**

Employee benefits expenses are disclosed in note 3.3.

**4.1. Supplies and services**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Fee for service - community education programs	597	626
Waste disposal	366	368
Fee for service - waste strategy and policy including single-use plastics	303	421
Fee for service - circular economy	259	436
Fee for service - recycling and waste activities	249	101
General administration	232	180
Information technology and communication charges	168	93
Consultants	146	52
Accommodation	141	177
Contractors	109	46
Fee for service - DEW	83	87
Fee for service - other	62	59
Minor works, maintenance and equipment	49	55
Fee for service - light globes collection	48	43
Staff development	44	42
Fee for service - bushfire clean-up	-	5 038
Advertising	-	195
Other	426	260
<b>Total supplies and services</b>	<b>3 282</b>	<b>8 279</b>

**Accommodation**

GISA's accommodation is provided by DIT (Department for Infrastructure and Transport) under Memoranda of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies. These arrangements do not meet the definition of lease set out in AASB 16 and are accordingly expensed. Information about accommodation incentives relating to this arrangement is shown at note 7.3.

**Green Industries SA**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2022*

**4.2. Grants and subsidies**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Climate change initiatives *	49 811	63 360
Recycling Modernisation Grant Program ^	6 180	3 110
Bushfire Tree Clean up @	2 444	-
Recycling Infrastructure Grants Program - Industry and Local Government	1 896	2 782
Council Transition and Regional Transport Subsidies Program	884	1 169
Circular Economy Business Sustainability Program	306	271
Circular360 #	300	-
Circular Economy Market Development Grant Program	312	289
Local Government Program (Food Waste)	228	1 231
Charitable Recyclers Subsidy Program	192	106
Trade Waste Initiative	30	423
Other contributions	19	45
<b>Total grants and subsidies</b>	<b>62 602</b>	<b>72 786</b>

\* Intra government transfers for climate change projects as approved by the Minister under the *Green Industries SA Act 2004*, independent of the Board of Green Industries SA

^ A joint funded grant program by the Commonwealth and State governments to South Australia's resource recovery sector under the National Partnership on Recycling Infrastructure over 2020-21 to 2023-24.

@ Return of unspent funds previously received from DTF for Bushfire Tree Clean Up.

# Refer to note 8.2

**4.3. Other expenses**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Audit fees	18	18
<b>Total other expenses</b>	<b>18</b>	<b>18</b>

Audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* were \$18 000 (2021: \$18 000). No other services were provided by the Auditor-General's Department.

**Green Industries SA**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2022*

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**5. Non-financial assets**

**5.1. Property, plant and equipment owned by GISA**

Property, plant and equipment owned by GISA with a value of \$10 000 or greater are capitalised, otherwise it is expensed. Property, plant and equipment owned by GISA is recorded at fair value. Detail about GISA's approach to fair value is set out in note 10.2.

Property, plant and equipment comprises of tangible assets owned. The assets presented below do not meet the definition of investment property.

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.

Depreciation on leasehold improvements is calculated on a straight line basis over the estimated useful life of 12 years.

**Reconciliation 2021-22**

	Leasehold improvements \$'000	Total \$'000
Carrying amount at the beginning of the period	374	374
Depreciation	(54)	(54)
<b>Carrying amount at the end of the period</b>	<b>320</b>	<b>320</b>
<b>Gross carrying amount</b>		
Gross carrying amount	655	655
Accumulated depreciation	(335)	(335)
<b>Carrying amount at the end of the period</b>	<b>320</b>	<b>320</b>

**Reconciliation 2020-21**

	Leasehold improvements \$'000	Total \$'000
Carrying amount at the beginning of the period	428	428
Depreciation	(54)	(54)
<b>Carrying amount at the end of the period</b>	<b>374</b>	<b>374</b>
<b>Gross carrying amount</b>		
Gross carrying amount	652	652
Accumulated depreciation	(278)	(278)
<b>Carrying amount at the end of the period</b>	<b>374</b>	<b>374</b>

**Review of accounting estimates**

Assets' residual values and useful lives 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.

**Impairment**

Property, plant and equipment owned by GISA has been assessed for impairment. There was no indication of impairment. No impairment loss or reversal of impairment loss was recognised.

**Green Industries SA**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2022*

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**6. Financial assets**

**6.1. Cash and cash equivalents**

**Deposits with the Treasurer**

	2022 \$'000	2021 \$'000
Green Industry Fund	68 194	89 835
<b>Total cash and cash equivalents</b>	<b>68 194</b>	<b>89 835</b>

The Green Industry Fund is established under section 17 of the *Green Industries SA Act 2004*. The Fund must be kept as directed by the Treasurer. The Green Industry Fund deposit account was established under section 21 of the Public Finance and Audit Act 1987.

Cash is measured at nominal amounts. In accordance with section 17(5) of the *Green Industries SA Act 2004*, the Green Industry Fund may be applied by GISA or by the Minister for Climate, Environment and Water. In 2021-22, the Fund was used in accordance with the GISA 2021-22 business plan approved by the Board of GISA and Minister; and the Fund was also applied by the Minister towards the costs of climate change initiatives.

**6.2. Receivables**

<u>Current</u>	2022 \$'000	2021 \$'000
<b>Trade receivables</b>		
From non-government entities	67	-
Accrued revenues	301	65
Prepayments	116	39
Workers compensation recoveries	1	-
<b>Total current receivables</b>	<b>485</b>	<b>104</b>

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. Prepayments are not financial assets.

It is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Refer to note 10.3 for further information on risk management.

Accrued revenue relates to principal and interest repayment collected by South Australian Government Financing Authority (SAFA) for the Recycling Infrastructure loan – refer to note 6.3. In 2021-22, the principal receivable is \$240 183 and the associated interest revenue receivable is \$60 910.

**Green Industries SA**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2022*

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**6.3. Loans**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Current</u></b>		
Commercialisation of Innovation loan <sup>^</sup>	-	906
Recycling Infrastructure loan*	731	-
<b>Total current loans</b>	<b>731</b>	<b>906</b>
<b><u>Non-current</u></b>		
Recycling Infrastructure loan*	2 029	3 000
<b>Total non-current loans</b>	<b>2 029</b>	<b>3 000</b>
<b>Total loans</b>	<b>2 760</b>	<b>3 906</b>

<sup>^</sup> This is an investment loan initiated by GISA in 2016-17, to commercialise innovative waste and recycling technologies and ideas. A partnership between GISA and Innovyz Pty Ltd (a South Australian based company) was established to facilitate the loan scheme with the aim of commercialising research in waste management, recycling and related areas. The loan operates under a maximum of a 5 year period and a commercial annual interest rate (4.5% p.a.) is applied daily on the loan which was fully repaid by 30 April 2022.

\* This loan provided by GISA in 2018-19 supported a plastic recycling business to invest in advanced manufacturing equipment to sort and process plastic waste into high quality material for sale into local and export markets. The loan is managed by South Australian Government Financing Authority (SAFA). The term of the loan is 7 years and commenced on 14 February 2019. The loan was interest only at a rate of 2.17% for 3 years, payable monthly, but is now principal and interest for the remaining 4 years at the rate of 1.80% from February 2022.

**Green Industries SA**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2022*

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**7. Liabilities**

Employee benefits liabilities are disclosed in note 3.4.

**7.1. Payables**

	2022 \$'000	2021 \$'000
<b><u>Current</u></b>		
Trade payables*	944	7 034
Accrued expenses	18	18
Employment on-costs	110	95
<b>Total current payables</b>	<b>1 072</b>	<b>7 147</b>
<b><u>Non-current</u></b>		
Employment on-costs	50	79
<b>Total non-current payables</b>	<b>50</b>	<b>79</b>
<b>Total payables</b>	<b>1 122</b>	<b>7 226</b>

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 decrease in trade payables primarily relates to payments towards the Recycling Infrastructure Grant Program, Recycling Modernisation Grant Program and Local Government Food Waste Program.

***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.

GISA contributes 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 and externally managed superannuation schemes.

As a result of an actuarial assessment performed by DTF, the proportion of long service leave taken as leave remained unchanged from the 2021 rate (42%). The average factor for the calculation of employer superannuation cost on-costs has increased from the 2021 rate (10.1%) to 2022 (10.60%). These rates are used in the employment on-cost calculation.

**Green Industries SA**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2022*

**7.2. Provisions**

All provisions are for workers compensation.

	2022 \$'000	2021 \$'000
<b><u>Current</u></b>		
Provision for workers compensation	10	5
<b>Total current provisions</b>	<b>10</b>	<b>5</b>
<b><u>Non-current</u></b>		
Provision for workers compensation	30	11
<b>Total non-current provisions</b>	<b>30</b>	<b>11</b>
<b>Total provisions</b>	<b>40</b>	<b>16</b>
	2022 \$'000	2021 \$'000
<b><i>Reconciliation of Workers Compensation (statutory and non-statutory)</i></b>		
Carrying amount at the beginning of the period	16	10
Additional provisions recognised	24	6
<b>Carrying amount at the end of the period</b>	<b>40</b>	<b>16</b>

GISA is an exempt employer under the *Return to Work Act 2014*. Under a scheme arrangement, GISA is responsible for the management of workers rehabilitation and compensation, and is directly responsible for meeting the cost of workers' compensation claims and the implementation and funding of preventive programs.

Accordingly, a liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2022 provided by a consulting actuary engaged through the Office of the Commissioner of Public Sector Employment.

There is a significant degree of uncertainty associated with estimating future claim and expense payments and also around the timing of future payments due to the variety of factors involved. The liability is impacted by agency claim experience relative to other agencies, average claim sizes and other economic and actuarial assumptions.

**7.3. Other liabilities**

	2022 \$'000	2021 \$'000
<b><u>Current</u></b>		
Accommodation incentive	64	69
<b>Total current other liabilities</b>	<b>64</b>	<b>69</b>
<b><u>Non-current</u></b>		
Accommodation incentive	308	372
<b>Total non-current other liabilities</b>	<b>308</b>	<b>372</b>
<b>Total other liabilities</b>	<b>372</b>	<b>441</b>

Accommodation incentive liabilities relate to arrangements with DIT for office accommodation. These arrangements do not comprise leases and the accommodation incentives do not comprise financial liabilities under AASB 16 *Leases*. DIT has provided a fit-out of accommodation. The benefit of these incentives is spread over the accommodation term so that

**Green Industries SA**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2022*

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each year reported accommodation expenses reflect the economic substance of the office accommodation arrangements and related benefits provided.

**8. Other disclosures**

**8.1. Cash flow**

*Reconciliation of net result to cash flows from operating activities*

	2022 \$'000	2021 \$'000
<b>Reconciliation of cash and cash equivalents at the end of the reporting period</b>		
Cash and cash equivalents disclosed in the Statement of Financial Position	68 194	89 835
<b>Balance as per the Statement of Cash Flows</b>	<b>68 194</b>	<b>89 835</b>
<b>Reconciliation of net cash provided by/(used in) operating activities to net result from providing services</b>		
Net cash used in operating activities	(22 547)	(24 287)
<b>Add / less non-cash items</b>		
Depreciation	(54)	(54)
Loan interest capitalised	(240)	40
<b>Movement in assets and liabilities</b>		
Increase / (decrease) in receivables	381	(38)
(Increase) / decrease in payables	6 104	(1 756)
(Increase) / decrease in employee benefits	199	(11)
Decrease in other liabilities	69	34
(increase) in provisions	(24)	(6)
<b>Net result</b>	<b>(16 112)</b>	<b>(26 078)</b>

**8.2. Interests in other entities**

During 2021-22, GISA and Circular Economy Alliance Australia Pty Ltd (CEAA) entered an agreement to establish Circular360 Limited.

GISA and CEAA are the founding members of Circular360. The founding members each appoint a director to the Circular360 board, however, have no entitlement to any dividend or other distribution of profits, and have no claim over the net assets of Circular360. As Circular360 is a company limited by guarantee, the founding members exposure to the liabilities of Circular360 is limited to \$100.

Circular360 is based in Adelaide, and its purpose is to promote, educate, research, develop and implement the circular economy, including the delivery of the Global Leadership Program on the Circular Economy. A grant funding agreement exists between GISA and Circular360, with GISA providing \$300,000 p.a. from 2021-22 to 2023-24. Refer to note 4.2

**Green Industries SA**  
**Notes to and forming part of the financial statements**  
**for the year ended 30 June 2022**

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## 9. Outlook

### 9.1. Unrecognised commitments

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

#### Expenditure commitments

Expenditure contracted for at the reporting date but not recognised as liabilities are as follows:

	2022	2021
	\$'000	\$'000
Within one year	9 348	20 956
Later than one year but not longer than five years	30 506	34 996
Later than five years	3 666	8 553
<b>Total expenditure commitments</b>	<b>43 520</b>	<b>64 505</b>

GISA's expenditure commitments are for:

- agreements for memoranda of administrative arrangements with DIT for accommodation; and
- funding to DEM for climate change initiatives approved by the former Minister for Environment and Water.

### 9.2. 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.

GISA is not aware of any contingent assets or contingent liabilities.

### 9.3. Impact of standards and statements not yet effective

GISA continues to assess the impact of new and amended Australian Accounting Standards and Interpretations not yet implemented and changes to the Accounting Policy Statements issued by the Treasurer.

Amending Standard AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* will apply from 1 July 2023. GISA continues to assess liabilities e.g. LSL and whether or not GISA has a substantive right to defer settlement. Where applicable these liabilities will be classified as current.

### 9.4. COVID-19 pandemic outlook for GISA

The COVID-19 pandemic is not expected to have a material impact on the operations of GISA. Waste management services are identified as an essential service and will continue to operate during restrictions.

**Green Industries SA**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2022*

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**9.5. Events after the reporting period**

GISA is not aware of any event occurring after balance date that would materially affect the financial statements.

**10. Measurement and risk**

**10.1. Long service leave liability – measurement**

See note 3.4 for measurement of long service leave liability.

**10.2. 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 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 their fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructuring of administrative arrangements then the assets are recognised at book value (that is, the amount recorded by the transferor public authority immediately prior to the restructure).

***Revaluation***

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

The revaluation process is reviewed by the Chief Finance Officer and audit committee each year.

Non-current tangible assets are valued at fair value and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1.5 million and estimated useful life is greater than three years.

GISA does not hold assets that meet this criteria.

***Fair value hierarchy***

GISA classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation.

Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date

Level 2: not traded in an active market and derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly

Level 3: not traded in an active market and are derived from unobservable inputs.

GISA categorises non-financial assets measured at fair value at level 3 which are all recurring. There are no non-recurring fair value measurements.

GISA's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. During 2022, GISA had no valuations categorised into level 1 or 2.

**Green Industries SA**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2022*

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**10.3. Financial instruments**

***Financial risk management***

Risk management is managed by GISA's corporate services section. GISA'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*.

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

***Liquidity risk***

GISA is funded principally from waste levies received under the *Green Industries SA Act 2004* (refer to note 1.5). GISA's expenditure authority is approved by the Treasurer each year, based on budgeted revenues and expenditures outlined in an annual Business Plan.

***Credit risk***

GISA has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

No collateral is held as security and no credit enhancements relate to financial assets held by GISA.

***Impairment of financial assets***

GISA considers that its cash, cash equivalents and receivables have low credit risk based on the external credit ratings of the counterparties and therefore the expected credit loss is nil.

***Market risk***

GISA does not trade in foreign currency, enter into transactions for speculative purposes, nor for hedging. GISA does not undertake any hedging in relation to interest or foreign currency risk and manages its risk as per the Government's risk management strategy articulated in *T1 23 Management of Foreign Currency Exposures*.

GISA has no interest bearing liabilities as at the end of the reporting period. There is no exposure to foreign currency or other price risks.

There have been no significant changes in risk exposure since the last reporting period.

***Categorisation and classification of financial instruments***

Details of the material 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.

Financial assets and financial liabilities are measured at amortised cost.

**Green Industries SA**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2022*

**10.3. Financial instruments (continued)**

Classification of Financial Instruments

Financial assets and financial liabilities are measured at amortised cost.

Category of financial asset and financial liability	Note	2022 Carrying amount / fair value \$'000	2022 Contractual maturities		
			Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
<b>Financial assets</b>					
<b>Cash and cash equivalents</b>					
Cash and cash equivalents		68 194	n/a	n/a	n/a
<b>Financial assets at amortised cost</b>					
Receivables	(1), (2)	369	369	-	-
Loans		2 760	731	2 029	-
<b>Total financial assets</b>		<b>71 323</b>	<b>1 100</b>	<b>2 029</b>	<b>-</b>
<b>Financial liabilities</b>					
<b>Financial liabilities at amortised cost</b>					
Payables	(1)	944	944	-	-
<b>Total financial liabilities</b>		<b>944</b>	<b>944</b>	<b>-</b>	<b>-</b>

Category of financial asset and financial liability	Note	2021 Carrying amount / fair value \$'000	2021 Contractual maturities		
			Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
<b>Financial assets</b>					
<b>Cash and cash equivalents</b>					
Cash and cash equivalents		89 835	n/a	n/a	n/a
<b>Financial assets at amortised cost</b>					
Receivables	(1), (2)	65	65	-	-
Loans		3 906	906	3 000	-
<b>Total financial assets</b>		<b>93 806</b>	<b>971</b>	<b>3 000</b>	<b>-</b>
<b>Financial liabilities</b>					
<b>Financial liabilities at amortised cost</b>					
Payables	(1)	7 034	7 034	-	-
<b>Total financial liabilities</b>		<b>7 034</b>	<b>7 034</b>	<b>-</b>	<b>-</b>

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

(2) Receivables amount disclosed here excludes prepayments as they are not financial assets. Prepayments are presented in note 6.2.