

# State Theatre Company of South Australia

Financial report  
for the year ended  
30 June 2018



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

## To the Board Chair State Theatre Company of South Australia

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and the *State Theatre Company of South Australia Act 1972*, I have audited the financial report of State Theatre Company of South Australia for the financial year ended 30 June 2018.

### Opinion

In my opinion the financial report has been prepared in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and Australian Accounting Standards, including:

- a) giving a true and fair view of the financial position of the State Theatre Company of South Australia as at 30 June 2018, its financial performance and its cash flows for the year then ended, and
- b) complying with Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2018
- a Statement of Financial Position as at 30 June 2018
- a Statement of Changes in Equity for the year ended 30 June 2018
- a Statement of Cash Flows for the year ended 30 June 2018
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Board Chair, Executive Director/Producer and the Business 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 State Theatre Company of South Australia. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In

conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

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

### **Responsibilities of the Executive Director/Producer and the Board for the financial report**

The Executive Director/Producer is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and the *Australian Charities and Not-for-profits Commission Act 2012* 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 Board is responsible for overseeing the entity's financial reporting process.

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

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

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

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

- 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 Executive Director/Producer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson

**Auditor-General**

28 September 2018

**STATE  
THEATRE  
COMPANY**  
*SOUTH AUSTRALIA*

ABN 55 386 202 154

Financial Statements  
for the year ended  
30th June 2018

# State Theatre Company of South Australia

<b>Contents</b>	<b>Page</b>
Statement of Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 to 13
Certification Statement	14
Independent Auditor's Report	16 to 17

State Theatre Company of South Australia  
Statement of Comprehensive Income  
for the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
<b>Expenses</b>			
Staff benefits expenses	3	3,640	3,373
Supplies and services	5	4,470	4,458
Depreciation	9	47	52
<b>Total expenses</b>		<u>8,157</u>	<u>7,883</u>
<b>Income</b>			
Commonwealth revenues		886	760
Box office		2,009	2,064
Co-producer, tour and royalty fees		1,825	1,452
Sponsorship and donations	6	555	933
Interest revenues	6	47	50
Other income	6	258	224
<b>Total income</b>		<u>5,580</u>	<u>5,483</u>
<b>Net cost of providing services</b>		<u>2,577</u>	<u>2,400</u>
<b>Revenues from SA Government</b>			
Revenues from SA Government	6	<u>2,632</u>	<u>2,633</u>
<b>Net result</b>		<u>55</u>	<u>233</u>
<b>Total comprehensive result</b>		<u>55</u>	<u>233</u>

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.

State Theatre Company of South Australia  
Statement of Financial Position  
as at 30 June 2018

	Note	2018 \$'000	2017 \$'000
<b>Current assets</b>			
Cash and cash equivalents	7	1,737	1,547
Receivables	8	363	1,375
Prepayments		314	352
<b>Total current assets</b>		<u>2,414</u>	<u>3,274</u>
<b>Non-current assets</b>			
Other financial assets	2.6	760	746
Plant and equipment	9	120	135
<b>Total non-current assets</b>		<u>880</u>	<u>881</u>
<b>Total assets</b>		<u>3,294</u>	<u>4,155</u>
<b>Current liabilities</b>			
Payables	10	754	1,202
Unearned revenue	11	840	1,194
Staff benefits	12	190	300
Provisions	13	8	5
<b>Total current liabilities</b>		<u>1,792</u>	<u>2,701</u>
<b>Non-current liabilities</b>			
Payables	10	13	14
Staff benefits	12	146	155
Provisions	13	11	8
<b>Total non-current liabilities</b>		<u>170</u>	<u>177</u>
<b>Total liabilities</b>		<u>1,962</u>	<u>2,878</u>
<b>Net Assets</b>		<u>1,332</u>	<u>1,277</u>
<b>Equity</b>			
Retained earnings		1,332	1,277
<b>Total Equity</b>		<u>1,332</u>	<u>1,277</u>

**The total equity is attributable to the SA Government as owner**

Unrecognised contractual commitments	14
Contingent assets and liabilities	15

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

State Theatre Company of South Australia  
Statement of Changes In Equity  
for the year ended 30 June 2018

	Note	Retained Earnings	
		2018 \$'000	2017 \$'000
Balance at 1 July		1,277	1,044
Total comprehensive result		55	233
Balance at 30 June		<u>1,332</u>	<u>1,277</u>

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

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

State Theatre Company of South Australia  
Statement of Cash Flows  
for the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
<b>Cash flows from operating activities</b>			
<b>Cash outflows</b>			
Staff benefits payments		(3,750)	(3,367)
Payment for supplies and services		(5,018)	(3,798)
<b>Cash used in operations</b>		<u>(8,768)</u>	<u>(7,165)</u>
<b>Cash inflows</b>			
Receipts from Commonwealth		618	857
Box office and other receipts		5,603	3,444
Interest received		33	36
GST recovered from the ATO		2	89
<b>Cash generated from operations</b>		<u>6,256</u>	<u>4,426</u>
<b>Cash flows from SA Government</b>			
Receipts from SA Government		2,734	2,601
<b>Cash generated from SA Government</b>		<u>2,734</u>	<u>2,601</u>
<b>Net cash provided by/(used in) operating activities</b>		<u>222</u>	<u>(138)</u>
<b>Cash flows from investing activities</b>			
<b>Cash outflows</b>			
Purchase of plant and equipment		(32)	(75)
<b>Cash used in investing activities</b>		<u>(32)</u>	<u>(75)</u>
<b>Net cash used in investing activities</b>		<u>(32)</u>	<u>(75)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		190	(213)
Cash and cash equivalents at the beginning of the period		1,547	1,760
<b>Cash and cash equivalents at the end of the period</b>	7	<u>1,737</u>	<u>1,547</u>

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

State Theatre Company of South Australia  
Financial Year Ended 30 June 2018  
Notes to and forming part of the Financial Statements

## 1. Objectives of The State Theatre Company of South Australia

The State Theatre Company of South Australia (the Company) was established under the *State Theatre Company of South Australia Act 1972* and exists to create extraordinary experiences through theatre. Our vision is to be Australia's pre-eminent storyteller, which sees the Company as a bold and ambitious theatre company with a sustainable platform for growth and ongoing success.

The Company has the following high level goals:

- Deliver programs of exceptional quality
- Reach a broad audience and ensure diversity of artists, audiences, programs and stories
- Enrich our support for the South Australian Arts community of theatre makers
- Strengthen relationships with industry, community, and the corporate sector and maintain a strong and sustainable infrastructure for the Company

## 2. Basis of financial statements

### 2.1 Reporting entity

The Company is a statutory authority, established pursuant to the *State Theatre Company of South Australia Act 1972*.

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

### 2.2 Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987* and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards (Reduced Disclosure Requirements) and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

The Company has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Company is a not-for-profit entity. Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Company for the period ending 30 June 2018.

### 2.3 Basis of preparation

The financial statements have been 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 on a different basis.

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

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.

Significant accounting policies are set out in the notes.

### 2.4 Taxation

The Company is not subject to income tax. The Company is liable for payroll tax, fringe benefits tax, goods and services tax (GST), emergency services levy, land tax equivalents and local government rates.

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 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.

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.

State Theatre Company of South Australia  
Financial Year Ended 30 June 2018  
Notes to and forming part of the Financial Statements

## 2.5 Income

Income is recognised to the extent that it is probable that the flow of economic benefits to the Company will occur and can be reliably measured.

Income has been aggregated according to its nature and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

### *Commonwealth Revenue*

A Tripartite Funding Agreement between the State Government, Australian Government and the Company provides operating grants for the Company. The funding arrangements for these Governments are intended to cover the different operating periods. In particular:

- Australian Government operating grants received in 2017-18 were to contribute to operations for the 2018 calendar year.
- State Government operating grants received in 2017-18 were to contribute to operations for the 2017-18 financial year.

In accordance with the Australian Accounting Standards operating grants are recognised as revenue when the Company obtains control over the assets. Control over operating grants is normally obtained upon receipt because the grants are a non-reciprocal transaction and there is no present obligation to repay the monies.

The Company has also received Commonwealth grants related to specific programs to be undertaken in future years.

### *Box office*

Box office revenues for productions are recognised when a production has concluded. Ticket sales for future productions and productions in progress at reporting date are recorded as unearned revenue - advance box office revenue.

There were seven mainstage productions staged during 2017-18 (seven mainstage productions staged in 2016-17).

### *Co-producer, tour and royalty fees*

Co-production, tour and royalty fee revenues for productions are recognised when a production or tour has concluded. Fees for future productions and productions in progress at reporting date are recorded as unearned revenue - tour and co-producer revenue.

## 2.6 Non-current assets

### *Other financial assets*

The Company entered into an agreement, known as the Reserves Incentive Funding Scheme Agreement, with the Australia Council and Arts SA during 2003-04. The Scheme is designed to encourage and assist the Major Performing Arts companies to strengthen their Statement of Financial Position by building reserves to a level that is sufficient to underpin their financial health.

The funds received under the Agreement must be placed in escrow and can only be released under certain circumstances, which are set out in the Agreement, which includes the Company making a formal submission, signed by the Board Chair, to Arts South Australia and the Australia Council.

Funds received under the Scheme have not been used to secure any liabilities of the Company.

These funds are long term deposits which are held with the South Australian Government Financing Authority and are recorded at cost. The balance of the fund as at 30 June 2018 was \$760,000 (\$746,000).

State Theatre Company of South Australia  
Financial Year Ended 30 June 2018  
Notes to and forming part of the Financial Statements

**3. Staff Benefits**

<b>3.1 Staff benefits expense</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and wages	2,990	2,772
Long Service Leave	20	19
Annual Leave	137	171
Staff on-costs - superannuation	293	263
Staff on-costs - other	200	148
<b>Total staff benefits expenses</b>	<b>3,640</b>	<b>3,373</b>

The superannuation on-cost charge represents the Company's contributions to various superannuation plans in respect of current services of current staff.

**3.2 Key management personnel**

Key management personnel of the Company include the Minister, the Board of Governors, the Executive Director/Producer, and the Artistic Director who have responsibility for the strategic direction and management of the Company.

Total compensation for the board's key management personnel was \$336,000 (\$452,000).

Salaries and other benefits the Minister receives are excluded from this total. 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*.

**3.3 Remuneration of staff**

	<b>2018</b>	<b>2017</b>
	<b>No</b>	<b>No</b>
The number of staff whose remuneration received or receivable falls		
\$149,001 to \$159,000	-	1
\$169,001 to \$179,000	1	-
<b>Total number of staff</b>	<b>1</b>	<b>1</b>

The table includes all staff who received remuneration of \$149,001 or more during the year. Remuneration of staff reflects all costs of employment including salaries and wages, superannuation, fringe benefit tax and any other salary sacrifice benefits. The total remuneration received by staff was \$171,000 (\$157,000).

**4. Remuneration of Board members**

Members that were entitled to receive remuneration for membership during the year were:

Mr Justin Jamieson	Ms Jodie Newton
Ms Anne Levy	Ms Diané Ranck
Ms Kristen Raison	Mr Simon Blewett
Mr Terence Crawford*	

Board fees were not paid to members in 2017-18 (\$0).

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

State Theatre Company of South Australia  
Financial Year Ended 30 June 2018  
Notes to and forming part of the Financial Statements

<b>5. Supplies and services</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Promotion and sponsorship expenses	820	764
Contractors fees	539	611
Consultants fees	61	23
Rent	202	233
Scenery, sound, lighting and special effects	375	554
Travel and accommodation	276	410
Royalties	662	341
Communications	29	40
Costume and props	101	113
Other production costs	236	210
Administration expenses	187	237
Theatre hire and charges	791	754
Ticket agency charges	161	138
Audit fees	30	30
<b>Total supplies and services expense</b>	<b>4,470</b>	<b>4,458</b>

Expenses for productions are recognised when a production has concluded. Production costs for future productions and productions in progress at reporting date are recorded as prepayments.

Resources provided free of charge are recorded at fair value, in the expense line items to which they relate.

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

	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>\$'000</b>
Below \$10,000	-	1
Above \$10,000	4	1
Total paid/payable to the consultants engaged	<b>4</b>	<b>2</b>

<b>6. Revenues</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Sponsorship and Donations</b>		
Cash	333	582
In Kind	222	351
<b>Total Sponsorship and Donations</b>	<b>555</b>	<b>933</b>

Sponsorships are provided in cash and through resources provided free of charge. Sponsorship income is recognised according to the pattern of benefits exchanged. Sponsorship received in advance of benefits paid is recorded as unearned revenue.

Resources received free of charge are recorded at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been provided.

**Interest**

Interest from SA Government	33	36
Interest - Reserves Incentive Funding Scheme (SAFA)	14	14
	<b>47</b>	<b>50</b>

**Other**

Prop Shop income	95	108
Company Service Fees	133	86
Miscellaneous revenue	30	30
<b>Total Other</b>	<b>258</b>	<b>224</b>

**Revenues from SA Government**

Revenues from SA Government	2,632	2,633
<b>Total Revenues from SA Government</b>	<b>2,632</b>	<b>2,633</b>

Grants for program funding received from Arts South Australia are recognised as revenues when the Company obtains control over the assets. Control over grants is normally obtained upon receipt.

State Theatre Company of South Australia  
Financial Year Ended 30 June 2018  
Notes to and forming part of the Financial Statements

<b>7. Cash and cash equivalents</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Short Term Deposits	1,630	1,342
Cash at Bank and on hand	107	205
	<u>1,737</u>	<u>1,547</u>

Short term deposits include deposits at call with the South Australian Government Financing Authority (SAFA) and are recorded at cost. Short term deposits are made for varying periods between one day and three months. The deposits that are lodged with SAFA at the respective short term deposit rates.

Cash at Bank and on hand includes deposits with Bank SA and amounts held on Company premises.

Cash is measured at nominal value.

<b>8. Receivables</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade receivables	376	1,392
Allowance for doubtful debts	(13)	(17)
	<u>363</u>	<u>1,375</u>

#### 8.1 Movement in the allowance for doubtful debts

Carrying amount at the beginning of the period	17	4
Amounts recovered during the year	(6)	(4)
Change in allowance recognised in profit or loss	2	17
Carrying amount at the end of the period	<u>13</u>	<u>17</u>

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired. An allowance for impairment loss has been recognised in 'administration expenses' in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

Receivables overdue but not impaired is \$3,000 (\$45,000).

#### 9. Plant and equipment

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Motor Vehicle - at cost	27	27
Accumulated depreciation	(27)	(27)
	<u>-</u>	<u>-</u>
Equipment - at cost	197	187
Accumulated depreciation	(116)	(95)
	<u>81</u>	<u>92</u>
Computer Equipment - at cost	140	125
Accumulated depreciation	(119)	(103)
	<u>21</u>	<u>22</u>
Software - at cost	49	43
Accumulated depreciation	(31)	(22)
	<u>18</u>	<u>21</u>
<b>Total plant and equipment</b>	<u>120</u>	<u>135</u>

#### 9.1 Acquisition and recognition

Plant and equipment is 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.

All plant and equipment with a value equal to or in excess of \$1,000 are capitalised.

State Theatre Company of South Australia  
Financial Year Ended 30 June 2018  
Notes to and forming part of the Financial Statements

## 9.2 Carrying amount of plant and equipment

All items of plant and equipment had a fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years, and have not been revalued in accordance with APF III. The carrying value of these items are deemed to approximate fair value.

## 9.3 Reconciliation of plant and equipment during 2017-18

2017-2018	Equipment \$'000	Computer Equipment \$'000	Software \$'000	Total \$'000
Carrying amount at the beginning of the period	92	22	21	135
Additions	11	15	6	32
Depreciation expense	(22)	(16)	(9)	(47)
<b>Carrying amount at the end of the period</b>	<b>81</b>	<b>21</b>	<b>18</b>	<b>120</b>

There were no indications of impairment of plant and equipment assets at 30 June 2018.

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.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

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

Class of Assets	Useful life (years)
Motor Vehicles	5
Equipment	3-10
Computer Equipment	3-7
Software	3-5

10. Payables	2018 \$'000	2017 \$'000
<b>Current</b>		
Creditors	536	871
Accruals and advances	183	298
Staff Benefit On-costs	35	33
	<u>754</u>	<u>1,202</u>
<b>Non-current</b>		
Staff Benefit On-costs	13	14
	<u>13</u>	<u>14</u>
<b>Total payables</b>	<u>767</u>	<u>1,216</u>

Staff benefit on-costs include superannuation contributions and payroll tax with respect to outstanding liabilities for salaries and wages, long service leave and annual leave.

The Company makes contributions to several externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes.

11. Unearned revenue	2018 \$'000	2017 \$'000
<b>Current</b>		
Advance box office revenue	599	598
Unearned tour and co-producer revenue	10	193
Unearned sponsorship revenue	95	98
Unearned grant revenue	136	305
	<u>840</u>	<u>1,194</u>

State Theatre Company of South Australia  
Financial Year Ended 30 June 2018  
Notes to and forming part of the Financial Statements

<b>12. Staff benefits - liability</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Annual Leave	94	123
Long Service Leave	94	106
Accrued salaries and wages	2	71
	<u>190</u>	<u>300</u>
<b>Non-current</b>		
Long Service Leave	<u>146</u>	<u>155</u>
<b>Total staff benefits</b>	<u><u>336</u></u>	<u><u>455</u></u>

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.

### 12.1 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 the reporting date.

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

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

### 12.2 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 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 increased from 2017 (2.0%) to 2018 (2.5%).

This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability. The net financial impact of the change in rate is \$9,000 (\$0).

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and 3% for annual leave. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

The unconditional portion of the long service leave provision is classified as current as the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of long service leave relates to an unconditional legal entitlement to payment arising after 10 years of service.

State Theatre Company of South Australia  
Financial Year Ended 30 June 2018  
Notes to and forming part of the Financial Statements

<b>13. Provisions</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Provision for workers compensation	<u>8</u>	<u>5</u>
	<u>8</u>	<u>5</u>
<b>Non-current</b>		
Provision for workers compensation	<u>11</u>	<u>8</u>
	<u>11</u>	<u>8</u>
<b>Total provisions</b>	<u><u>19</u></u>	<u><u>13</u></u>
<b>13.1 Movement in Provision</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Carrying amount at the beginning of the period</b>	<b>13</b>	<b>29</b>
Change in provision	<b>7</b>	<b>(15)</b>
Less: Payments	<b>(1)</b>	<b>(1)</b>
<b>Carrying amount at the end of the period</b>	<u><u>19</u></u>	<u><u>13</u></u>

The provision for workers compensation is an actuarial estimate of the outstanding liability as at 30 June 2018, as provided by a consulting actuary engaged through the Office for the Public Sector. The provision is for the estimated costs of ongoing payment to employees as required under current legislation.

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

#### 14. Unrecognised contractual commitments

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 ATO. If GST is not payable to, or recoverable from the ATO, the commitments and contingencies are disclosed on a gross basis.

##### 14.1 Operating leases

Commitments in relation to operating leases contracted for at reporting date but not recognised as liabilities are payable as follows:

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Not later than one year	<b>81</b>	<b>202</b>
Later than one year but not later than five years	<b>151</b>	<b>259</b>
	<u><u>232</u></u>	<u><u>461</u></u>

The Company leases two photocopiers from Fuji Xerox, which are due to expire in May 2019 and October 2021.

The Company leases a forklift from Crown Lift Trucks, which is due to expire in May 2021.

The Company leases facilities for property, scenery and costume storage and hire from N.T.C Pty Ltd, which is due to expire in July 2018.

The Company leases the Drama Centre (workshop, wardrobe, rehearsal space and offices) from the Adelaide Festival Centre Trust which is due to expire in June 2020.

The Company leases the first floor of the Fowlers Building, Lion Arts Centre from Arts South Australia, which is due to expire in October 2021.

State Theatre Company of South Australia  
Financial Year Ended 30 June 2018  
Notes to and forming part of the Financial Statements

## 15. Contingent assets and liabilities

The Company is not aware of any contingent assets or liabilities.

## 16. Related party transactions

Compensation of Key Management Personnel is disclosed as note 3.2.

The Artistic Director's brother and sister-in-law have a controlling interest in GWB Entertainment Pty Ltd. The Company entered into co-production and co-presentation agreements with GWB Entertainment under commercial terms and conditions for a national and international tours of *1984*. Amounts paid to GWB Entertainment Pty Ltd for royalties, fees and reimbursements equal \$196,000 (\$47,000). Amounts received from GWB Entertainment Pty Ltd for fees, reimbursements and royalties equal \$591,000 (\$467,000).

The former Executive Director/Producer who is also the Artistic Director's father, has a controlling interest in Sweet Reason Pty Ltd. The Company entered into agreements with Sweet Reason Pty Ltd for the executive production of the national and international tours of *1984*. Amounts paid to Sweet Reason Pty Ltd for contractual consultancy and other fees and reimbursements equal \$28,000 (\$22,000).

The Artistic Director's wife is the writer of the play *Vale*. The Company entered into a license agreement via her agent to perform *Vale* as part of its 2017 mainstage season. Amounts paid for royalties equal \$13,000 (\$6,000).

## 17. Financial risk management/financial instruments

### 17.1 Financial risk management

Risk management is managed by the Company's Board and senior management. 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 Company's exposure to financial risk (liquidity risk, credit risk and market risk) is low due to the nature of the financial instruments held.

### 17.2 Liquidity risk

The Company is funded principally by grants by the SA Government. The Company settles undisputed accounts within 30 days. In event of a dispute, payment is made within 30 days from resolution.

The Company's exposure to liquidity risk is insignificant based on past experience and current assessment of risk. The carrying amount of financial liabilities recorded in this note represent the Company's maximum exposure to financial liabilities.

### 17.3 Categorisation of financial instruments

Category	Statement of Financial Position line item	Note	2018	2017
			\$'000	\$'000
			Carrying/Fair Value	Carrying/Fair Value
<b>Financial Assets</b>				
Cash at bank and on hand	Cash and cash equivalents	7	107	205
Short term deposits	Cash and cash equivalents	7	1,630	1,342
Receivables	Receivables (i)	8	350	1,358
Reserves Incentive Scheme investments	Other financial assets	2.6	760	746
<b>Financial Liabilities</b>				
Financial Liabilities at cost	Payables (i)	10	634	987

(i) Receivable and payables amounts disclosed here exclude amounts relating to statutory receivables and payables.

## 18. Events after the reporting period

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

State Theatre Company of South Australia  
Certification of the Financial Statements for the year ended 30 June 2018

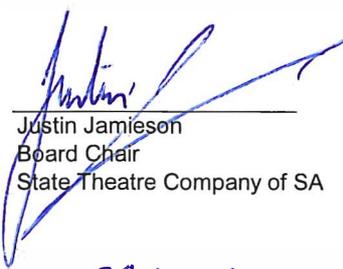
We certify that the attached general purpose financial statements for the State Theatre Company of South Australia:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian accounting standards;
- comply with Division 60 of the *Australian Securities and Charities and Not-for-profits Commission Regulation 2013*;
- are in accordance with the accounts and records of the Company; and
- present a true and fair view of the financial position of the State Theatre Company of South Australia as at 30 June 2018 and the results of its operation and cash flows for the financial year.

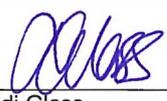
We certify that:

- the internal controls employed by the State Theatre Company of South Australia for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period; and
- at the time of signing of this statement, there are reasonable grounds to believe that the State Theatre Company of South Australia will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of the State Theatre Company of South Australia.

  
Justin Jamieson  
Board Chair  
State Theatre Company of SA

Dated: 27/9/18

  
Jodi Glass  
Executive Director/Producer  
State Theatre Company of SA

Dated: 27.09.2018

  
Natalie Coveridge  
Business Manager  
State Theatre Company of SA

Dated: 27/9/2018