



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 Chairperson, Board of Trustees South Australian Country Arts Trust

### Opinion

I have audited the financial report of South Australian Country Arts Trust and its controlled entity 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 South Australian Country Arts Trust and its controlled entity as at 30 June 2022, their financial performance and their 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 – Simplified Reporting Requirements.

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 significant accounting policies and other explanatory information
- a Certificate from the Chairperson, Board of Trustees, the Chief Executive and the Finance Manager.

### 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 South Australian Country Arts Trust and its controlled entity. 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 of Trustees 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 Australian Accounting Standards – Simplified Reporting Requirements, 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 of Trustees 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* and section 15(3) of the *South Australian Country Arts Trust Act 1992*, I have audited the financial report of the South Australian Country Arts Trust 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 South Australian Country Arts Trust'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 Chief Executive and Board of Trustees 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)**

29 September 2022

# **South Australian Country Arts Trust**

## **Annual Financial Statements**

**For The Year Ended 30 June 2022**

**COUNTRY ARTS SA**  
2 McLaren Parade, Port Adelaide, SA 5015  
[www.countryarts.org.au](http://www.countryarts.org.au)  
Contact phone number: (08) 8444 0400

South Australian Country Arts Trust

Certification of the Financial Statements

We certify that the attached General Purpose Financial Statements for the South Australian Country Arts Trust:

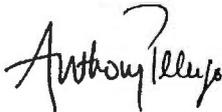
comply with relevant Treasurer's Instructions issued under Section 41 of the *Public Finance and Audit Act 1987*, and relevant *Australian Accounting Standards*;

are in accordance with the accounts and records of the Trust; and

comply with relevant accounting standards; and

present a true and fair view of the financial position of the South Australian Country Arts Trust as at 30 June 2022 and the results of its operations and cash flows for the financial year.

We certify that the internal controls employed by the South Australian Country Arts Trust for the financial year over its financial reporting and its preparation of the General Purpose Financial Statements have been effective throughout the reporting period.



Anthony Peluso  
Chief Executive



Athina Provatas CPA  
Finance Manager

Date: 28 September 2022

Date: 28 September 2022



Michael Luchich  
Chairperson, Board of Trustees

Date: 28 September 2022

**South Australian Country Arts Trust**

**Statement of Comprehensive Income  
For The Year Ended 30 June 2022**

	Note No.	2022 \$'000	2021 \$'000
<b>Income</b>			
SA Government grants, subsidies and transfers	12	4 641	7 585
Revenues from fees and charges	8	2 160	1 357
Commonwealth-sourced grants and funding	9	109	307
Grants and subsidies revenue	10	568	373
Interest revenues		-	2
Donated Works of Art		-	56
Net gain (loss) from disposal of non-current assets		7	-
Other income	11	735	1 204
<b>Total income</b>		<b>8 220</b>	<b>10 884</b>
<b>Expenses</b>			
Employee benefits expenses	3	5 088	4 650
Program expenses	5	1 340	1 087
Infrastructure expenses	5	1 391	1 117
Administration expenses	5	946	600
Grants and subsidies expense	6	128	138
Depreciation expense	7	2 149	2 130
Other expenses		12	-
<b>Total Expenses</b>		<b>11 054</b>	<b>9 722</b>
<b>Net result</b>		<b>(2 834)</b>	<b>1 162</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to net result</i>			
Changes in property, plant and equipment asset revaluation surplus		-	129
<b>Total other comprehensive income</b>		<b>-</b>	<b>129</b>
<b>Total comprehensive result</b>		<b>(2 834)</b>	<b>1 291</b>

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

The above statement should be read in conjunction with the accompanying notes.

**South Australian Country Arts Trust**

**Statement of Financial Position**

**as at 30 June 2022**

	Note No.	2022 \$'000	2021 \$'000
<b>Current assets</b>			
Cash and cash equivalents	13	7 083	7 456
Receivables	14	355	245
Inventories		36	44
<b>Total current assets</b>		<b>7 474</b>	<b>7 745</b>
<b>Non-current assets</b>			
Property, plant and equipment	15	34 095	35 756
Works of art	15	342	342
<b>Total non-current assets</b>		<b>34 437</b>	<b>36 098</b>
<b>Total assets</b>		<b>41 911</b>	<b>43 843</b>
<b>Current liabilities</b>			
Payables	16	1 358	1 279
Employee benefits	17	1 018	947
Provisions	18	27	10
Other liabilities	19	1 617	841
<b>Total current liabilities</b>		<b>4 020</b>	<b>3 077</b>
<b>Non-current liabilities</b>			
Payables	16	41	51
Employee benefits	17	448	548
Provisions	18	85	15
<b>Total non-current liabilities</b>		<b>574</b>	<b>614</b>
<b>Total liabilities</b>		<b>4 594</b>	<b>3 691</b>
<b>Net assets</b>		<b>37 317</b>	<b>40 152</b>
<b>Equity</b>			
Asset revaluation surplus	20	44 426	44 426
Retained earnings	20	(7 109)	(4 275)
<b>Total equity</b>		<b>37 317</b>	<b>40 151</b>

The above statement should be read in conjunction with the accompanying notes.

South Australian Country Arts Trust

**Statement of Changes in Equity  
For The Year Ended 30 June 2022**

		Asset revaluation surplus	Retained earnings	Total
	Note No.	\$'000	\$'000	\$'000
<b>Balance at 30 June 2020</b>		44 297	(5 437)	38 860
Net result for 2020-21		-	1 162	1 162
Net increment on asset revaluation		129	-	129
<b>Balance at 30 June 2021</b>	20	44 426	(4 275)	40 151
Net result for 2021-22			(2 834)	(2 834)
<b>Total comprehensive result for 2021-22</b>		44 426	(7 109)	37 317

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

The above statement should be read in conjunction with the accompanying notes.

South Australian Country Arts Trust

**Statement of Cash Flows**  
**For The Year Ended 30 June 2022**

	Note No.	2022 \$'000	2021 \$'000
<b>Cash flows from operating activities</b>			
<b>Cash inflows</b>			
SA Government grants, subsidies and transfers		4 655	7 553
Fees and charges		2 497	1 891
Receipts from Commonwealth-sourced funds		117	225
Receipts from grants and subsidies		1 150	391
Interest received		-	2
GST recovered from the Australian Taxation Office		1	-
Other receipts		772	2 610
<b>Cash generated from operations</b>		<b>9 192</b>	<b>12 672</b>
<b>Cash outflows</b>			
Employee benefit payments		(5 006)	(4 561)
Payments for supplies and services		(3 605)	(3 305)
Payments for grants and subsidies		( 473)	( 142)
GST paid to the Australian Taxation Office		-	( 167)
<b>Cash used in operations</b>		<b>(9 084)</b>	<b>(8 175)</b>
<b>Net cash provided by operating activities</b>		<b>108</b>	<b>4 497</b>
<b>Cash flows from investing activities</b>			
<b>Cash inflows</b>			
Proceeds from the sale of property, plant and equipment		30	17
<b>Cash generated from investing activities</b>		<b>30</b>	<b>17</b>
<b>Cash outflows</b>			
Purchase of property, plant and equipment		( 511)	( 175)
<b>Cash used in investing activities</b>		<b>( 511)</b>	<b>( 175)</b>
<b>Net cash used in investing activities</b>		<b>( 481)</b>	<b>( 158)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>( 373)</b>	<b>4 339</b>
Cash and cash equivalents at the beginning of the financial year		7 456	3 117
<b>Cash and cash equivalents at the end of the financial year</b>	13	<b>7 083</b>	<b>7 456</b>

The above statement should be read in conjunction with the accompanying notes.

## South Australian Country Arts Trust

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**Note 1. Objectives of the South Australian Country Arts Trust**

The South Australian Country Arts Trust (the Trust) has wide ranging responsibilities for the development of the arts in country South Australia and is the principal provider of arts programs to country South Australians.

The Trust delivers arts programs through:

- managing and operating Arts Centres in Whyalla, Port Pirie, Renmark, Mount Gambier and Noarlunga;
- developing performing arts touring programs for the theatres and for touring to other regional centres;
- developing and managing visual arts touring programs and visual arts display spaces;
- managing a number of arts development and community artist funding programs;
- the provision of policy advice to the Premier;
- advocating for the continuing development of the arts in country South Australia; and
- the provision of an arts information and advisory service to country South Australians.

**1.1 Impact of COVID-19 pandemic on the Trust**

The COVID-19 pandemic continued to have a range of negative impacts on the organisation throughout 2021-2022; including but not limited to the following:

- Restrictions on audience capacities, many of which rulings changed on a regular basis as lockdowns and associated mandates and distancing measures were rolled out;
- Interruptions to programming as a result of pandemic-related illness, artist availability and touring schedule changes;
- Staff absences due to COVID-19 infections or isolation mandates; and
- Increased expenditures in relation to cleaning or the provision of PPE and masks.

**Note 2. Significant accounting policies**

**2.1 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
- Australian Accounting Standards (Reduced Disclosure Requirements) that are applicable to not-for-profit entities, as the Trust is a not-for-profit entity.

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 measurement.

Assets and liabilities have been characterised as either current or non-current in nature. Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Inventories include goods held for sale in the ordinary course of business. Inventories are maintained for theatre catering purposes and are measured at the lower of cost or their net realisable value.

**2.2 Reporting entity**

Established in 1993, the Trust is a South Australian Government statutory authority, which trades as Country Arts SA. The Trust was established pursuant to the *South Australian Country Arts Trust Act 1992*.

The financial statements and accompanying notes include all the controlled activities of the Trust.

The consolidated financial statements have been prepared by combining the South Australian Country Arts Trust (the Trust) and the Country Arts Foundation (Foundation) in accordance with AASB 10 *Consolidated Financial Statements*.

**2.3 Principles of Consolidation**

Controlled entities are those entities for which the Trust has control. The Trust has control over an entity when it is exposed, or has rights, to variable returns from its involvement with that entity and can affect those returns through its power over the entity. This is the case with Foundation, which is a controlled entity of the Trust. Refer to note 27.

Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced, or up to the date control ceased.

**2.4 Comparative information**

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change.

Where presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

The restated comparative amounts do not replace the original financial statements for the preceding period.

**2.5 Rounding**

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

**2.6 Taxation**

The Trust is not subject to income tax. The Trust is liable for payroll tax, fringe benefits tax, goods and services tax, emergency services levy, and local government rates.

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

- the amount of GST incurred by the Trust as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of the cost of acquisition of an asset or as part of an item of expense and;
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

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.

**2.7 Events after the reporting period**

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

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the event relates to a condition which arose after 30 June and which may have a material impact on the results of subsequent years - refer note 25.

South Australian Country Arts Trust

**Note 3. Employee benefits expenses**

Employee Benefits Expenses	2022	2021
	\$'000	\$'000
Salaries and wages	3 892	3 654
Long service leave	( 51)	( 25)
Annual leave	358	281
Skills and experience retention leave	10	9
Employment on-costs - superannuation*	505	463
Employment on-costs - other	212	237
Board and committees fees	23	23
Workers Compensation	87	-
Other employment related expenses	52	8
<b>Total employee benefits expenses</b>	<b>5 088</b>	<b>4 650</b>

Employee benefits expenses includes all costs related to employment including salaries and wages, non-monetary benefits and leave entitlements. These are recognised when incurred.

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

**Key Management Personnel**

Key management personnel of the Trust include the Minister for the Arts, Board of Trustees and the Chief Executive Officer who have responsible for the strategic direction and management of the Trust.

Total compensation for the Trust's key management personnel in 2021-22 was \$253,000 (2020-21 \$276,000). Salaries and other benefits the Minister for the Arts receives are excluded from this total. The Minister for the Arts 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 material related party transactions between the Trust and key management personnel and their close family members.

**Remuneration of employees**

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

	2022	2021
	No	No
\$174,001 to \$194,000	-	-
\$234,001 to \$254,000	1	-
\$254,001 to \$274,000	-	1
\$314,001 to \$334,000	-	-
<b>Total number of employees</b>	<b>1</b>	<b>1</b>

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 by these employees for the year was \$238,000 (2020-21 \$264,000).

**Note 4. Remuneration of board and committee members**

The Trust has a governing Board and specialist committees and panels where members received or were entitled to receive remuneration for their membership. Members that were entitled to receive remuneration for membership during 2021-22 were:

**Board of Trustees**

Michael Luchich Chair	
Christabel Anthony	Stephanie Toole
Andrew Birtwistle-Smith	Erika Vickery OAM
Rebekah Danzic	Ella Winnall
Victoria MacKirdy	Ruth Stephenson <sup>(1)</sup> (until 14 February 2022)

**Committee Members**

**Grants Assessment Panel**

Christabel Anthony, Chair	Antonina Vorenas
Sonya Altschwager	Thomas Davidson (until 25 November 2021)
Cindy Durant (until 25 June 2022)	Sarah Kemp (until 29 September 2021)
Danielle Edwards (First Nations Committee member)	Maz McGann
Michael Harris (First Nations Committee member)	Debra Tregilas
Lewis Major (from 1 January 2022)	Fulvia Mantelli (from 1 January 2022)
Lucia Pichler	Nic Tubb (from 1 March 2022)
Jordan Sumner (until 29 September 2021)	

**4 Remuneration of board and committee members (cont.)**

**Governance and Finance Committee**

Victoria MacKirdy, Chair	Erika Vickery OAM
Michael Luchich	Ruth Stephenson <sup>(1)</sup> (until 14 February 2022)
Stephanie Toole	

**First Nations Advisory Committee**

Andrew Birtwistle- Smith, Chair	Heather Shearer
Lee-Ann Tjunypa Buckskin <sup>(1)</sup>	Isaac Lindsay
Danielle Edwards	Jared Thomas (until 26 August 2021)
Michael Harris	

**Board of Trustees**

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

	2022	2021
	No of	No of
\$0 - \$19 999	9	10
<b>Total numbers of members</b>	<b>9</b>	<b>10</b>

Remuneration of Board of Trustee members reflects all costs of performing board member duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$10,000 (\$8,000).

**Committee Members**

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

	2022	2021
	No of	No of
\$0 - \$19 999	24	21
<b>Total numbers of members</b>	<b>24</b>	<b>21</b>

Remuneration of committee members reflects all costs of performing committee member duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$15,000 (\$17,000).

Any travel allowance paid to Board or Committee members has not been included as remuneration as it is considered to be a reimbursement of direct out of pocket expenses incurred by the relevant members.

<sup>(1)</sup> In accordance with the Department of the Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board or committee duties during the financial year.

**Note 5. Supplies and services**

	2022	2021
	\$'000	\$'000
<b>Program expenses</b>		
Live touring expenses	713	660
Marketing	159	118
Cost of goods sold	144	79
Film distributor payments	215	116
Other	109	114
<b>Total program expenses</b>	<b>1 340</b>	<b>1 087</b>
<b>Infrastructure expenses</b>		
Repairs and maintenance	384	400
Information technology and communication	455	343
Utilities	249	229
Consultants	105	36
Insurance	177	95
Other	21	16
<b>Total infrastructure expenses</b>	<b>1 391</b>	<b>1 117</b>

South Australian Country Arts Trust

**5 Supplies and services (cont.)**

**Administration expenses**

Travel	108	104
Printing and stationery	34	31
Motor vehicle expenses	30	31
Freight	28	32
Board meeting travel and expenses	1	25
Staff development	34	38
Contractors and temporary staff	593	279
Audit fees	53	47
Other	65	13
<b>Total administration expenses</b>	<b>946</b>	<b>600</b>

**Note 6. Grants and subsidies expense**

	2022	2021
	\$'000	\$'000
*Grants	128	138
<b>Total grants and subsidies expense</b>	<b>128</b>	<b>138</b>

Grants and subsidies paid by the Trust are for arts related assistance and project purposes and are predominantly recurrent in nature. Entities receiving these grants and subsidies include Non-Government Organisations and the general public. The grants and subsidies given are usually subject to terms and conditions set out in the contract, correspondence, or by legislation. For contributions payable, the contribution will be recognised as a liability and expense when the Trust has a present obligation to pay the contribution.

\* Grants and subsidies expenses includes payments to various other artists.

**Note 7. Depreciation expense**

	2022	2021
	\$'000	\$'000
<b>Depreciation</b>		
Buildings and improvements	1 905	1 904
Plant and equipment	244	226
<b>Total depreciation expense</b>	<b>2 149</b>	<b>2 130</b>

All non-current assets, having a limited useful life, are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential.

Assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, on an annual basis.

Land and non-current assets held for sale are not depreciated.

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

Class of Asset	Useful Life (Years)
Buildings and improvements	7 to 70
Plant and Equipment	3 to 15

Works of Art controlled by the Trust are anticipated to have very long and indeterminate useful lives. Their service potential has not, in any material sense, been consumed during the reporting period.

**Note 8. Revenues from fees and charges**

	2022	2021
	\$'000	\$'000
Box office - programmed performances	72	115
Box office - films	450	260
Ticket booking fees	245	164
Venue hire	417	333
Candy bar sales	353	182
Recovery of theatre costs	181	103
Sponsorship	170	74
National touring	137	16
Artwork sales	1	-
Other	134	110
<b>Total fees and charges</b>	<b>2 160</b>	<b>1 357</b>

Revenue from fees and charges is derived from goods and services provided to other SA Government agencies and to the public.

Per AASB 15 *Revenue from Contractors with Customers* the revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.

South Australian Country Arts Trust

<b>Note 9. Commonwealth-sourced grants and funding</b>		
	2022	2021
	\$'000	\$'000
Specific purpose grant	109	307
<b>Total Commonwealth-sourced grants and funding</b>	<b>109</b>	<b>307</b>

Commonwealth grants consist of the following:		
	2022	2021
	\$'000	\$'000
Department of Infrastructure, Transport, Regional Development and Communications	73	26
RAA SP funding	15	-
Australia Council for the Arts - Regional Theatre Strategy	19	76
Australia Council for the Arts - Euphoria National Tour	2	-
Australia Council for the Arts - Multi year funding	-	205
<b>Total Commonwealth-sourced grants and funding</b>	<b>109</b>	<b>307</b>

Commonwealth-sourced grants and funding are recognised under a combination of *AASB 15 Revenue from Contractors with Customers* and *AASB 1058 Income from Not-for-Profit Entities* on completion of agreed deliverables and in compliance with all obligations under the agreement.

<b>Note 10. Grants and subsidies revenue</b>		
	2022	2021
	\$'000	\$'000
<b>Grants and subsidies received/receivable from entities within SA Government</b>		
Specific purpose grant	119	273
<b>Total grants and subsidies revenue - SA Government entities</b>	<b>119</b>	<b>273</b>
<b>Grants and subsidies received/receivable from entities external to the SA Government</b>		
Specific purpose grant	449	100
<b>Total grants and subsidies revenue - Non SA Government entities</b>	<b>449</b>	<b>100</b>
<b>Total grants and subsidies revenue</b>	<b>568</b>	<b>373</b>

These grants are received by the Trust for specific purposes from SA Government and non SA Government entities.

As per *AASB 15 Revenue from Contractors with Customers* revenue is recognised as and when the performance obligations of the grant are met.

<b>Note 11. Other income</b>		
	2022	2021
	\$'000	\$'000
Salary recoveries	439	308
Business interruption insurance recovery	-	876
Foundation Income	101	-
Insurance claim recovery	61	4
Other	134	16
<b>Total other income</b>	<b>735</b>	<b>1 204</b>

Other income is recognised on receipt of *AASB 1058 Income of Not-for-Profit Entities*.

South Australian Country Arts Trust

**Note 12. SA Government grants, subsidies and transfers**

	2022	2021
	\$'000	\$'000
<b>SA Government grants, subsidies and transfers</b>		
Arts South Australia grants	4 641	7 585
<b>Total SA Government grants, subsidies and transfers</b>	<b>4 641</b>	<b>7 585</b>

The Trust receives an annual recurrent operating grant from Arts South Australia, a division of the Department of the Premier and Cabinet to undertake agreed programs. The operating grant falls under *AASB 1058 Income of Not-for-Profit Entities* and is recognised income on receipt, as there are no specific performance obligations attached.

**Note 13. Cash and cash equivalents**

	2022	2021
	\$'000	\$'000
Deposits with the Treasurer	6 893	7 447
Imprest account/cash on hand	15	9
Foundation cash at bank – refer note 27	175	-
<b>Total cash and cash equivalents</b>	<b>7 083</b>	<b>7 456</b>

The Trust holds one interest bearing deposit account with the Treasurer named "South Australian Country Arts Trust". In November 2020, the Department of Treasury and Finance advised public authorities that, given interest rates were approximately 0%, no interest would be paid on any interest bearing accounts held with the Treasurer. Therefore, no interest was earned during 2021-22. This position may change in the future.

Cash and cash equivalents include cash at bank, and cash on hand. Cash is measured at nominal value.

**Note 14. Receivables**

	2022	2021
	\$'000	\$'000
<b>Current</b>		
Trade receivables	290	196
Prepayments	65	47
Tax receivable from the ATO	0	2
<b>Total receivables</b>	<b>355</b>	<b>245</b>

Receivables comprise amounts receivable from goods and services, Insurance recoverables, GST input tax credits recoverable and prepayments.

**Impairment of Receivables**

An allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired. As at 30 June 2022 the Trust had no allowance for doubtful debts.

**Note 15. Property, plant and equipment**

**Valuations of land and buildings**

Valuations of Trust land, buildings and improvements were determined as at 30 June 2019 by a Certified Practising Valuer from Valcorp Australia Pty Ltd.

**Valuations of Works of Art**

The valuation of the Works of Art controlled by the Trust was performed by Simon Storey from Simon Storey Valuers as at 30 June 2021. Simon Storey is an approved valuer under the Cultural Gifts Program in the valuation of the Works of Art held in the Collection.

All other non-current assets controlled by the Trust have been deemed to be held at fair value.

**Impairment**

There were no indications of impairment of property, plant and equipment at 30 June 2022.

	2022 \$'000	2021 \$'000
<b>Land, buildings and improvements</b>		
Land at fair value	3 690	3 690
Buildings & improvements at fair value	34 016	33 937
Accumulated depreciation	(5 650)	(3 745)
<b>Total land, buildings and improvements</b>	<b>32 056</b>	<b>33 882</b>
<b>Plant and equipment</b>		
Plant and equipment at cost (deemed fair value)	3 034	3 057
Accumulated depreciation and impairment losses	(1 429)	(1 211)
<b>Total plant and equipment</b>	<b>1 605</b>	<b>1 846</b>
<b>Work in progress</b>		
Capital work in progress at cost	434	28
<b>Total Work in progress</b>	<b>434</b>	<b>28</b>
<b>Total property, plant and equipment</b>	<b>34 095</b>	<b>35 756</b>
<b>Works of art</b>		
Works of art at fair value	342	342
<b>Total works of art</b>	<b>342</b>	<b>342</b>

**RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT**

The following table shows the movement of property, plant and equipment during 2021-22

	Land, buildings and improvements \$'000	Works in progress (WIP) \$'000	Plant and equipment \$'000	Works of art \$'000	Total assets \$'000
<b>Carrying amount as at 30 June 2021</b>	<b>33 882</b>	<b>28</b>	<b>1 846</b>	<b>342</b>	<b>36 098</b>
Acquisitions	51	434	26	-	511
Transfers to (from) WIP	28	( 28)	-	-	-
Disposals	-	-	( 23)	-	( 23)
Depreciation/ amortisation expense	(1 905)	-	( 244)	-	(2 149)
<b>Carrying amount as at 30 June 2022</b>	<b>32 056</b>	<b>434</b>	<b>1 605</b>	<b>342</b>	<b>34 437</b>

**Non-current asset acquisition and recognition**

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation.

Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position.

All non-current tangible assets with a value equal to or in excess of \$1,000 for works of art and \$5,000 for all other tangible assets are capitalised.

**Revaluation of non-current assets**

All non-current physical assets are valued at written down current cost (a proxy for fair value). Revaluation of non-current assets or groups 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 3 years.

Every six years, the Trust revalues its land and buildings and works of art via an independent Certified Practising Valuer. However, if at any time management considers that the carrying amount of the asset materially differs from the fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current physical assets that are acquired between revaluations are held at cost until the next valuation, where they are re-valued to fair value.

**15 Property, plant and equipment (cont.)**

Any revaluation increment is credited to the asset revaluation surplus except to the extent that it reverses a revaluation decrement of the same asset class previously recognised as an expense, in which case the increment is recognised as income. Any revaluation decrement is recognised as an expense, except to the extent that it reverses a revaluation increment for the same asset class, in which case the decrement is debited directly to the asset revaluation surplus to the extent of the credit balance existing in the asset revaluation surplus for that class of asset.

For building and improvement (Theatre) assets that have been subject to an independent revaluation, both the replacement cost and the associated accumulated depreciation have been presented on a net basis. Any accumulated depreciation is eliminated against the gross carrying amount of the assets and the net amounts restated to the revalued amounts of the assets.

Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

**Valuation of land and buildings**

Valuation of Trust land, buildings and improvements were revalued as at 30 June 2019 by a Certified Practising Valuer from Valcorp Australia Pty Ltd.

*Land*

The fair value was determined using a direct comparison approach with recent market transactions in the area.

*Buildings and improvements- Theatres*

The fair value was estimated based on the written down modern equivalent replacement cost. The estimated modern equivalent replacement cost was determined by the Valuer with reference to Rawlinson's Australian Construction Handbook Edition 36 and Riders Digest (2019) - Australian Edition. Additional costs were included for country location, planning approvals, preliminaries, contingencies and complexity of the theatres, having regard to the extent of non-theatre functions.

*Buildings and improvements- Other*

The fair value was determined using a direct comparison approach with recent market transactions in the area.

**Valuation of works of art**

The valuation of the Works of Art collections controlled by the Trust was performed by Simon Storey from Simon Storey Valuers as at 30 June 2021. Simon Storey is an approved valuer under the Cultural Gifts Program in the valuation of the Works of Art held in the Collections.

The valuer used the fair value approach by careful assessment of the condition, authenticity and where necessary research of individual art work. The final values stated by the valuer were regarded as close as it is possible to market value, in an unpredictable art market, to current commercial or replacement values as at 30 June 2021.

**Impairment of assets**

All non-current tangible assets are tested for indications of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. The recoverable amount is determined as the higher of an assets fair value less cost of disposal and depreciated replacement cost. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

For revalued assets, a fair value assessment is performed each year.

There were no indications of impairment of property plant and equipment at 30 June 2022.

<b>Note 16. Payables</b>		
	2022	2021
	\$'000	\$'000
<b>Current</b>		
Creditors and accruals	1 198	1 153
Employment on-costs	160	126
<b>Total current payables</b>	<b>1 358</b>	<b>1 279</b>
<b>Non-current</b>		
Employment on-costs	41	51
<b>Total non-current payables</b>	<b>41</b>	<b>51</b>
<b>Total payables</b>	<b>1 399</b>	<b>1 330</b>

All current payables are expected to be settled within twelve months after reporting date.

Payables include creditors, accrued expenses and employment on-costs. A significant portion of creditors balance relates to the grants payable from the Regional Arts Fund which the Trust manages on behalf of the Commonwealth Government's Department of Communications and the Arts. For additional disclosure of the fund, refer to Note 26.

**Employment on-costs**

An actuarial assessment performed by the Department of Treasury and Finance determined that the percentage of the proportion of long service leave taken as leave has remained at 42% and the average factor for the calculation of employer superannuation on-cost has changed from 10.1% (2021) to 10.6% in 2022. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current year is immaterial.

Note 17. Employee benefits	2022	2021
	\$'000	\$'000
<b>Current</b>		
Accrued salaries and wages	263	232
Annual leave	392	275
Skills and experience retention leave	32	36
Long service leave	331	404
<b>Total current employee benefits</b>	<b>1 018</b>	<b>947</b>
<b>Non-current</b>		
Long service leave	448	548
<b>Total non-current employee benefits</b>	<b>448</b>	<b>548</b>
<b>Total employee benefits</b>	<b>1 466</b>	<b>1 495</b>

Employee benefits accrue for employees as a result of services provided up to the reporting date but yet to be paid. Long-term employee benefits are measured at the present value and short-term employee benefits are measured at nominal amounts.

*Salaries and wages, annual leave, SERL and sick leave*

Liabilities for salaries and wages are recognised, and are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

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

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

*Employment on-costs*

Employment on-costs (payroll tax and superannuation contributions) are recognised separately under payables in Note 16.

*Long service leave*

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

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

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

AASB 119 *Employee Benefits* requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds increased to 3.5% from 1.25% in 2021.

The actuarial assessment performed by the Department of Treasury and Finance remained the same with the salary inflation rate at 2.5% (2021: 2.5%) for long service leave liability and 1.5% (2021: 2%) for annual leave, and skills, experience and retention leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$130,000. 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 long service liability has been allocated between current and non-current based on historical usage patterns and expected payments in 2021-22.

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<b>Note 18. Provisions</b>		
	2022	2021
	\$'000	\$'000
<b>Current</b>		
Provision for workers compensation	27	10
<b>Total provisions</b>	<b>27</b>	<b>10</b>
<b>Non-current</b>		
Provision for workers compensation	85	15
<b>Total non-current provisions</b>	<b>85</b>	<b>15</b>
<b>Total provisions</b>	<b>112</b>	<b>25</b>
<b>Provision movement:</b>		
Carrying amount at the beginning of the period	25	25
Additional provisions	87	-
Reductions resulting from re-measurement or settlement without cost		
<b>Carrying amount at the end of the period</b>	<b>112</b>	<b>25</b>

Provisions are recognised when the Trust has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Trust expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are discounted for the time value of money and the risks specific to the liability.

Workers compensation claims

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 for the Commissioner for Public Sector Employment (a division of the Department of the Premier and Cabinet). The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

Measurement of the provision for worker's compensation as at 30 June 2022 includes the impacts of the decision of the Full Court of the Supreme Court of South Australia in Return to Work Corporation of South Australia vs Summerfield (Summerfield decision). The Summerfield decision increased the liabilities of the Return to Work Scheme (the Scheme) and the provision for workers compensation across government.

Legislation to reform the Return to Work Act 2014 was proclaimed in July 2022, with the reforms expected to reduce the overall liability of the Scheme. The impacts of these reforms on the provision for workers compensation across government will be considered when measuring the provision as at 30 June 2023.

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

<b>Note 19. Other liabilities</b>		
	2022	2021
	\$'000	\$'000
<b>Current</b>		
Unearned revenue	973	450
Contract liabilities	644	391
<b>Total other liabilities</b>	<b>1 617</b>	<b>841</b>

Unearned revenue predominantly relates to box office ticket sales taken in advance of the performance. Contract liabilities represent obligations that need to be met in regards to grant contracts, revenue will be recognised under AASB 15 Revenue from Contractors with Customers when the performance obligations are fulfilled.

<b>Note 20. Equity</b>		
	2022	2021
	\$'000	\$'000
<b>Current</b>		
Retained earnings	(7 109)	(4 275)
Asset revaluation surplus	44 426	44 426
<b>Total equity</b>	<b>37 317</b>	<b>40 151</b>

The asset revaluation surplus is used to record the increments and decrements in the fair value of land, buildings and improvements and works of art to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

**Note 21. Unrecognised contractual commitments**

**Capital commitments**

Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial report, are payable as follows:

	2022	2021
	\$'000	\$'000
Within one year	1 239	1 724
<b>Total capital commitments</b>	<b>1 239</b>	<b>1 724</b>
	2022	2021
	\$'000	\$'000
Within one year	1 043	810
Later than one year but not longer than five years	228	500
<b>Total other commitments</b>	<b>1 271</b>	<b>1 310</b>

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

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office. If GST is not payable to, or recoverable from, the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

The Trust's capital commitments in 2022 relate to planned capital work upgrades at regional Art Centres, which are expected to be completed within 12 months. The Trust's other commitments mainly relate to grant, service and live tour/national performance agreements, and software licencing agreements.

**Note 22. Contingent assets and liabilities**

The Trust is not aware of any contingent assets or liabilities as at 30 June 2022.

**Note 23. Financial instruments**

**Financial Risk Management**

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

The Trust's exposure to financial risk (liquidity, credit and market) is insignificant based on past experience and managements' current assessment of risk.

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

The Trust is funded principally from grants by the SA Government.

**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 individual notes above.

23 Financial Instruments (cont.)

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

	Statement of Financial Position line item	Note No.	Carrying Amount/ fair value 2022 \$'000	Carrying Amount/ fair value 2021 \$'000
<b>Financial assets</b>				
Cash and cash equivalents	Cash and cash equivalents	13	7 083	7 456
Loans and receivables	Receivables <sup>(1)(2)</sup>	14	290	196
<b>Financial liabilities</b>				
Financial liabilities - at cost	Payables <sup>(1)</sup>	16	1 097	1 102

<sup>(1)</sup> Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (eg Commonwealth, State and Local Govt 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, etc. they would be excluded from the disclosure. The accounting standards define contracts as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

<sup>(2)</sup> Receivable amounts disclosed here excludes prepayments. Prepayments are not financial assets as defined in AASB 132 *Financial Instruments: Presentation*, as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

**Note 24. Covid-19 pandemic outlook for the Trust**

The Trust anticipates that the COVID-19 pandemic will continue to adversely affect its operations in 2022-23. For example, as the virus remains prevalent in the community, it is unlikely that patrons will feel confident enough to return to the theatre environment in the same numbers as before the pandemic; this is despite the lifting of border restrictions, venue capacity restrictions and the relaxing of mask mandates. Therefore, the Trust believes that achieving its target audience numbers and revenue projections will be problematic, particularly if further variants or outbreaks emerge.

Further, the Trust's activities are influenced by the extent of our patrons' discretionary expenditure limits, and so further COVID-19 related restrictions will adversely impact their ability to support the arts in their community. This would negatively impact the Trust's financial standing and artistic output, which is a position that is consistent within the wider Australian arts industry.

Refer to Note 1.1 for COVID-19 impacts in 2021-22.

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**Note 25. Events after balance date**

There are no events after 30 June 2022 that require disclosure.

**Note 26. Regional Arts Fund**

The Trust manages the South Australian component of the Regional Arts Fund on behalf of the Commonwealth Government's Department of Communications and the Arts. The Regional Arts Fund is a Commonwealth program that supports artistic cultural development in regional and remote communities throughout Australia. The grant received from the Commonwealth for the Regional Arts Fund includes a component to reimburse Country Arts SA for administration costs.

The Trust received and manages a one off payment to be disbursed over 3 years of the South Australian component of a Recovery Boost. This fund is to help regional artists and organisations develop new work and explore new delivery models in light of the impacts of Covid-19 and bushfires.

Funds available during the year and expenditure incurred from the Fund were as follows:

	2022	2021
	\$'000	\$'000
Funds from prior year recommitted	155	23
Annual regional arts fund allocation	1 678	1 559
Administration costs incurred by the Trust	91	55
Grant funds returned by applicants	-	-
Interest earned	-	-
<b>Total funds available</b>	<b>1 924</b>	<b>1 637</b>
<b>Expenditure and grant commitments approved during the year</b>	<b>1 769</b>	<b>1 482</b>
<b>Funds carried forward</b>	<b>155</b>	<b>155</b>

**Note 27. Controlled entity**

The consolidated financial statements at 30 June 2022 include the Foundation:

Country Arts Foundation Ltd

Significant items in the financial report of the Foundation are:

	2022	2021
	\$'000	\$'000
Revenue	171	11
Expenses	7	-
<b>Surplus</b>	<b>164</b>	<b>11</b>
<b>Cash at Bank</b>	<b>175</b>	<b>11</b>

All gifts and money received by the SACAT from the Foundation are used to undertake special projects on behalf of the SACAT including the Tickets on Us Program.

Forecasted surplus cash at year end to be paid across to the SACAT during 2022-23 includes \$75,000 the implementation for the Euphoria Film project and \$20,000 for the delivery of the Visual Arts professional development program 'Nebula' – supporting emerging artists from regional South Australia.

Please refer to Note 2.2 and Note 2.3.