

TechInSA

Financial report
for the year ended
30 June 2018



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To the Chairperson TechInSA

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 13(3) of the Schedule to the *Public Corporations Act 1993*, I have audited the financial report of TechInSA for the financial year ended 30 June 2018.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of TechInSA as at 30 June 2018, 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 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 Chairperson, Chief Executive and Chief Financial Officer.

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 TechInSA. 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 the Board for the financial report

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and 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 that 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
- 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 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 'A. Richardson', with a long horizontal stroke extending to the right.

Andrew Richardson

Auditor-General

22 October 2018

Audited Financial Statements

For the Year Ended 30 June 2018



Government
of South Australia

Table of Contents

Certification of the Financial Statements	3
Statement of Comprehensive Income.....	4
Statement of Financial Position.....	5
Statement of Changes in Equity	6
Statement of Cash Flows.....	7
Notes to the Financial Statements	8

Certification of the Financial Statements

We certify that the attached general purpose financial statements for TechInSA:

- 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 TechInSA; and
- present a true and fair view of the financial position of TechInSA as at 30 June 2018 and the results of its operations and cash flows for the financial year.

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



Mr Mark Duffy
Chairperson

Dated 19 October 2018



Mr Joe Thorp
Chief Executive

Dated 19 October 2018



Ms Nikki Becker
Chief Financial Officer

Dated 19 October 2018

Statement of Comprehensive Income

For the Year Ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Expenses			
Employee benefits expenses	3	2 409	2 480
Supplies and services	5	3 797	3 885
Depreciation and amortisation expense	6	113	89
Grants, subsidies and sponsorships	7	4 790	3 275
Other expenses	8	273	26
Total expenses		11 382	9 755
Income			
Revenues from fees and charges	9	1 464	1 506
Interest revenues	10	33	24
Other income	11	694	913
Total income		2 191	2 443
Net cost of providing services		9 191	7 312
Revenues from/payments to SA Government			
Revenues from SA Government	12	10 885	8 280
Net result		1 694	968
Total comprehensive result		1 694	968

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.

Statement of Financial Position

As at 30 June 2018

	Note	2018 \$'000	2017 \$'000
Current assets			
Cash and cash equivalents	13	3 421	1 185
Receivables	14	286	361
Non-current assets held for sale	16	2 800	-
Other assets	15	57	53
Total current assets		6 564	1 599
Non-current assets			
Other assets	15	247	122
Property, plant and equipment	18	6 049	9 211
Total non-current assets		6 296	9 333
Total assets		12 860	10 932
Current liabilities			
Payables	19	942	853
Employee benefits	20	146	111
Other current liabilities	21	105	76
Total current liabilities		1 193	1 040
Non-current liabilities			
Payables	19	16	11
Employee benefits	20	140	109
Other non-current liabilities	21	92	47
Total non-current liabilities		248	167
Total liabilities		1 441	1 207
NET ASSETS		11 419	9 725
EQUITY			
Retained earnings		11 419	9 725
TOTAL EQUITY		11 419	9 725

The total equity is attributable to SA Government as owner

Unrecognised contractual commitments	22
Contingent assets and liabilities	23

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

Statement of Changes in Equity

For the Year Ended 30 June 2018

	Retained earnings	Total equity
	\$'000	\$'000
Balance at 30 June 2016	8 757	8 757
Net result for 2016-17	968	968
Total comprehensive result for 2016-17	968	968
Balance at 30 June 2017	9 725	9 725
Net result for 2017-18	1 694	1 694
Total comprehensive result for 2017-18	1 694	1 694
Balance at 30 June 2018	11 419	11 419

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

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

Statement of Cash Flows
For the Year Ended 30 June 2018

	Note	\$'000	\$'000
Cash flows from operating activities			
Cash outflows			
Employee benefit payments		(2 343)	(2 578)
Payments for supplies and services		(4 105)	(4 287)
Payments of grants and subsidies		(5 268)	(3 636)
Bonds refunded to Incubator tenants		(4)	(9)
Cash used in operations		(11 720)	(10 510)
Cash inflows			
Fees and charges		2 329	2 520
Interest received		31	23
Bonds received from Incubator tenants		57	3
GST recovered from the ATO		654	368
Cash generated from operations		3 071	2 914
Cash flows from SA Government			
Receipts from SA Government		10 885	8 280
Cash generated from SA Government		10 885	8 280
Net cash provided by operating activities		2 236	684
Cash flows from investing activities			
Cash Outflows			
Purchase of property, plant and equipment		-	(22)
Cash used in investing activities		-	(22)
Net cash used in investing activities		-	(22)
Net increase in cash and cash equivalents		2 236	662
Cash and cash equivalents at the beginning of the period		1 185	523
Cash and cash equivalents at the end of the period	13	3 421	1 185

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

Notes to the Financial Statements

1. Basis of Financial Statements.....	9
2. Objectives and Activities	10
3. Employee Benefits	10
4. Remuneration of Board and Committee Members	11
5. Supplies and Services	12
6. Depreciation and Amortisation Expense.....	12
7. Grants, Subsidies and Sponsorships.....	13
8. Other Expenses	13
9. Revenues from Fees and Charges	14
10. Interest Revenues.....	14
11. Other Revenues.....	14
12. Revenues from SA Government	14
13. Cash and Cash Equivalents	14
14. Receivables.....	15
15. Other Assets	15
16. Non-Current Assets Classified as Held for Sale.....	16
17. Non-Current Assets	16
18. Property, Plant and Equipment	17
19. Payables.....	18
20. Employee Benefits - Liability	18
21. Other Liabilities	19
22. Unrecognised Contractual Commitments	20
23. Contingent Assets and Liabilities	20
24. Related Party Transactions	20
25. Financial Risk Management/Financial Instruments	21
26. Events after the Reporting Period	22

1. Basis of Financial Statements

1.1 Reporting Entity

TechInSA reports to the Minister for Industry and Skills (formerly Minister for Science and Information Economy) and became a separate entity on 14 June 2001 when it was incorporated under the *Public Corporations Act 1993*. Until 4 August 2016, TechInSA was known as Bio Innovation SA and operated only with the bioscience industry. The Regulations were renewed on 4 August 2016 and allowed TechInSA to operate with an expanded high tech remit.

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

1.2 Statement of Compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

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*.

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

1.3 Basis of Preparation

The financial statements have been prepared based on a 12 month period and presented in Australian currency. This 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.

1.4 Taxation

TechInSA is not subject to income tax. TechInSA is liable for payroll tax, fringe benefits tax, goods and services tax (GST) and emergency services levy equivalents.

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.

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

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

2. Objectives and Activities

2.1 Objectives

TechInSA's key objective is to develop a highly visible start-up ecosystem with critical mass to support early stage technology commercialisation.

2.2 Activities

TechInSA undertakes the following activities:

- Help start-ups navigate – by connecting start-ups to partners, mentors, markets, capital, industry, researchers, government and to each other.
- Provide Grants to support the early commercialisation of technologies (program suspended May 2018).
- Provide business development advice, mentoring and coaching.
- Support the development of the start-up ecosystem in South Australia.
- Publicise SA start-ups and the eco system nationally and internationally.
- Provide access to premises and facilities.
- Connect Researchers, Industry, Investment and Facilities to each other.

3. Employee Benefits

3.1 Employee Benefits Expenses

	2018 \$'000	2017 \$'000
Salaries and wages	1 755	1 885
Long service leave	58	(5)
Annual leave	145	170
Employment on-costs - superannuation *	189	199
Employment on-costs - other	108	111
Board and Committee fees	151	120
Other employee related expenses	3	-
Total employee benefits expenses	2 409	2 480

* The superannuation employment on-cost charge represents TechInSA's contributions to superannuation plans in respect of current service of current employees.

3.2 Key Management Personnel

Key management personnel of TechInSA comprise the Minister for Industry and Skills (previously the Minister for Science and Information Economy), the Directors, the Chief Executive and the four members of the Executive Team who have responsibility for the strategic direction and management of TechInSA.

Total compensation for TechInSA's key management personnel was \$1 284 000 (\$1 209 000).

The compensation disclosed in this note excludes salaries and other benefits the Minister for Industry and Skills 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 of the *Parliamentary Remuneration Act 1990*.

3.3 Remuneration of Employees

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

	2018	2017
	No.	No.
\$149 001 to \$159 000	1	2
\$159 001 to \$169 000	1	2
\$169 001 to \$179 000	1	-
\$219 001 to \$229 000	-	1
\$249 001 to \$259 000	1	-
\$269 001 to \$279 000	-	1
\$379 001 to \$389 000	1	-
Total	5	6

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year.

Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received by these employees for the year was \$1 127 000 (\$1 130 000).

4. Remuneration of Board and Committee Members

The following served as members of the Board of TechInSA during the reporting period:

John Bastian (Chair)	Jane Ryan
Jane Lomax-Smith	Anne Hinton
Karen Reynolds	John Keeves
Peter Williams	

The following members of the Board also served as members of the Audit Committee of TechInSA during the reporting period:

Anne Hinton (Chair)	John Keeves
Jane Lomax-Smith	

The number of board/committee members whose remuneration from TechInSA falls within the following bands is:

	2018	2017
\$0 - \$9 999	-	6
\$10 000 - \$19 999	3	5
\$20 000 - \$29 999	3	1
\$30 000 - \$39 999	1	-
Total number of members	7	12

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions and any other salary sacrifice arrangements. Total remuneration received or due and receivable by the directors was \$157 000 (\$126 000).

5. Supplies and Services

	2018 \$'000	2017 \$'000
Operating lease expenses - Incubator rental (payable to SA Government)	1 072	1 046
Operating lease expenses - Tech Hub rental	636	618
Other property expenses	1 514	1 264
Information technology expenses	133	153
Marketing expenses	87	97
Travel expenses	77	70
Legal costs	5	23
Consultants	-	49
Contractors	64	306
Subscriptions and memberships	41	38
Telecommunications	57	54
General administration and consumables, including small replacements	84	117
Other	27	50
Total supplies and services	3 797	3 885

5.1 Operating Leases

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

5.2 Consultants

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

	2018		2017	
	No	\$'000	No	\$'000
Below \$10 000	-	-	2	2
Above \$10 000	-	-	1	47
Total paid /payable to the consultants engaged	-	-	3	49

6. Depreciation and Amortisation Expense

	2018 \$'000	2017 \$'000
Depreciation of plant and equipment	20	28
Amortisation of leasehold improvements	93	61
Total depreciation and amortisation	113	89

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.

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

6.1 Useful Life

Depreciation/amortisation 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)
Plant and equipment	3 to 10
Leasehold improvements	(life of lease) 0.5 to 10

6.2 Revision of Accounting Estimates

Assets' residual values, useful lives and amortisation 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 the accounting estimate.

During the year, TechnSA reassessed the useful lives of leasehold improvements, resulting in a reduction in the estimated useful life.

This has resulted in an increase of \$55 000 in the amount of depreciation calculated on these assets in the 2017-18 financial year relative to the amount that would have been expensed based on the previous estimate of the useful life.

The higher depreciation expense will also be reflected in future years.

7. Grants, Subsidies and Sponsorships

	2018 \$'000	2017 \$'000
Grants, subsidies and sponsorships	4 790	3 275
Total grants, subsidies and sponsorships	4 790	3 275

Grants of \$4.8 million (\$3.3 million) were paid to 75 (51) organisations during the year.

All grants, subsidies and sponsorships are provided for the growth, support, enhancement and development of high-tech industries in South Australia.

8. Other Expenses

	2018 \$'000	2017 \$'000
Loss on revaluation of Land	75	-
Loss on revaluation of Non-current assets held for sale	149	-
Leashold improvements written off	16	30
Plant and equipment written off	9	-
Other expenses	24	23
Bad debts and allowances for doubtful debts	-	(27)
Total other expenses	273	26

9. Revenues from Fees and Charges

	2018	2017
	\$'000	\$'000
Rental Income	1 231	1 228
Conference centre and meeting room hire	92	98
Other fees and charges	141	180
Total fees and charges	1 464	1 506

Revenue from fees and charges are derived from provision of goods or services. This revenue is recognised upon delivery of the service to clients or by reference to the stage of completion.

10. Interest Revenues

	2018	2017
	\$'000	\$'000
Interest - Deposits with Treasurer	33	24
Total interest revenues	33	24

11. Other Revenues

	2018	2017
	\$'000	\$'000
Grant recoveries	106	346
Recoveries of goods and services	588	567
Total other revenues	694	913

12. Revenues from SA Government

Total revenues from SA Government consists of \$10 885 000 (\$8 280 000) for operational funding.

13. Cash and Cash Equivalentents

	2018	2017
	\$'000	\$'000
Deposits with the Treasurer	3 308	1 117
Bond Account held in Trust for Tenants	92	47
Advance Account	20	20
Cash on hand	1	1
Total cash and cash equivalentents	3 421	1 185

Cash is measured at nominal amounts.

14. Receivables

	2018 \$'000	2017 \$'000
Current		
Receivables *	171	235
Less allowance for doubtful debts	-	(1)
	<u>171</u>	<u>234</u>
Other receivables	4	2
GST input tax recoverable	111	125
Total current receivables	<u>286</u>	<u>361</u>

* Includes income billed to tenants in advance - see note 21.

14.1 Movement in allowance for doubtful debts

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 'other expenses' in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	2018 \$'000	2017 \$'000
Carrying amount at the beginning of the period	1	28
Amounts written off	(1)	-
Decrease in allowance recognised in profit or loss	-	(27)
Carrying amount at the end of the period	-	1

14.2 Interest Rate and Credit Risk

Receivables arise in the normal course of providing services to the public. Receivables are normally settled within 14 days after the issue of an invoice or the services have been provided under a contractual arrangement. Receivables are non-interest bearing.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that TechInSA will not be able to collect the debt.

15. Other Assets

	2018 \$'000	2017 \$'000
Current		
Prepayments	57	53
Total current assets	57	53
Non current		
Deferred Rent Payment	247	122
Total non-current assets	247	122
Total other assets	304	175

On 1 July 2016, TechInSA entered into a 5 year lease with Hospira Adelaide Pty Ltd to expand their operations. The payment of rent has been deferred until 30 June 2021.

16. Non-Current Assets Classified as Held for Sale

	2018	2017
	\$'000	\$'000
Land	2 800	-
Total non-current assets classified as held for sale	2 800	-

Non-current assets are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets's sale is expected to be completed one year from the date of classification.

A public expression of interest to sell Lot 2000 within the Thebarton Hi-Tech Precinct during 2017-18 failed to be realised and the property remains on the market for sale. It is anticipated that the land will be sold by private treaty during the next financial year.

An independent site valuation was provided by a Certified Practising Valuer for the property upon its classification as held for sale.

17. Non-Current Assets

All non-current assets are valued at fair valued and revaluation of plant and equipment and leasehold improvements is only performed when the fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years.

Every three years, TechInSA revalues its land via a Certified Practising Valuer or internal estimate based on indices or recent transactions. A valuation appraisal by a Certified Practising Valuer is performed at least every six years.

If at any time management considers that the carrying value of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

18. Property, Plant and Equipment

	2018	2017
	\$'000	\$'000
Land		
Land at fair value	6 000	9 024
Total land	6 000	9 024
Leasehold improvements		
Leasehold improvements at cost (deemed fair value)	387	417
Accumulated amortisation at the end of the period	(357)	(278)
Total leasehold improvements	30	139
Plant and equipment		
Plant and equipment at cost (deemed fair value)	175	201
Accumulated depreciation at the end of the period	(156)	(153)
Total plant and equipment	19	48
Total property, plant and equipment	6 049	9 211

18.1 Acquisition and Recognition

Non-current assets are initially recorded at cost. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation.

All non-current assets with a value equal to or in excess of \$10,000 are capitalised.

18.2 Revaluation of land

An internal revaluation of land was performed in June 2018 by TechInSA, as at 30 June 2018.

The value was based on a recent offer for land in the Thebarton Hi-Tech precinct.

18.3 Carrying Amount of Plant and Equipment and Leasehold Improvements

All items of plant and equipment and leasehold improvements 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 values of these items are deemed to approximate fair value.

18.4 Reconciliation of Property, Plant and Equipment during 2017-18

	Land	Plant and equipment	Leasehold improvements	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	9 024	48	139	9 211
Assets reclassified as assets held for sale	(2,949)	-	-	(2,949)
Depreciation and amortisation	-	(20)	(93)	(113)
Loss on revaluation of land	(75)	-	-	(75)
Assets written-off	-	(9)	(16)	(25)
Carrying amount at the end of the period	6 000	19	30	6 049

18.5 Reconciliation of Property, Plant and Equipment during 2016-17

	Land	Plant and equipment	Leasehold improvements	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	9 024	76	208	9 308
Acquisitions capitalised	-	-	22	22
Depreciation and amortisation	-	(28)	(61)	(89)
Leasehold improvement written-off	-	-	(30)	(30)
Carrying amount at the end of the period	9 024	48	139	9 211

18.6 Impairment

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

19. Payables

	2018	2017
	\$'000	\$'000
Current		
Creditors	756	564
Accrued expenses	115	169
Employment on costs	71	120
Total current payables	942	853
Non-current		
Employment on-costs	16	11
Total non-current payables	16	11
Total payables	958	864

Employment on-costs include payroll tax and superannuation contributions. TechInSA makes contributions to a State Government superannuation scheme. 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 related to any contributions due but not yet paid to the South Australian Superannuation Board.

19.1 Interest Rate and Credit Risk

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts owing but unpaid. Sundry creditors are normally settled within 30 days from the date the invoice is first received.

20. Employee Benefits - Liability

	2018	2017
	\$'000	\$'000
Current		
Annual leave	83	75
Long service leave	63	36
Total current employee benefits	146	111
Non-current		
Long service leave	140	109
Total non-current employee benefits	140	109
Total employee benefits	286	220

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.

20.1 Annual Leave and Sick Leave

The annual 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.

20.2 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 specifies 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 date 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 increased from 2017 (2.5%) to 2018 (2.65%).

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 effect of the changes in the current financial year is immaterial (2017: immaterial). 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 and 3% for annual leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

21. Other Liabilities

	2018	2017
	\$'000	\$'000
Current		
Income billed in advance	105	76
Total current other liabilities	105	76
Non-current		
Rental bonds from tenants held in trust	92	47
Total non-current other liabilities	92	47
Total other liabilities	197	123

22. Unrecognised Contractual Commitments

Commitments arising from contractual sources 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 are disclosed on a gross basis.

22.1 Operating leases

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

	2018	2017
	\$'000	\$'000
Within one year	1 754	1 708
Later than one year but not longer than five years	7 500	7 303
Later than five years	8 626	10 576
Total operating lease commitments	17 880	19 587

TechInSA's operating leases are for the leases of the Business Incubator and TechHub at Thebarton. The leases have terms ranging from 5 to 14 years, with some leases having the right of renewal. The commitments have been calculated at rates specified in the lease agreements.

22.2 Other commitments

TechInSA's other commitments are for approved grants and funding as scheduled in grant deeds as follows:

	2018	2017
	\$'000	\$'000
Within one year	1 338	2 126
Later than one year but not longer than five years	17	95
Total other commitments	1 355	2 221

23. 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.

During 2012-13 TechInSA commenced providing some grants to industry that are potentially repayable in whole or in part from revenues that may be derived by the grant recipients from the successful application of the technology that was the subject of the grant. Accordingly there is a contingent asset for the amount of grants that may become repayable in those circumstances. It is not practicable to determine the financial effect of this contingent asset.

TechInSA is not aware of any other contingent assets or any contingent liabilities.

24. Related Party Transactions

Related parties of TechInSA include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Compensation of key management personnel is disclosed at note 3.2.

25. Financial Risk Management/Financial Instruments

25.1 Financial Risk Management

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

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

25.2 Liquidity Risk

TechInSA is funded principally from grants from the SA Government. TechInSA works with the Department of Treasury and Finance to determine the cash flows associated with its Government approved programs and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

25.3 Categorisation of Financial Instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in the respective financial asset/financial liability note.

The carrying amounts of TechInSA's categories of financial assets and liabilities are detailed below:

Category of financial asset and financial liability	Notes	2018 Carrying amount / Fair value \$'000	2017 Carrying amount / Fair value \$'000
Financial assets			
Cash and cash equivalent			
Cash and cash equivalent		3 421	1 185
Loans and receivables			
Receivables	a), b)	175	236
Total financial assets		3 596	1 421
Financial liabilities			
Financial liabilities at cost			
Payables	a)	847	710
Other liabilities		92	47
Total financial liabilities		939	757

- a) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (eg Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents, they would be excluded from the disclosure. The standard defines contracts as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).
- b) The receivables amount disclosed here excludes prepayments. Prepayments are presented in Note 15. Prepayments are not financial assets as defined in AASB 132 *Financial Instruments: Presentation* as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial instrument.

26. Events after the Reporting Period

On 18 August 2018 the Minister for Industry and Skills announced that TechInSA will be wound up in the coming months.

Tenancies of companies located in the Thebarton Hi-Tech Incubator and Tech Hub will continue as per relevant agreements and all grants awarded to companies that have been administered by TechInSA will be honoured.