

# Teachers Registration Board of South Australia

Financial report  
for the year ended  
30 June 2019



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

## To the Presiding Member Teachers Registration Board of South Australia

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 18 (2) of the *Teachers Registration and Standards Act 2004*, I have audited the financial report of the Teachers Registration Board of South Australia (the Board) 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 Teachers Registration Board of South Australia 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 the *Teachers Registration and Standards Act 2004* 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 Presiding Member, Registrar and Manager, Corporate Services.

### 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 Board. 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 Registrar and the members of the Board for the financial report**

The Registrar 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 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 Board's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Registrar
- 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 Registrar and members of the 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 flourish extending to the right.

Andrew Richardson

**Auditor-General**

24 September 2019

## CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the attached general purpose financial statements for the Teachers Registration Board of South Australia (the Board):

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Board; and
- present a true and fair view of the financial position of the Board 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 Board for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



**Jane Lomax-Smith**  
**Presiding Member**

23 September 2019



**Peter Lind**  
**Registrar**

23 September 2019



**Cathy Lewis**  
**Manager, Corporate Services**

23 September 2019

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Note No.	2019 \$'000	2018 \$'000
<b>Expenses</b>			
Employee and staff benefits expenses	2.3	3,237	3,261
Supplies and services	3.1	1,195	1,328
Depreciation and amortisation expense	3.2	113	105
<b>Total expenses</b>		<b>4,545</b>	<b>4,694</b>
<b>Income</b>			
Fees and charges	4.1	4,169	4,808
Interest revenues		146	144
Other income	4.2	9	9
<b>Total income</b>		<b>4,324</b>	<b>4,961</b>
<b>Net result</b>		<b>(221)</b>	<b>267</b>
<b>Total comprehensive Income</b>		<b>(221)</b>	<b>267</b>

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

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note No	2019 \$'000	2018 \$'000
<b>Current assets</b>			
Cash and cash equivalents	6.1	10,383	10,559
Receivables	6.2	46	36
<b>Total current assets</b>		<b>10,429</b>	<b>10,595</b>
<b>Non-current assets</b>			
Property, plant and equipment	5.1	108	159
Intangible assets	5.2	310	273
Receivables	6.2	2	1
<b>Total non-current assets</b>		<b>420</b>	<b>433</b>
<b>Total assets</b>		<b>10,849</b>	<b>11,028</b>
<b>Current liabilities</b>			
Employee and staff benefits	2.4	267	280
Payables	7.1	182	306
<b>Total current liabilities</b>		<b>449</b>	<b>586</b>
<b>Non-current liabilities</b>			
Employee and staff benefits	2.4	1,058	928
Payables	7.1	105	56
<b>Total non-current liabilities</b>		<b>1,163</b>	<b>984</b>
<b>Total liabilities</b>		<b>1,612</b>	<b>1,570</b>
<b>Net Assets</b>		<b>9,237</b>	<b>9,458</b>
<b>Equity</b>			
Retained earnings		9,237	9,458
<b>Total Equity</b>		<b>9,237</b>	<b>9,458</b>
<b>The total equity is attributable to the SA Government as owner</b>			
Unrecognised contractual commitments	9.1		
Contingent assets and liabilities	9.2		

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

## STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

	Retained earnings \$'000
<b>Balance at 30 June 2017</b>	9,191
<b>Total comprehensive result for 2017-18</b>	267
<b>Balance at 30 June 2018</b>	9,458
<b>Total comprehensive result for 2018-19</b>	(221)
<b>Balance at 30 June 2019</b>	9,237

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

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

## STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	Note No.	2019 \$'000	2018 \$'000
<b>Cash flows from operating activities</b>			
<b>Cash outflows</b>			
Employee and staff benefit payments		(3,088)	(3,082)
Payments for supplies and services		(1,457)	(1,357)
<b>Cash used in operations</b>		(4,545)	(4,439)
<b>Cash inflows</b>			
Fees and charges		4,169	4,808
Interest received		147	143
Other receipts		11	9
GST recovered from the ATO		141	161
<b>Cash generated from operations</b>		4,468	5,121
<b>Net cash provided by operating activities</b>		(77)	682
<b>Cash flows from investing activities</b>			
<b>Cash outflows</b>			
Purchase of property, plant and equipment		-	-
Purchase of intangible assets		(99)	(77)
<b>Cash used in investing activities</b>		(99)	(77)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(176)	605
<b>Cash and cash equivalents at the beginning of the period</b>		10,559	9,954
<b>Cash and cash equivalents at the end of the period</b>		10,383	10,559

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

NOTES TO  
AND  
FORMING PART  
OF THE FINANCIAL  
STATEMENTS

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## 1. About the Teachers Registration Board of South Australia

The Teachers Registration Board (the Board) is an independent statutory authority established under the *Teachers Registration and Standards Act 2004* (the Act) and the *Teachers Registration and Standards Regulations 2016* (the Regulations) to regulate the teaching profession. The object of the Act is to establish and maintain a teacher registration system and professional standards for teachers to safeguard the public interest in the teaching profession whose members are competent educators and fit and proper persons to have care of children.

The functions of the Board are stated in Section 6 of the Act:

- a) *To administer the provisions of the Act for the regulation of the teaching profession;*
- b) *To promote the teaching profession and professional standards for teachers;*
- c) *To confer and collaborate with teacher education institutions with respect to the appropriateness for registration purposes, of teacher education courses;*
- d) *To confer and collaborate with teacher employers, the teaching profession, teacher unions or other organisations and other bodies and persons with respect to requirements for teacher registration and professional and other standards for teachers;*
- e) *To confer and collaborate with other teacher regulatory authorities to ensure effective national exchange of information and promote uniformity and consistency in the regulation of the teaching profession within Australia and New Zealand; and*
- f) *To keep the teaching profession, professional standards for teachers and other measures for the regulation of the profession under review and to introduce change or provide advice to the Minister of Education as appropriate.*

The Board does not control any other entity and has no interests in unconsolidated structured entities. The Board has not entered into any contractual arrangements that involve the sharing of control or significant influence over another entity.

### 1.1. Basis of preparation

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

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

For the 2018-19 financial statements the Board adopted *AASB 9 – Financial Instruments* and is required to comply with new *Treasurer's Instructions (Accounting Policy Statements)* issued on 22 March 2019. Further information is provided in note 8.

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

The Board has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Board 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 Board for the period ending 30 June 2019.

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

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

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

The Board is self-insured for workers compensation purposes. The Board is responsible for the payment of workers compensation claims. For the period from 1 July 2018 to 30 June 2019, the Board has processed zero workers compensation claims.

A provision for workers compensation liabilities has not been included as there are no known existing claims or outstanding liabilities as at 30 June 2019.

## **2. Employee and staff benefits**

### **2.1. Key management personnel**

The Board is an independent statutory authority established under the *Teachers Registration and Standards Act 2004* (the Act) and is a wholly owned entity of the Crown.

Key management personnel of the Board include the Minister, the Registrar and Board and Deputy members of the Board who have responsibility for the strategic direction and management of the board.

Total compensation for the Board's key management personnel was \$305,000 in 2018 - 19 and \$295,000 in 2017-18. Salaries and other benefits the Minister for Education 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*.

## 2.2. Board and committee members

### Members during the 2019 financial year were:

#### Board members

1 July 2018 – 30 June 2019

Jane Lomax-Smith - Presiding Member

Mardi Barry\*

Susan Miels\* (resigned 19 June 2019)

Robert Woodbury\*

Joanne Hill\*

Colleen Tomlian\*

David Coulter\*

Patricia Cavanagh\*

Lynda MacLeod

Bruno Vieceli\*\*

Bernadine Bourne

David Freeman

Julie Clark

Helen Doyle\* (resigned 22 February 2019)

Krsharmra Brandon\* (appointed 14 March 2019)

Kate Cameron

Fiona Brady

#### Deputy Board members

1 July 2018 – 30 June 2019

Leona Graham\*

Cezanne Green\* (resigned 19 June 2019)

Peter Ryan

Shoma Roy\*

Geeta Verma\*

Marian Nayda\*

Karen Roberts\*

Meredith Beck

Michael Kenny\*\*

Michael Francis\*\*

Anthony Haskell\*\*

Stephen Dobson (resigned 17 July 2018)

Graham Hardy (appointed 11 October 2018)

Marina Elliott\* (resigned 22 February 2019)

Ian Lamb\* (appointed 14 March 2019)

Monique Russell

David Caruso

### The tenure of all members and deputy members expires on 30 March 2020.

The total value of remuneration paid or payable to eligible Board members, deputy Board members or their nominating organisations during the year was \$67,000 (\$66,000). This amount comprised sitting fees as well as a total of \$5,000 (\$4,000) paid to superannuation plans for eligible Board members.

As part of these arrangements, legal fees paid to two Board members during the year was \$6,000 (\$7,000). These legal fees were charged at an hourly rate approved by the Commissioner for Public Employment.

\* In accordance with the Department of Premier and Cabinet Circular No. 16, government employees did not receive any remuneration for board/committee duties during the financial year.

\*\* For some members/deputy members (attending in the absence of the member), the TRB remits their remuneration directly to their nominating organisations.

### ***Board and committee remuneration***

<b>The number of members whose remuneration received falls within the following bands during the financial year:</b>	<b>2019</b>	<b>2018</b>
\$0 - \$19,999	15	16
<b>Total number of members</b>	<b>15</b>	<b>16</b>

### **2.3. Employee and staff benefits expenses**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and wages	2,268	2,314
Long service leave	155	124
Annual leave	200	237
Skills and experience retention leave	17	15
Employee and staff on-costs – superannuation	267	268
Employee and staff on-costs – other	142	116
Board and committee fees	67	66
Other employee and staff related expenses	121	121
<b>Total employee and staff benefits expenses</b>	<b>3,237</b>	<b>3,261</b>

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

In addition to those directly employed by the Board there was one staff member nominally employed by the Department for Education as at 30 June 2019. The Board reimburses the Department for Education for this staff member.

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

The amount charged to the Statement of Comprehensive Income represents the contributions made by the Board direct to the superannuation fund for Board members, the Board's employees and also through the Department for Education to the superannuation plan in respect of current services of Department for Education staff.

## Executive remuneration

	2019 No	2018 No
The number of employees and staff whose remuneration received or receivable falls within the following bands:		
\$211 001 to \$231 000	-	1
\$231 001 to \$251 000	1	-
<b>Total number of employees and staff</b>	<b>1</b>	<b>1</b>

The table includes Board employees and staff who received remuneration equal to or greater than the base executive remuneration level during the year. The Board pays the Department for Education for the remuneration of a staff member. Remuneration of this staff member reflects all costs of employment including salary and superannuation contributions. The incumbent is contracted until 28 February 2020.

## 2.4. Employee and staff benefits liability

	2019 \$'000	2018 \$'000
<b>Current</b>		
Accrued salaries and wages	27	40
Annual leave	200	216
Purchase leave	13	2
Skills and experience retention leave	14	12
Long service leave	13	10
<b>Total current employee and staff benefits</b>	<b>267</b>	<b>280</b>
<b>Non-current</b>		
Long service leave	1,058	928
<b>Total non-current employee and staff benefits</b>	<b>1,058</b>	<b>928</b>
<b>Total employee and staff benefits</b>	<b>1,325</b>	<b>1,208</b>

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

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

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

## 2.5. Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided as note 10.1.

## 3. Expenses

### 3.1. Supplies and services

	2019 \$'000	2018 \$'000
Accommodation and cleaning	278	272
Information technology expenses	227	188
Insurance	9	10
Minor works, maintenance and equipment	3	13
Postage and courier expenses	33	39
Printing, stationery and office consumables	41	50
Professional fees	21	20
Telecommunications	47	31
Enhanced screening charges	-	75
Sundry operating expenses	29	53
Criminal history checks	269	319
Legal costs	204	204
Promotions, research and sponsorship	34	54
<b>Total supplies and services</b>	<b>1,195</b>	<b>1,328</b>

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, as it is representative of the pattern of benefits derived from the leased assets.

The total supplies and services amount disclosed includes GST amounts not recoverable from the ATO due to the Board not holding a tax invoice or payments relating to third party arrangements.

### 3.2. Depreciation and amortisation

	2019 \$'000	2018 \$'000
<b>Depreciation and amortisation</b>		
Plant and equipment	4	3
Leasehold improvements	47	47
Intangible assets	62	55
<b>Total depreciation and amortisation</b>	<b>113</b>	<b>105</b>

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

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

### Review of accounting estimates

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

### 3.3. Useful life

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

<b>Class of asset</b>	<b>Useful life (years)</b>
Plant and equipment	1-7 years
Computer software	5 years
Leasehold improvements	Life of lease

## 4. Income

### 4.1. Fees and charges

	2019 \$'000	2018 \$'000
Regulatory fees	3,876	4,470
Other fees and charges	293	338
<b>Total fees and charges</b>	<b>4,169</b>	<b>4,808</b>

Revenues from fees and charges are recognised upon receipt by the Board.

Registration is for a three-year period. There is an uneven distribution of teachers due to renew in any given year which impacts on the revenue collection.

## 4.2. Other income

	2019 \$'000	2018 \$'000
Other income	9	9
<b>Total other income</b>	<b>9</b>	<b>9</b>

The Board received salary reimbursement from the Australian Institute for Teaching and School Leadership (AITSL) in 2017-18 and 2018-19 for the Board involvement in the Australian Teacher Workforce Dataset (ATWD) and for the Registrar to be a member of the expert panel to facilitate a national review of teacher registration.

## 5. Non-financial assets

### 5.1. Property, plant and equipment

	2019 \$'000	2018 \$'000
<b>Leasehold improvements</b>		
Leasehold improvements at fair value	579	579
Accumulated depreciation at the end of the period	(474)	(427)
<b>Total leasehold improvements</b>	<b>105</b>	<b>152</b>
<b>Plant and equipment</b>		
Plant and equipment at cost (deemed fair value)	120	120
Accumulated depreciation at the end of the period	(117)	(113)
<b>Total plant and equipment</b>	<b>3</b>	<b>7</b>
<b>Total property, plant and equipment</b>	<b>108</b>	<b>159</b>

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

Property, plant and equipment is recorded at fair value. Detail about the Board's approach to fair value is set out in note 12.2.

## Impairment

Property, plant and equipment have not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continual use of their service capacity and are subject to regular revaluation.

## Reconciliation 2018-19

	Leasehold improvements	Plant and equipment	Total
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2018	152	7	159
Additions	-	-	-
Transfer from WIP	-	-	-
Depreciation and amortisation	(47)	(4)	(50)
Carrying amount at 30 June 2019	105	3	108

## 5.2. Intangible assets

	2019 \$'000	2018 \$'000
Computer software	1,342	1,274
Accumulated amortisation	(1,104)	(1,042)
<b>Total computer software</b>	238	232
Work in progress	72	41
<b>Total intangible assets</b>	310	273

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

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

The work in progress relates to the enhancements to the 'Teachers Portal' for the online renewal of registration project for \$72,000. The project is scheduled to be capitalised by September 2019.

## Reconciliation 2018-19

	Work in Progress	Computer software	Total
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2018	41	232	273
Additions	72	27	99
Transfer from WIP	(41)	41	-
Depreciation and amortisation	-	(62)	(62)
<b>Carrying amount at 30 June 2019</b>	<b>72</b>	<b>238</b>	<b>310</b>

## 6. Financial assets

### 6.1. Cash and cash equivalents

	2019	2018
	\$'000	\$'000
Deposits with the Treasurer	10,382	10,558
Imprest account/ cash on hand	1	1
<b>Total cash and cash equivalents</b>	<b>10,383</b>	<b>10,559</b>

The Teachers Registration Board has one deposit account with the Treasurer which is a general operating account. The Board earns interest on its deposits with the Treasurer.

### 6.2. Receivables

	2019	2018
	\$'000	\$'000
<b>Current</b>		
Trade receivables	-	2
Prepayments	19	15
Accrued revenues	11	12
GST input tax recoverable	16	7
<b>Total current receivables</b>	<b>46</b>	<b>36</b>
<b>Non-current</b>		
Prepayments	2	1
<b>Total non-current receivables</b>	<b>2</b>	<b>1</b>
<b>Total receivables</b>	<b>48</b>	<b>37</b>

## 7. Liabilities

Employee and staff benefits liabilities are disclosed in note 2.4

### 7.1. Payables

	2019 \$'000	2018 \$'000
<b>Current</b>		
Trade payables	120	227
Accrued expenses	23	34
Employee and staff on-costs	39	45
<b>Total current payables</b>	<b>182</b>	<b>306</b>
<b>Non-current</b>		
Employee and staff on-costs	105	56
<b>Total non-current payables</b>	<b>105</b>	<b>56</b>
<b>Total payables</b>	<b>287</b>	<b>362</b>

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

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

#### Employment on-costs

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

The Board makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has not changed from the 2018 rate (41%) and the actual cost of superannuation for employees has been used in the on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost of \$7,000 and staff benefits expense of \$72,000.

## 8. Changes in accounting policy

### 8.1. Treasurer's Instructions (Accounting Policy Statements)

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

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

The new Accounting Policy Statements have largely been prepared on a no-policy change basis. The change that impacts these financial statements is increasing the bands from \$10,000 to \$20,000 for employee and board member reporting. This change, however, does 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 9.3.

### 8.2. 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, de-recognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 from 1 July 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in financial statements.

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

- *AASB 101 Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. In prior 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, these disclosures have been provided for the current year because the comparatives have not been restated.

In accordance with transitional provisions and the *Treasurer's Instructions (Accounting Policy Statements)*, *AASB 9 Financial Instruments* was adopted without restating comparative information for classification and measurement requirements. All adjustments relating to classification and measurement are recognised in retained earnings at 1 July 2018.

The adoption of AASB 9 has not had a significant effect on the recognition, measurement or classification of financial liabilities.

The total impact on the Board's retained earnings as at 1 July 2018 is immaterial.

## 9. Outlook

### 9.1. 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 are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO). If GST is not payable to, or recoverable from, the ATO the commitments and contingencies are disclosed on a gross basis.

#### Capital commitments

	2019 \$'000	2018 \$'000
Capital expenditure contracted for at the reporting date but are not recognised as liabilities in the financial report, are payable as follows:		
Within one year	19	31
<b>Total capital commitments</b>	<b>19</b>	<b>31</b>

The Board's capital commitment relates to the ICT project to updates of the core operating systems. These projects are expected to be completed by September 2019.

#### Operating lease commitments

	2019 \$'000	2018 \$'000
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	231	223
Later than one year not longer than five years	299	531
<b>Total operating lease commitments</b>	<b>530</b>	<b>754</b>

The Board's operating lease relates to its office accommodation contracted with the Department of Planning, Transport and Infrastructure. The lease is non-cancellable and ends in September 2021.

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. The only lease that the Board has entered into is an operating lease for the property it uses as its Head Office.

### 9.2. Contingent assets and liabilities

The Board is not aware of any contingent assets and liabilities.

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

#### **AASB 16 -Leases**

The Board has assessed the impact of new and changed Australian Accounting Standards Board Standards and Interpretations not yet effective.

*Treasurer's Instructions (Accounting Policy Statements) 2019* issued by the Treasurer on 22 March 2019 are effective for 2018-19 reporting period and are addressed below in relation to Standards not yet effective and in note 8.1. There are no Accounting Policy Statements that are not yet effective.

The material impacts on the Board are outlined below.

The Board will adopt *AASB 16 – Leases* from 1 July 2019.

#### **Objective**

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*.

#### **Impact on 2019-20 financial statements**

The Board has assessed the estimated impact on the Statement of Financial Position of adopting AASB 16 with the transition requirements mandated by the Treasurer's Instructions (Accounting Policy Statements).

AASB 16 requires lessees to recognise assets and liabilities for all leases, not subject to a recognition exemption or scoped out of the application of AASB 16. Applying AASB 16 will result in leases previously classified as operating leases having right-of-use assets and related lease liabilities being recognised in the Statement of Financial Position for the first time. Lease incentive liabilities previously recognised will be written off against the right-of-use assets or retained earnings depending on the nature of the incentive.

AASB 16 is expected to have a material impact on the Statement of Financial Position. The Board has estimated the impact of this change and the results as at 1 July 2019.

The estimated impact is based on applying AASB 16's transition approach to those leases identified as leases by the Board prior to 1 July 2019. The incremental borrowing rates applied to estimate the lease liability was provided by the South Australian Financing Authority forecast interest rate for principal and interest loans to SA Government agencies.

The estimated amounts disclosed are current estimates only. The Department of Planning, Transport and Infrastructure is continuing to refine its calculations of the lease asset and liabilities for 2019-20 financial reporting purposes and expects these estimated amounts will change. This includes accounting for the non-lease components and clarifying lease terms.

The estimated impact is set out below.

	as at 1 July 2019 \$'000
Assets	
Right-of-use assets	1,355
Liabilities	
Lease liabilities	1,355
Net impact on equity	-

AASB 16 will also impact on the Statement of Comprehensive Income. The operating lease expense previously included in supplies and services will mostly be replaced with:

- a depreciation expense that represents the use of the right-of-use asset; and
- borrowing costs that represent the cost associated with financing the right-of-use asset.

The estimated impact on the 2019-20 Statement of Comprehensive Income is set out below.

	2020 \$'000
Depreciation and amortisation	258
Supplies and services	(278)
Borrowing costs	20
Net impact on net cost of providing services	-

### Related accounting policies

The Treasurer's Instructions (Accounting Policy Statements) 2019 sets out key requirements that the Board must adopt for the transition from AASB 117 Leases to AASB 16 Leases. These requirements include that the Board will:

- apply AASB 16 retrospectively. The cumulative effect of initially applying the Standard will be recognised at 1 July 2019. Comparatives will not be restated.
- only apply AASB 16 to contracts that were previously identified as containing a lease applying AASB 117 and related interpretations.
- not transition operating leases for which the lease term ends before 30 June 2020.

The Treasurer's Instructions (Accounting Policy Statements) 2019 also sets out requirements for on-going application. These requirements include that Board will:

- not apply AASB 16 to leases of intangible assets.
- adopt \$15,000 as the threshold to determine whether an underlying asset is a low value asset and must apply the low value asset recognition exemption to all low value assets.
- apply the short-term leases recognition exemption for all classes of underlying asset.
- separate non-lease components from lease components.
- adopt the revaluation model, where permitted.

- where required, apply the relevant lessee's incremental borrowing rate published by the Department of Treasury and Finance.
- on initial recognition not record at fair-value leases that have significantly below-market terms and conditions principally to enable the Board to further its objectives, unless they have already been recorded at fair-value prior to 1 July 2019.

#### **9.4. Events after the reporting period**

There were no events after balance date which will materially impact on the financial report.

### **10. Measure and Risk**

#### **10.1. 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 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 the rate 2018 (2.5%) to 2019 (1.25%).

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 unconditional portion of the long service leave provision is classified as current as the Board 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.

#### **10.2. Fair value**

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

#### **Initial recognition**

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

#### **Revaluation**

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

Non-current tangible assets are valued at fair value and revaluation of non-current assets or a group of assets is only performed when the fair value at the time of

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

### **Plant and equipment**

All items of plant and equipment had a fair value at the time of acquisition less than \$1.5 million and had an estimated useful life that less than three years. Plant and equipment has not been revalued in accordance with APS 116.D. The carrying value of these items are deemed to approximate fair value.

### **10.3. Financial risk management**

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

#### **Liquidity risk**

The fees paid by teachers fund the operation of the Board and there is no financial support from external sources, including SA or Commonwealth Governments, other than reimbursement of expenditure incurred. Financial sustainability is critical for the Board with prudent financial modelling over a three-year period, aligning with the registration cycle for teachers.

Refer to note 7.1 for further information