

South Australian Film Corporation

Financial report
for the year ended
30 June 2019



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To the Chairman South Australian Film Corporation

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 13(3) of the *South Australian Film Corporation Act 1972*, I have audited the financial report of the South Australian Film Corporation for the financial year ended 30 June 2019.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the South Australian Film Corporation as at 30 June 2019, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2019
- a Statement of Financial Position as at 30 June 2019
- a Statement of Changes in Equity for the year ended 30 June 2019
- a Statement of Cash Flows for the year ended 30 June 2019
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chair, the Chief Executive Officer and the Head of Corporate.

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 Film Corporation. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants* have been met.

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

Responsibilities of the Chief Executive and members of the South Australian Film Corporation 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 the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

The members of the South Australian Film Corporation Board are responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

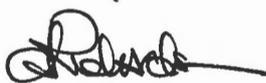
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the {the entity's} internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- 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 members of the South Australian Film Corporation Board about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

A handwritten signature in black ink, appearing to read 'Andrew Richardson', with a long horizontal stroke extending to the right.

Andrew Richardson

Auditor-General

19 September 2019

Certification of Financial Statements

We certify that the attached general purpose financial statements for the South Australian Film Corporation:

- comply with relevant Treasurer' 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 South Australian Film Corporation; and
- present a true and fair view of the financial position of the South Australian Film Corporation as at 30 June 2019 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the South Australian Film Corporation for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Peter Hanlon
Chair

13 September 2019



Kate Croser
Chief Executive Officer

13 September 2019



Angela Allison
Head of Corporate

13 September 2019

SOUTH AUSTRALIAN FILM CORPORATION

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Note No.	2019 \$'000	2018 \$'000
OPERATIONS			
Expenses			
Employee benefits expenses	2.3	1 960	1 633
Supplies and services	3.3	1 387	1 295
Depreciation	3.4	129	139
Impairment loss on receivables	6.2	3	2
Net loss from disposal of equipment	3.5	2	3
Total operations expenses		3 481	3 072
Income			
Adelaide Studio Income	4.2	1 131	1 761
Film distribution returns		254	88
Interest revenues	4.3	139	169
Other revenues	4.4	24	50
Total operations income		1 548	2 068
Net cost of providing services for operations		1 933	1 004
Revenue from SA Government	4.1	1 751	1 981
Net result from Operations		(182)	977
SCREEN INDUSTRY PROGRAMS			
Expenses			
Screen Industry programs	3.1	1 617	1 294
Total Screen Industry expenses		1 617	1 294
Income			
Partner income		56	-
Net cost of providing services for Screen Industry programs		1 561	1 294
Revenue from SA government	4.1	1 682	1 622
Net result from Screen Industry programs		121	328
PRODUCTION FUNDING			
Expenses			
Production Funding	3.2	13 121	4 668
Total Production Funding expenses		13 121	4 668
Net cost of providing services for Production funding		13 121	4 668
Revenue from SA government	4.1	13 591	3 604
Net result from Production Funding		470	(1 064)
Total Comprehensive Result		409	241

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

SOUTH AUSTRALIAN FILM CORPORATION

STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note No.	2019 \$'000	2018 \$'000
Current assets			
Cash and cash equivalents	6.1	17 197	6 011
Receivables	6.2	344	275
Revolving Film Fund Loans	6.3	-	1 132
Total current assets		17 541	7 418
Non-current assets			
Equipment	5.1	495	481
Revolving Film Fund Loans	6.3	50	50
Total non-current assets		545	531
Total assets		18 086	7 949
Current liabilities			
Payables	7.1	10 634	3 411
Employee benefits	2.4	127	88
Revenue in advance		9	8
Total current liabilities		10 770	3 507
Non-current liabilities			
Payables	7.1	2 336	7
Employee benefits	2.4	259	124
Provisions	7.2	7	6
Total non-current liabilities		2 602	137
Total liabilities		13 372	3 644
Net Assets		4 714	4 305
Equity			
Contributed capital		8 460	8 460
Retained earnings		(3 746)	(4 155)
Total Equity		4 714	4 305

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

SOUTH AUSTRALIAN FILM CORPORATION

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

	Note No.	Contributed capital \$'000	Retained earnings \$'000	Total Equity \$'000
Balance at 30 June 2017		8 460	(4 390)	4 070
Error correction		-	(6)	(6)
Restated balance at 30 June 2017		8 460	(4 396)	4 064
Net result for 2017-18		-	241	241
Balance at 30 June 2018		8 460	(4 155)	4 305
Net result for 2018-19		-	409	409
Balance at 30 June 2019		8 460	(3 746)	4 714

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

SOUTH AUSTRALIAN FILM CORPORATION

STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	Note No.	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Cash outflows			
Production funding		(3 972)	(5 939)
Employee benefits payments		(1 777)	(1 604)
Screen Industry Programs		(1 774)	(1 334)
Payments for supplies and services		(1 455)	(1 788)
Revolving Film Fund Loan advances		-	(770)
Cash used in operations		(8 978)	(11 435)
Cash inflows			
Adelaide Studios and other income		1 524	2 070
Revolving Film Fund Loan repayments		1 132	-
GST received from the ATO		481	644
Interest received		143	150
Cash generated from operations		3 280	2 864
Cash flows from SA Government			
Receipts from SA Government		17 024	7 207
Cash generated from SA Government		17 024	7 207
Net cash provided by/(used in) operating activities		11 326	(1 364)
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(140)	(43)
Cash used in investing activities		(140)	(43)
Net cash provided by/(used in) investing activities		(140)	(43)
Net increase/(decrease) in cash and cash equivalents		11 186	(1 407)
Cash and cash equivalents at the beginning of the period		6 011	7 418
Cash and cash equivalents at the end of the period	6.1	17 197	6 011

The accompanying notes form part of these financial statements.

SOUTH AUSTRALIAN FILM CORPORATION

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1. ABOUT THE SOUTH AUSTRALIAN FILM CORPORATION

The South Australian Film Corporation (SAFC) is a Board, established pursuant to the *South Australian Film Corporation Act 1972*. The responsible Minister is the Minister for Innovation and Skills. The SAFC is a not-for-profit entity.

The SAFC does not control any other entity and has no interests in unconsolidated structured entities. The financial statements and accompanying notes include all the controlled activities of the SAFC.

Administered items are insignificant in relation to the SAFC's overall financial performance and position and are disclosed in Note 12.

1.1 BASIS OF PREPARATION

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards with reduced disclosure requirements.

For the 2018-19 financial year the SAFC adopted *AASB 9 – Financial Instruments* and is required to comply with new *Treasurer's Instructions (Account Policy Statements)* issued on 22 March 2019. Further information is provided in note 9.

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.

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

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

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

1.2 OBJECTIVES

The core functions of the SAFC are:

- to foster the creation and delivery of critically acclaimed and commercially successful ideas, moving images and sound for any viewing medium;
- to support the SA screen industry in a dynamic and responsive manner; and
- to optimise opportunities for production and post-production in South Australia.

The SAFC provides financial assistance by way of grants, loans and equity investments across 2 key programs of Screen Industry Programs and Production Funding. The activities within these programs include funding for screen project attraction, development and production and access to professional development opportunities to screen industry practitioners via workshops, seminars and information.

The SAFC operates the Adelaide Studios which includes production and post-sound facilities and long-term tenancies for screen practitioners.

The SAFC's principal sources of funds are State Government grants and revenue from the Adelaide Studios operations.

The ongoing activities of the SAFC are dependent on the annual provision of grants from the State Government.

2. BOARD, COMMITTEES AND EMPLOYEES

The Chief Executive Officer is appointed by the Chief Executive Officer of the Department for Innovation and Skills as the Employing Authority under Section 9(1) of the *South Australian Film Corporation Act 1972*. SAFC employees are appointed by the Chief Executive Officer SAFC under a sub-delegation provided by the Employing Authority under Section 9A(7) of the *South Australian Film Corporation Act 1972*.

The Executive Team comprises the Chief Executive Officer, Head of Production, Development Attraction and Studios, Head of Industry Development, Partnerships and Engagement and Head of Corporate.

2.1 KEY MANAGEMENT PERSONNEL

Key management personnel of the SAFC include the Minister, Board members and the Chief Executive Officer who have responsibility for the strategic direction and management of the SAFC.

Total compensation for key management personnel was \$301,000 (\$258,000).

The compensation disclosed in this note excludes salaries and other benefits the Minister receives. 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 (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*.

Transactions with key management personnel and other related parties

The Board is comprised largely of individuals who work within both the local and national screen industry. This is a longstanding historical practice and is consistent with Board composition in similar agencies across Australia. There is a clear and industry accepted benefit for this practice, as practitioners provide important expertise and understanding about financing and production, and strategic insights about the future directions for the SAFC. The SAFC has policies and procedures in place to ensure that potential and perceived conflicts of interest are managed in a robust and transparent manner. Related party disclosures are recognised at the time of Board approval. Relevant Board members do not participate in the approval process relating to that commitment.

During 2019 there were no payments by the SAFC to Key Management Personnel or organisations/individuals who the personnel have associations with.

During 2018 the SAFC paid the following amounts to Key Management Personnel or organisations/individuals who the personnel have associations with:

Key Management Personnel	Project
Kate Croser	Project development \$5,800
Elizabeth Watts	Various project development and committee services \$33,800

2.2 BOARD MEMBERS

Members during the 2019 financial year were:

- Mr Peter Hanlon (Chair – appointed 2/12/18)
- Mr John Hill (Chair – retired 1/12/18)
- Mr Anton Andreacchio (appointed 2/12/2018 – retired 20/6/19)
- Ms Kate Croser
- Ms Ann-Maree Davies (appointed 4/4/2019)
- Ms Susan Mitchell (retired 30/4/19)
- Mr Des Monaghan
- Ms Miriam Silva
- Mr Adrian Tisato (retired 19/2/19)
- Mr Chris Ward (retired 9/3/19)

Board remuneration

The number of members whose remuneration received or receivable falls within the following bands:	2019 No	2018 No
\$0 - \$ 19 999	9	8
Total	9	8

The total remuneration received or receivable by members was \$22,000 (\$30,000). Remuneration of members include sitting fees, superannuation contributions and salary sacrifice benefits.

2.3 EMPLOYEE BENEFITS EXPENSE

	2019 \$'000	2018 \$'000
Salaries	1 497	1 348
Employment on-costs – superannuation	157	133
LSL	109	9
Annual leave	106	62
Employment on-costs – other	68	51
Board fees	22	30
Workers compensation	1	-
Total employee benefits expenses	1 960	1 633

Employment on-cost superannuation

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

Executive Remuneration

The number of employees whose remuneration received or receivable falls within the following bands.	2019 No	2018 No
\$271,001 to \$291,000	1	-
Total	1	-

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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 for those employees was \$280,000.

Due to the change in Chief Executive Officer during the 2017-18 year, no individual received remuneration greater than the base executive remuneration level.

2.4 EMPLOYEE BENEFITS LIABILITY

	2019 \$'000	2018 \$'000
Current		
Annual leave	93	61
Accrued salaries and wages	34	27
Total current employee benefits	127	88
Non-current		
Long service leave	259	124
Total non-current employee benefits	259	124
Total employee benefits	386	212

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 and sick leave

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

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

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

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Details of the measurement of long service leave liability is provided as note 11.1.

3. EXPENSES

Employee benefit expenses are disclosed in note 2.3.

The SAFC's key expenditure items relate to:

- screen industry programs;
- production funding; and
- management of the Adelaide Studios facilities.

3.1 SCREEN INDUSTRY PROGRAMS

	2019 \$'000	2018 \$'000
Industry development	704	150
Project development	508	794
Company support	253	135
Production attraction	96	106
Professional development	56	109
Total screen industry programs	1 617	1 294

Screen industry programs are undertaken by the SAFC to support the skills and capabilities of screen industry practitioners and company viability. These programs are recognised as an expense upon approval given the applicant is advised of the approval and there is sufficient certainty of the obligation to pay.

Where the funding is for a specific financial year the expense is recognised in that financial year. Prior to that year the obligation is recognised as an unrecognised contractual commitment where a contract has been executed.

3.2 PRODUCTION FUNDING

	2019 \$'000	2018 \$'000
Production funding	9 403	3 281
PDV Rebate	3 718	1 387
Total production funding	13 121	4 668

Production Funding relates to the SAFC contribution towards the production of digital content including drama and documentary screen content. In particular, projects that are creative and original, possess overall appeal to diverse audiences, display good market prospects and have significant economic benefits to the South Australian production and post-production screen sector. Funding to the production is by way of investment or grant and the SAFC is one of a number of funding partners.

Post Production, Digital and Visual Effects (PDV) Rebate supports post production, and digital and visual effect work undertaken in South Australia and is designed to complement the Australian Federal Government's Australian Screen Production Incentive Producer Offset and PDV Offset. Eligible projects may seek a rebate equivalent to 10% of expenditure on post production, digital and visual effects where the South Australian expenditure is greater than \$250,000.

At the point of approval there is always a degree of uncertainty in relation to the projects proceeding given the number of parties to the agreements. As a result, production funding is only recognised as an expense when there is sufficient certainty the project will proceed. Prior to that point the obligation is recognised as a contingent liability.

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3.3 SUPPLIES AND SERVICES

	2019 \$'000	2018 \$'000
Tenant and production recovered charges	244	300
Utility and communication expenses	214	244
Computer and related expenses	206	173
Industry promotion and participations	157	147
General administrative expenses	123	136
Facility expenses	98	91
Consultants	97	16
Travel	90	26
Audit and legal fees	82	86
Minor asset purchase and maintenance	51	19
Staff related expenses	25	57
Total supplies and services	1 387	1 295

Consultants

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

	No	2019 \$'000	No	2018 \$'000
Below \$10 000	1	3	1	1
Above \$10 000	4	94	1	15
Total	5	97	2	16

3.4 DEPRECIATION

	2019 \$'000	2018 \$'000
Office equipment	68	68
Production equipment	61	71
Total depreciation	129	139

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

Review of accounting estimates

Asset's residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, on an annual basis. Changes in the expected life or the expected pattern of consumption of future economic benefits embodied in the assets are account for prospectively by changing the time period or method, as appropriate.

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Useful life

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

Class of asset	Useful Life (years)
Production equipment	3-25
Office equipment	3-20

3.5 NET LOSS FROM DISPOSAL OF EQUIPMENT

	2019	2018
	\$'000	\$'000
Office Equipment		
Proceeds from disposal	-	-
Less carrying amount of assets disposed	(2)	(3)
Net loss from disposal of office equipment	(2)	(3)
Total Net loss from disposal of equipment	(2)	(3)

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4. INCOME

The majority of the SAFC's income is sourced from the State Government as a grant from the Department for Innovation and Skills under a 3 year Memorandum of Administrative Arrangement. This funding is supplemented for specific projects during the year where the SAFC annual budget has been exhausted. The SAFC also generates income sourced from the private sector for long term office rentals, the short term hire of production and post sound facilities and from distributions from previous film investments.

4.1 REVENUE FROM SA GOVERNMENT

	2019 \$'000	2018 \$'000
Production Funding	13 591	3 604
Operations	1 751	1 981
Screen Industry Programs	1 682	1 622
Total revenue from SA Government	17 024	7 207

Revenue from SA Government is recognised on receipt.

Where money has been received in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of the SAFC and the appropriation is recorded as contributed equity. Refer to the Statement of Changes in Equity.

The SAFC is funded via the Department for Innovation and Skills for activities undertaken. The SAFC is required to seek approval from the Minister for the annual budget allocation against various activities. That approval delineates the funding allocation to the three areas of the SAFC's activities of Operations, Screen Industry Programs and Production funding. The allocation of funding against these areas of activities is not amended during the year unless supplemented by additional funding approved for specific purposes.

The SAFC receives funding for the South Australian Post Production, Digital and Visual Effects (SA PDV) Rebate directly from the Department of Treasury and Finance following approval of individual projects by the SAFC delegate.

In addition, the SAFC may secure grant funding from other parts of the South Australian Government such as the Department for Premier and Cabinet for specific programs. This income is recognised in the relevant activity dependent on the purpose of the program.

4.2 ADELAIDE STUDIOS INCOME

	2019 \$'000	2018 \$'000
Studio Hire	636	1 112
Tenant Rental	285	333
Other	210	316
Total Adelaide Studios income	1 131	1,761

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4.3 INTEREST REVENUE

	2019	2018
	\$'000	\$'000
Deposits with the SA Government Financing Authority	136	122
Deposits with non-SA Government financial institutions	6	6
Revolving Film Fund Loans	(3)	41
Total interest revenues	139	169

4.4 OTHER REVENUE

	2019	2018
	\$'000	\$'000
Sundry Income	19	26
Asset acquired at no cost	5	9
Revolving Film loan administration fees	-	15
Total other income	24	50

5. NON-FINANCIAL ASSETS

The SAFC's assets comprise production equipment and office equipment. Production equipment is used to undertake sound mixing and recording services and is income generating for the SAFC. Office equipment includes the provision of the IT and phone network for the Adelaide Studios site in addition to traditional office equipment such as desks and chairs. Where this equipment is deployed in the production and office tenancies it contributes to the generation of income for the SAFC.

5.1 EQUIPMENT

	2019 \$'000	2018 \$'000
Production Equipment		
Production equipment at cost (deemed fair value)	1 204	1 214
Accumulated depreciation at the end of the period	(993)	(1 011)
Total production equipment	211	203
Office Equipment		
Office equipment at cost (deemed fair value)	1 043	1 057
Accumulated depreciation at the end of the period	(759)	(779)
Total office equipment	284	278
Total equipment	495	481

Equipment with a value equal to or in excess of \$1,000 is capitalised, otherwise it is expensed.

Resources received free of charge

During the year the SAFC received IT equipment to the value of \$5 000 from the Department for Innovation and Skills under the IT Services Service Level Agreement.

Impairment

Equipment has not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continued use of their service capacity and are subject to regular stocktake and visual inspection.

Reconciliation 2018-19

	Production equipment \$'000	Office equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	203	278	481
Acquisitions	69	71	140
Donated assets	-	5	5
Disposals eg sales, write off	-	(2)	(2)
Depreciation	(61)	(68)	(129)
Carrying amount at the end of the period	211	284	495

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6. FINANCIAL ASSETS

6.1 CASH AND CASH EQUIVALENTS

	2019	2018
	\$'000	\$'000
Short-term deposits with SAFA	17 107	5 848
Cash at bank and on hand	90	163
Total cash and cash equivalents	17 197	6 011

Short-term deposits

Short-term deposits are made for varying periods of between one day and three months. The deposits are lodged with SAFA and earn interest at the respective short-term deposit rates.

6.2 RECEIVABLES

	2019	2018
	\$'000	\$'000
Current		
Receivables	236	120
Less allowance for doubtful debts	(2)	-
Prepayments	49	67
GST input tax recoverable	49	26
Accrued revenues	12	62
Total current receivables	344	275

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

The net amount of GST payable to the ATO is included as part of receivables.

Impairment of receivables

	2019	2018
	\$'000	\$'000
Carrying amount at the beginning of the period	-	1
Amounts written off	(1)	(4)
Amounts recovered during the year	-	1
Increase in the allowance recognised in profit or loss	3	2
Carrying amount at the end of the period	2	-

Refer to notes 9.2 and 11.3 for details regarding credit risk and the methodology for determining impairment.

6.3 REVOLVING FILM FUND LOANS

	2019 \$'000	2018 \$'000
Current	-	1 132
Non –Current	50	50
Total Revolving Film Fund Loans	50	1 182

The SAFC provides Revolving Film Fund secured loans to film and television producers.

As at 30 June 2019 loans were provided on an interest bearing basis and secured, with due regard to the credit worthiness of the producer and its track record for delivery, by a combination of:

- (a) a first ranking security over guarantees provided by either
 - film distributors and/or sales agents: or
 - the federal Government through its Producer Offset Scheme;
- (b) a further security interest over the producer's company entitlement to gross proceeds from exploitation of the film;
- (c) where the borrower is a special purpose vehicle (SPV) created solely for the production of the film, surety provided by the parent company in the form of a Deed of Guarantee; and
- (d) in exceptional circumstances, a bank guarantee may be required.

There were no impaired loans in 2019 or 2018.

7. LIABILITIES

Employee benefit liabilities are disclosed in note 2.4.

7.1 PAYABLES

	2019 \$'000	2018 \$'000
Current		
Production funding	9 785	2 605
Screen Industry programs	595	595
Accrued expenses	235	192
Employment on-costs	19	19
Creditors	-	-
Total current payables	10 634	3 411
Non-current		
Production funding	2 320	-
Employment on-costs	16	7
Total non-current payables	2 336	7
Total payables	12 970	3 418

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

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

Employment on-costs

Employment on-costs include payroll tax and superannuation contributions and are settled when the respective employee benefits that they relate to is discharged.

The SAFC makes contribution to several externally managed and State Government 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 report date relates to any contributions due but not yet paid to those schemes.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has not changed from the 2018 rate (41%).

7.2 PROVISIONS

	2019 \$'000	2018 \$'000
Non-current		
Provision for workers compensation	7	6
Total non-current provisions	7	6
Total provisions	7	6

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	2019 \$'000	2018 \$'000
<i>Movement in provisions</i>		
Carrying amount at the beginning of the period	6	6
Additional provisions	1	-
Amounts used	-	-
Carrying amount at the end of the period	7	6

The SAFC has no open workers compensation claims. A provision has been reported to reflect unsettled workers compensation claims.

For the 2019 year the workers compensation provision is based on an actuarial assessment of outstanding liability as at 30 June 2019 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector. The provision is for the estimated cost of the ongoing payments to employees as required under current legislation.

For the 2018 year the workers compensation provision was based on management's best estimate of the expenditure required to settle incidents incurred but not reported as of 30 June which would not be expected to be lodged and settled within the next financial year.

8. OTHER DISCLOSURES

8.1 CASH FLOW

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

9. CHANGES IN ACCOUNTING POLICY

9.1 TREASURER'S INSTRUCTIONS

On 22 March 2019 the *Treasurer's instructions (Accounting Policy Statements) 2019* were issued by the Treasurer under the *Public Finance and Audit Act 1987*. The Accounting Policy Statements replaced the following Accounting Policy Frameworks:

- Purpose and Scope
- General Purpose Financial Statements Framework
- Asset Accounting Framework
- Financial Asset and Liability Framework
- Income Framework
- Definitions.

The new Accounting Policy Statements have largely been prepared on a no-policy change basis. Changes that impact on these financial statements are:

- Increasing the bands from \$10,000 to \$20,000 for employee and board member reporting.

These changes, however, do not impact on the amounts reported in the financial statements.

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

9.2 AASB 9 FINANCIAL INSTRUMENTS

AASB 9 Financial Instruments replaces the provisions of AASB 139 that relate to recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 from 1 July 2018 resulted in changes in accounting policies however, has not resulted in adjustments to the amounts recognised in financial statements.

As part of the adoption of AASB 9, the SAFC adopted consequential amendments to other accounting standards and the *Treasurer's Instructions (Accounting Policy Statements)* arising from the issue of AASB 9 as follows:

- *AASB 101 Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. In prior year, this information was presented as part of other expenses.
- *AASB 7 Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9.

In accordance with transitional provisions and the *Treasurer's Instructions (Accounting Policy Statements)*, *AASB 9 Financial Instruments* was adopted without restating comparative information for classification and measurement requirements.

The adoption of AASB 9 has not had an effect on the recognition, measurement or classification of financial liabilities and as a result there is no adjustment required to be made to retained earnings as at 1 July 2018.

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

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Reclassification of financial instruments on adoption of AASB 9

On the date of initial application, SAFC's financial instruments were as follows.

	Measurement Category		AASB 139	Carrying amount	AASB 9
	AASB 139	AASB 9	at 30 June 2018 \$'000	Re-measurement \$'000	at 1 July 2018 \$'000
Current financial assets					
Receivables	Loans and receivables	Amortised cost	182	-	182
Revolving Film Fund loans	Loans and receivables	Amortised cost	1 132	-	1 132
Non-current financial assets					
Revolving Film Fund loans	Loans and receivables	Amortised cost	50	-	50
Current liabilities					
Payables	Amortised cost	Amortised cost	123	-	123
Production funding	Amortised cost	Amortised cost	2 605	-	2 605
Screen Industry Programs	Amortised cost	Amortised cost	595	-	595

Impairment of financial assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' model. The following financial assets of the SAFC are subject to AASB 9's new expected credit loss model:

- receivables from provision of services; and
- Revolving Film Fund loans.

This model generally results in earlier recognition of credit losses than the previous one.

Receivables

New impairment requirements result in a provision being applied to all receivables rather than only on those receivables that are credit impaired. The SAFC has adopted the simplified approach under AASB 9 Financial Instruments and measured lifetime expected credit losses on all receivables using a provision matrix approach as a practical expedient to measure the impairment provision. This has not resulted in an increase of the loss allowance on 1 July 2018 for receivables external to Government.

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

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

10. OUTLOOK

10.1 UNRECOGNISED CONTRACTUAL COMMITMENTS

Commitments include Screen Industry projects for funding for a future financial year that have been contractually committed and are disclosed at their nominal value.

	2019 \$'000	2018 \$'000
Screen Industry programs		
Within one year	230	230
Later than one year but not longer than 5 years	75	275
Total unrecognised contractual commitments	305	505

10.2 CONTINGENT ASSETS AND LIABILITIES

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

The SAFC is not aware of any contingent assets.

Where production funding has been approved and the applicant has been advised and there remains a degree of uncertainty that the projects will proceed, the approval is recognised as a contingent liability.

Liabilities	2019 \$'000	2018 \$'000
Production funding	217	-
Total contingent liabilities	217	-

10.3 IMPACT OF STANDARDS AND STATEMENTS NOT YET EFFECTIVE

AASB 16 - Leases

The SAFC will not adopt *AASB 16 – Leases* from 1 July 2019.

AASB 16 sets out a comprehensive model for lease accounting that addresses recognition, measurement, presentation and disclosure of leases. The outcome will be that lease information disclosed will give users of financial statements a basis to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. *AASB 16 Leases* replaces *AASB 117 Leases* and *Interpretation 4 Determining whether an Arrangement contains a Lease*, *Interpretation 115 Operating Leases – Incentives and Interpretation*, and *Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

However, the Australian Accounting Standards Board published amendments to *AASB 16 Leases* and *AASB 1058 Income of Not-for-Profit Entities* that will temporarily relieve not-for-profit entities such as the SAFC from being required to measure at fair value any lease arrangements to which they are a lessee and that have significantly below-market terms and conditions principally to enable the SAFC to further its objectives ('peppercorn' leases).

The SAFC occupies the Adelaide Studios under a peppercorn head lease arrangement with the responsible Minister, the Premier. As a result of the temporary relief the SAFC has not yet undertaken a valuation of the site or determined the potential impact on the financial statements in the 2019-20 year.

10.4 EVENTS AFTER THE REPORTING PERIOD

There are no events occurring after the end of the reporting period.

11. MEASUREMENT AND RISK

11.1 LONG SERVICE LEAVE LIABILITY - MEASUREMENT

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

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

AASB 119 Employee Benefits requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased from 2018 (2.5%) to 2019 (1.5%).

This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is an increase in the long service leave liability and employee benefits expense is \$27,000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

The SAFC is not expecting any payment for long service leave in the next 12 months. As a result the full quantum of long service leave has been classified as non-current.

11.2 FAIR VALUE

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

Initial recognition

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

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

Revaluation

Equipment has not been revalued.

11.3 FINANCIAL RISK MANAGEMENT

Risk management is managed by the SAFC's Executive Team. SAFC 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 SAFC's exposure to financial risk (liquidity, credit and market risks) is low due to the nature of financial instruments held.

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Liquidity risk

The SAFC is funded principally from the Department for Innovation and Skills under a 3 year Memorandum of Administrative Arrangement. The SAFC works with the Department to determine the cash flows associated with its approved program of work and to ensure funding is provided to meet the expected cash flows.

Refer to note 7.1 for further information.

Categorisation of financial instruments

Details of the significant accounting policies and methods adopted include 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 and financial liability are disclosed in the respective financial asset/liability note.

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

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

- Loan and receivables;
- Financial liabilities measured at cost.

Classification applicable from 1 July 2018 under AASB 9 Financial Instruments

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

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

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest only on the principal amount outstanding.

The SAFC measures all financial instruments, except equity investments, at amortised cost.

Category of financial asset and financial liability	Notes	2019 Carrying amount (\$'000)	2018 Carrying amount (\$'000)
Financial assets			
Cash and equivalent	6.1	17 197	6 011
Financial assets at amortised cost			
- Receivables	6.2	246	182
- Revolving Film Fund Loans	6.3	50	1 182
Total financial assets		17 493	7 375
Financial liabilities			
Financial liabilities at amortised cost			
- Production funding	7.1	12 105	2 605
- Screen Industry Programs	7.1	595	595
- Payables	7.1	156	123
Total financial liabilities		12 856	3 323

Receivables and payables

The 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 standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

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

12. ADMINISTERED ITEMS

The SAFC previously provided a service to producers for disbursing investment returns to investors (non-S AFC titles) in addition to managing the disbursement of investment returns for SAFC titles. The SAFC has acquitted all disbursement of non SAFC titles and the balances below reflect the funds held in relation to SAFC titles only.

The SAFC does not have control of, or discretion to apply these investment returns towards achieving the SAFC's objectives unless the SAFC is contractually entitled to a proportion of these funds, generally as the original producer of these titles. Therefore, prior to reconciliation, disbursement returns are not recognised in the financial statements but are reflected below.

Once the SAFC has determined the quantum that may be attributable to the SAFC as producer of these titles these funds are transferred to the SAFC controlled accounts and reflected as Investment Returns in the Statement of Comprehensive Income. Funds that are due to other investors of SAFC titles are disbursed directly from the accounts below.

	2019	2018
	\$'000	\$'000
Disbursement Returns Account		
Balance at 1 July	118	114
Add:		
Royalties and distribution advances	1	6
Less:		
Disbursements to investors	(71)	(2)
Balance at 30 June	48	118
	2019	2018
	\$'000	\$'000
Unclaimed Investor Returns Accounts		
Balance at 1 July	55	55
Balance at 30 June	55	55