



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

## To the Chairperson South Australian Film Corporation

### Opinion

I have audited the financial report of the South Australian Film Corporation (the Corporation) for the financial year ended 30 June 2022.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the South Australian Film Corporation as at 30 June 2022, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards – Simplified Reporting Requirements.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2022
- a Statement of Financial Position as at 30 June 2022
- a Statement of Changes in Equity for the year ended 30 June 2022
- a Statement of Cash Flows for the year ended 30 June 2022
- notes, comprising material accounting policies and other explanatory information
- a Certificate from the Chair, the Chief Executive and the Chief Operating 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 the South Australian Film Corporation (the Corporation). The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

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

## **Responsibilities of the Chief Executive and members of the South Australian Film Corporation Board for the financial report**

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards – Simplified Reporting Requirements, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Chief Executive is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Chief Executive is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

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

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

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 13(3) of the *South Australian Film Corporation Act 1972*, I have audited the financial report of the South Australian Film Corporation for the financial year ended 30 June 2022.

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the South Australian Film Corporation's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- conclude on the appropriateness of the Chief Executive's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chief Executive and members of the South Australian Film Corporation Board about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Daniel O'Donohue  
**Assistant Auditor-General (Financial Audit)**

02 November 2022

**Certification of Financial Statements**

We certify that the:

- financial statements for the South Australian Film Corporation:
  - are in accordance with the accounts and records of the South Australian Film Corporation;
  - comply with relevant Treasurer's instructions
  - comply with relevant accounting standards; and
  - present a true and fair view of the financial position of the South Australian Film Corporation at the end of the financial year and the result of its operations and cash flows for the financial year.
- internal controls employed by the South Australian Film Corporation for the financial year over its financial reporting and its preparation of financial statements have been effective.



Julie Cooper  
**Chair**  
31 October 2022



Kate Croser  
**Chief Executive Officer**  
31 October 2022



Robyn Jones  
**Chief Operating Officer**  
31 October 2022

**SOUTH AUSTRALIAN FILM CORPORATION**

**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 30 June 2022

	Note No.	2022 \$'000	2021 \$'000
<b>OPERATIONS</b>			
<b>Income</b>			
Revenue from SA Government	4.1	2 905	3 320
Adelaide Studio Income	4.2	1 314	732
Film distribution returns		318	253
Interest revenues	4.3	49	39
Other revenues	4.4	38	14
<b>Total operations income</b>		<b>4 624</b>	<b>4 358</b>
<b>Expenses</b>			
Employee benefits expenses	2.3	2 077	1 830
Supplies and services	3.3	1 188	1 242
Depreciation	3.4	127	134
<b>Total operations expenses</b>		<b>3 392</b>	<b>3 206</b>
<b>Net result from Operations</b>		<b>1 232</b>	<b>1 152</b>
<b>SCREEN INDUSTRY PROGRAMS</b>			
<b>Income</b>			
Revenue from SA Government	4.1	1 470	1 209
<b>Total Screen Industry income</b>		<b>1 470</b>	<b>1 209</b>
<b>Expenses</b>			
Screen Industry programs	3.1	1 333	1 098
<b>Total Screen Industry expenses</b>		<b>1 333</b>	<b>1 098</b>
<b>Net result from Screen Industry programs</b>		<b>137</b>	<b>111</b>
<b>PRODUCTION FUNDING</b>			
<b>Income</b>			
Revenue from SA Government	4.1	14 372	7 080
<b>Total Production Funding Income</b>		<b>14 372</b>	<b>7 080</b>
<b>Expenses</b>			
Production Funding	3.2	16 112	7 747
<b>Total Production Funding expenses</b>		<b>16 112</b>	<b>7 747</b>
<b>Net result from Production Funding</b>		<b>(1 740)</b>	<b>(667)</b>
<b>Total Comprehensive Result</b>		<b>(371)</b>	<b>596</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.

**SOUTH AUSTRALIAN FILM CORPORATION**

**STATEMENT OF FINANCIAL POSITION**

As at 30 June 2022

	Note No.	2022 \$'000	2021 \$'000
<b>Current assets</b>			
Cash and cash equivalents	6.2	18 497	17 118
Receivables	6.3	564	255
Revolving Loan Fund	6.4	232	-
<b>Total current assets</b>		<b>19 293</b>	<b>17 373</b>
<b>Non-current assets</b>			
Equipment	5.1	241	368
Revolving Loan Fund	6.4	900	50
<b>Total non-current assets</b>		<b>1 141</b>	<b>418</b>
<b>Total assets</b>		<b>20 434</b>	<b>17 791</b>
<b>Current liabilities</b>			
Payables	7.2	3 640	578
Employee benefits	2.4	100	139
Contract liabilities		59	93
<b>Total current liabilities</b>		<b>3 799</b>	<b>810</b>
<b>Non-current liabilities</b>			
Employee benefits	2.4	163	151
Payables	7.2	25	14
Provisions	7.3	11	9
<b>Total non-current liabilities</b>		<b>199</b>	<b>174</b>
<b>Total liabilities</b>		<b>3 998</b>	<b>984</b>
<b>Net Assets</b>		<b>16 436</b>	<b>16 807</b>
<b>Equity</b>			
Contributed capital		8 460	8 460
Retained earnings		7 976	8 347
<b>Total Equity</b>		<b>16 436</b>	<b>16 807</b>

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

**SOUTH AUSTRALIAN FILM CORPORATION**

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 30 June 2022

	Note No.	Contributed capital \$'000	Retained earnings \$'000	Total Equity \$'000
<b>Balance at 30 June 2020</b>		8 460	(7 538)	922
Prior period adjustment	8.2		15 289	15 289
<b>Restated 1 July 2020</b>		8 460	7 751	16 211
Restated net result for 2020-21		-	596	596
<b>Balance at 30 June 2021</b>		8 460	8 347	16 807
Net result for 2021-22		-	(371)	(371)
<b>Balance at 30 June 2022</b>		8 460	7 976	16 436

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

**SOUTH AUSTRALIAN FILM CORPORATION**

**STATEMENT OF CASH FLOWS**

For the year ended 30 June 2022

	Note No.	2022 \$'000	2021 \$'000
<b>Cash flows from operating activities</b>			
<b>Cash inflows</b>			
Receipts from SA Government		18 747	11 609
Adelaide Studios and other income		1 745	1 347
Revolving Loan Fund repayments			1 185
GST received from the ATO		1 371	894
Interest received		49	38
<b>Cash generated from operations</b>		<b>21 912</b>	<b>15 073</b>
<b>Cash outflows</b>			
Production funding		(15 087)	(8 533)
Employee benefits payments		(2 091)	(1 873)
Screen Industry Programs		(1 423)	(1 497)
Payments for supplies and services		(850)	(1 347)
Revolving Loan Fund advances		(1 082)	-
<b>Cash used in operations</b>		<b>(20 533)</b>	<b>(13 250)</b>
<b>Net cash provided by/(used in) operating activities</b>		<b>1 379</b>	<b>1 823</b>
<b>Cash flows from investing activities</b>			
<b>Cash outflows</b>			
Purchase of property, plant and equipment		-	(59)
<b>Cash used in investing activities</b>		<b>-</b>	<b>(59)</b>
<b>Net cash provided by/(used in) investing activities</b>		<b>-</b>	<b>(59)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1 379</b>	<b>1 764</b>
Cash and cash equivalents at the beginning of the period		17 118	15 354
<b>Cash and cash equivalents at the end of the period</b>	6.2	<b>18 497</b>	<b>17 118</b>

The accompanying notes form part of these financial statements.

**NOTE INDEX**

About The South Australian Film Corporation	Note 1
Basis Of Preparation	Note 1.1
Objectives	Note 1.2
Board, Committees And Employees	Note 2
Key Management Personnel	Note 2.1
Board Members	Note 2.2
Employee Benefit Expenses	Note 2.3
Employee Benefit Liability	Note 2.4
Long Service Leave Liability - Measurement	Note 2.5
Expenses	Note 3
Screen Industry Programs	Note 3.1
Production Funding	Note 3.2
Supplies And Services	Note 3.3
Depreciation	Note 3.4
Income	Note 4
Revenue From SA Government	Note 4.1
Adelaide Studios Income	Note 4.2
Interest Revenue	Note 4.3
Other Revenue	Note 4.4
Non-Financial Assets	Note 5
Equipment	Note 5.1
Property Leased by the SAFC	Note 5.2
Financial Assets	Note 6
Categorisation of Financial Assets	Note 6.1
Cash And Cash Equivalents	Note 6.2
Receivables	Note 6.3
Revolving Loan Fund	Note 6.4
Liabilities	Note 7
Categorisation of Financial Liabilities	Note 7.1
Payables	Note 7.2
Provisions	Note 7.3
Other Disclosures	Note 8
Cash Flow	Note 8.1
Prior Period Adjustments	Note 8.2
Changes In Accounting Policy	Note 9
Outlook	Note 10
Unrecognised Contractual Commitments	Note 10.1
Contingent Assets And Liabilities	Note 10.2
Events After The Reporting Period	Note 10.3
Administered Items	Note 11

## **1. ABOUT THE SOUTH AUSTRALIAN FILM CORPORATION**

The South Australian Film Corporation (SAFC) is a Board, established pursuant to the *South Australian Film Corporation Act 1972*. The responsible Minister is the Minister for the Arts. The SAFC is a Statutory Authority.

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

Administered items are insignificant in relation to the SAFC's overall financial performance and position and are disclosed in Note 11.

### **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 applying simplified disclosures.

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

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

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

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

### **1.2 OBJECTIVES**

The purpose of the SAFC is to support, position and champion South Australian screen businesses to achieve creative excellence and prosperity, contributing to a robust South Australian economy and creative vibrancy.

The SAFC optimises opportunities for production and post-production in South Australia through providing financial assistance by way of grants, loans and equity investments across 2 key programs of Screen Industry Programs and Production Funding. The activities within these programs include funding for screen project development and production and screen industry development initiatives such as workshops, seminars and information.

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

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

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

## **2. BOARD, COMMITTEES AND EMPLOYEES**

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

The Executive Team comprises the Chief Executive Officer, Chief Operating Officer, Head of Production and Development, and Head of Communications and Marketing.

### **2.1 KEY MANAGEMENT PERSONNEL**

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

Total compensation for key management personnel was \$310,000 (\$290,000).

The compensation disclosed in this note excludes salaries and other benefits the Minister receives. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*.

#### ***Transactions with key management personnel and other related parties***

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

During 2021-22, payments totalling \$1,465,424 were paid to related parties. Closer Productions (or affiliated businesses), of which Rebecca Summerton is a producer was paid a total of \$1,221,080 for *Aftertaste Season 2*, including a production grant of \$412,560 and \$808,520 from the Revolving Loan Facility. Closer Productions (or affiliated businesses) also received \$20,000 for the project called *The Easy Way Out*, \$3,800 for the *Cataclysmo* project, \$18,000 for the production project titled *Fighting for Hakeem*, \$21,000 for the Emerging Writers Incubator initiative and \$10,000 for the *Living Mistakes* project. The amounts paid were completed on normal business terms. In line with SAFC policies and procedures, Ms Summerton declared her interest and absented herself from any Board discussion or decision.

During 2021-22, Production, Digital and Visual Effects (PDV) rebate of \$171,544 was paid for *La Brea Season 1*, for which Anthony Ayres is a related party. This amount was paid on normal business terms. Mr Ayres declared his interest in line with SAFC policies and procedures and absented himself from any Board discussion or decision.

## 2.2 BOARD MEMBERS

Members during the 2021-22 financial year were:

- Ms Julie Cooper (Chair)
- Mr Peter Hanlon (retired December 2021)
- Ms Kate Croser \*
- Ms Ann-Maree Davies (retired April 2022)
- Mr Tony Ayres
- Mr Austin Taylor
- Ms Miriam Silva
- Ms Rebecca Summerton

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

### **Board remuneration**

The number of members whose remuneration received or receivable falls within the following bands:	2022 No	2021 No
\$0 - \$ 19 999	7	5
<b>Total</b>	<b>7</b>	<b>5</b>

The total remuneration received or receivable by members was \$19,500 (\$15,000). Remuneration of members include sitting fees, superannuation contributions and salary sacrifice benefits.

## 2.3 EMPLOYEE BENEFITS EXPENSE

	2022 \$'000	2021 \$'000
Salaries	1 604	1 534
Employment on-costs – superannuation	187	161
Annual leave	134	85
Employment on-costs – other	69	62
Long Service Leave	61	(27)
Board fees	20	15
Workers compensation	2	-
<b>Total employee benefits expenses</b>	<b>2 077</b>	<b>1 830</b>

### **Employment on-cost superannuation**

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

## SOUTH AUSTRALIAN FILM CORPORATION

### **Executive Remuneration**

The number of employees whose remuneration received or receivable falls within the following bands.	<b>2022 No</b>	<b>2021 No</b>
\$157,001 to \$177,000	1	-
\$197,001 to \$217,000	1	-
\$257,001 to \$277,000	-	1
\$277,001 to \$297,000	1	-
<b>Total</b>	<b>3</b>	<b>1</b>

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits.

The total remuneration received by those employees during the 2021-22 year was \$652,632 (\$275,000).

### **2.4 EMPLOYEE BENEFITS LIABILITY**

	<b>2022 \$'000</b>	<b>2021 \$'000</b>
<b>Current</b>		
Annual leave	100	87
Accrued salaries and wages	-	52
<b>Total current employee benefits</b>	<b>100</b>	<b>139</b>
<b>Non-current</b>		
Long service leave	163	151
<b>Total non-current employee benefits</b>	<b>163</b>	<b>151</b>
<b>Total employee benefits</b>	<b>263</b>	<b>290</b>

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.

### **2.5 LONG SERVICE LEAVE LIABILITY - MEASUREMENT**

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

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

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

AASB 119 Employee Benefits requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has increased from

## SOUTH AUSTRALIAN FILM CORPORATION

2021 (1.25%) to 2022 (3.5%). 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 effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability and employee benefits expense of \$35,000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance maintained the salary inflation rate at 2.5% in 2022 for long service leave liability.

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

### 3. EXPENSES

Employee benefits expenses are disclosed in Note 2.3.

The SAFC's key expenditure items relate to:

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

#### 3.1 SCREEN INDUSTRY PROGRAMS

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Industry development	747	548
Project development	534	429
Company support	25	90
Production attraction	27	31
<b>Total screen industry programs</b>	<b>1 333</b>	<b>1 098</b>

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

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

## SOUTH AUSTRALIAN FILM CORPORATION

### 3.2 PRODUCTION FUNDING

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
PDV Rebate	5 440	4 730
Production Funding	10 257	3 017
VGD Rebate	415	-
<b>Total production funding</b>	<b>16 112</b>	<b>7 747</b>

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

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

Video Games Development (VGD) Rebate enables video games studios to claim a percentage of costs incurred to develop a video game in South Australia.

At the point of approval there is always a degree of uncertainty in relation to the projects proceeding and funding obligations being met. As a result, Production Funding instalments are only recognised as an expense when all of the conditions are met for payment of that instalment, and PDV and VGD Rebates only recognised as expenses upon final acquittal. Prior to that point the obligations are recognised as contingent liabilities. Note: this is a change in accounting treatment from previous years for the SAFC. Refer to Note 8.2 Prior Period Adjustments for further information on the change in accounting treatment.

### 3.3 SUPPLIES AND SERVICES

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Utility and communication expenses	218	218
Facility expenses	162	182
Computer and related expenses	153	161
Industry promotion and participations	148	143
Tenant and production recovered charges	132	129
Consultants	119	78
General administrative expenses	95	152
Audit and legal fees	61	85
Staff related expenses	58	74
Minor asset purchase and maintenance	30	15
Travel	12	5
<b>Total supplies and services</b>	<b>1 188</b>	<b>1 242</b>

**Consultants**

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

	<b>No</b>	<b>2022 \$'000</b>	<b>No</b>	<b>2021 \$'000</b>
Below \$10 000	4	16	2	4
Above \$10 000	2	103	1	74
<b>Total</b>	<b>6</b>	<b>119</b>	<b>3</b>	<b>78</b>

**3.4 DEPRECIATION**

	<b>2022 \$'000</b>	<b>2021 \$'000</b>
Office equipment	79	82
Production equipment	48	52
<b>Total depreciation</b>	<b>127</b>	<b>134</b>

**Review 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 life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for prospectively by changing the time period or method, as appropriate.

**Useful life**

Depreciation 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>
Production equipment	3-25
Office equipment	3-20

**4. INCOME**

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

## SOUTH AUSTRALIAN FILM CORPORATION

### 4.1 REVENUE FROM SA GOVERNMENT

	2022 \$'000	2021 \$'000
Production Funding	14 372	7 080
Operations	2 905	3 320
Screen Industry Programs	1 470	1 209
<b>Total revenue from SA Government</b>	<b>18 747</b>	<b>11 609</b>

#### Revenue from SA Government is recognised on receipt under AASB 1058.

The SAFC is funded via the Department for Industry, Innovation and Science for activities undertaken. The SAFC is required to seek approval from the Minister for the annual budget allocation against various activities.

The SAFC received funding for the South Australian Post Production, Digital and Visual Effects (SA PDV) Rebate and Video Game Development (VGD) Rebate from the Department of Treasury and Finance following provisional approval of individual projects. The SAFC recognise this revenue in the financial year the cash is received under AASB 1058.

Funds are paid out to recipients once a final approval assessment has been satisfactorily undertaken. On final acquittal the SAFC recognises an expense, prior to this the provisional approval amount is recognised as a contingent liability. Note that this is a change in accounting treatment from previous years for the SAFC.

At times, payments may not occur in the same financial year as the payment received by the SAFC.

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

### 4.2 ADELAIDE STUDIOS INCOME

	2022 \$'000	2021 \$'000
Studio Hire	856	445
Tenant Rental	308	143
Other	150	144
<b>Total Adelaide Studios income</b>	<b>1 314</b>	<b>732</b>

### 4.3 INTEREST REVENUE

	2022 \$'000	2021 \$'000
Deposits with the SA Government Financing Authority	19	30
Revolving Loan Fund	28	7
Deposits with non-SA Government financial institutions	2	2
<b>Total interest revenues</b>	<b>49</b>	<b>39</b>

#### 4.4 OTHER REVENUE

	2022 \$'000	2021 \$'000
Sundry income	16	14
Revolving Loan Fund administration fees	22	-
<b>Total other income</b>	<b>38</b>	<b>14</b>

#### 5. NON-FINANCIAL ASSETS

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

##### 5.1 EQUIPMENT

	2022 \$'000	2021 \$'000
<b>Production Equipment</b>		
Production equipment at cost (deemed fair value)	1 185	1 185
Accumulated depreciation at the end of the period	(1 117)	(1 069)
<b>Total production equipment</b>	<b>68</b>	<b>116</b>
<b>Office Equipment</b>		
Office equipment at cost (deemed fair value)	1 143	1 143
Accumulated depreciation at the end of the period	(970)	(891)
<b>Total office equipment</b>	<b>173</b>	<b>252</b>
<b>Total equipment</b>	<b>241</b>	<b>368</b>

Equipment with a value equal to or in excess of \$2,000 is capitalised, otherwise it is expensed.

##### **Initial recognition**

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

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

##### **Revaluation**

Non-current tangible assets are subsequently measured at fair value after allowing for accumulated depreciation. 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 \$1.5M and estimated useful life is greater than three years.

Equipment has not been revalued in accordance with APS 116.E. The carrying amount of these items are deemed to be approximate fair value.

**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

**Impairment**

Equipment has not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continued use of their service capacity and are subject to regular stocktake and visual inspection. There is no evidence of impairment.

**Reconciliation 2021-22**

	Production equipment \$'000	Office equipment \$'000	Total \$'000
<b>Carrying amount at the beginning of the period</b>	116	252	368
Acquisitions	-	-	-
Depreciation	48	79	127
<b>Carrying amount at the end of the period</b>	68	173	241

**5.2 PROPERTY LEASED BY THE SAFC**

Property leased by the SAFC is recorded at cost.

A concessionary lease is held with the Premier for the Adelaide Studio precinct located at Glenside. The building is used to enable the operation of the Adelaide Studios and to support, encourage and facilitate creative industries including but not limited to film, television, audio-visual and multi-media production, investment and development and ancillary purposes. The building may not be used for any other purpose. Without the supply of this lease at concessionary terms, the SAFC would incur costs for an alternative property to deliver its objectives.

The lease commenced on 1 July 2011 and expires on 30 June 2036. Rent of \$1 for the term of the lease is payable if demanded.

**6. FINANCIAL ASSETS**

**6.1 CATEGORISATION OF FINANCIAL ASSETS**

	Notes	2022 Carrying amount (\$'000)	2021 Carrying amount (\$'000)
<b>Financial assets</b>			
Cash and cash equivalents			
- Cash and cash equivalents	6.2	18 497	17 118
Financial assets at amortised cost			
- Receivables	6.3	564	255
- Revolving Loan Fund	6.4	1 132	50
<b>Total financial assets</b>		20 193	17 423

**6.2 CASH AND CASH EQUIVALENTS**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Short-term deposits with SAFA	18 418	16 934
Cash at bank and on hand	79	184
<b>Total cash and cash equivalents</b>	<b>18 497</b>	<b>17 118</b>

***Short-term deposits***

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

The Short-term deposits include cash holdings held by the Corporation for payments to be made in relation to Post Production, Digital and Visual Effects (SA PDV) Rebate and Video Game Development (VGD) Rebate. The cash is received by the Corporation from DIIS at the time the rebates are provisionally approved by the Corporation. The timing of these rebate payments to recipients is uncertain and relies on a final acquittal being provided. Further information on these rebates is disclosed under Note 4.1 Revenue from SA Government and Note 10.2 Contingent Assets and Liabilities.

**6.3 RECEIVABLES**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Contractual receivables</b>		
From non-government entities	89	23
From government entities	28	67
<b>Prepayments</b>		
Prepayments	134	158
Prepaid salaries and wages	6	-
<b>Statutory receivables</b>		
GST input tax recoverable	307	7
<b>Total current receivables</b>	<b>564</b>	<b>255</b>

Contractual receivables arise in the normal course of selling goods and services to other government agencies and to the public. Contractual receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

Statutory receivables do not arise from contracts with customers. They are recognised and measured similarly to contractual receivables (except impairment) but are not classified as financial instruments for disclosure purposes.

Receivables are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

## SOUTH AUSTRALIAN FILM CORPORATION

### 6.4 REVOLVING LOAN FUND

	2022 \$'000	2021 \$'000
Current	232	-
Non-Current	900	50
<b>Total Revolving Loan Fund</b>	<b>1 132</b>	<b>50</b>

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

As at 30 June 2022 loans provided were either interest bearing or non-interest bearing basis and secured, with due regard to the credit worthiness of the producer and its track record for delivery, by a combination of:

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

There were no impaired loans in 2022 or 2021.

## 7. LIABILITIES

Employee benefit liabilities are disclosed in note 2.4.

### 7.1 CATEGORISATION OF FINANCIAL LIABILITIES

	Notes	2022 Carrying amount (\$'000)	2021 Carrying amount (\$'000)
<b>Financial liabilities</b>			
Financial liabilities at amortised cost			
- Screen Industry Programs	7.2	443	399
- Payables	7.2	2 972	33
<b>Total financial liabilities</b>		<b>3 415</b>	<b>432</b>

Payables as disclosed in this note does not include accrued expenses or statutory amounts as these are not financial instruments.

**7.2 PAYABLES**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
<b>Contractual payables</b>		
Creditors	2 972	33
Screen Industry programs	443	399
Accrued expenses	210	125
<b>Statutory payables</b>		
Employment on-costs	15	21
<b>Total current payables</b>	<b>3 640</b>	<b>578</b>
<b>Non-current</b>		
<b>Statutory payables</b>		
Employment on-costs	25	14
<b>Total non-current payables</b>	<b>25</b>	<b>14</b>
<b>Total payables</b>	<b>3 665</b>	<b>592</b>

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

***Employment on-costs***

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

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

### 7.3 PROVISIONS

	<b>Workers Compensation 2022 \$'000</b>
<i><b>Movement in provisions</b></i>	
<b>Carrying amount at the beginning of the period</b>	9
Additional provisions	2
Amounts used	-
<b>Carrying amount at the end of the period</b>	11

The SAFC has no open workers compensation claims.

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on actuarial assessment of the outstanding liability as at 30 June 2022 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector Employment. The provision is for the estimated cost of ongoing payments to employees as required under current legislation. The SAFC is responsible for the payment of workers compensation claims.

## 8. OTHER DISCLOSURES

### 8.1 CASH FLOW

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

### 8.2 PRIOR PERIOD ADJUSTMENTS

During 2021-22, the SAFC reviewed its accounting treatment for Post Production, Digital and Visual Effects (PDV) Rebates, Video Game Development (VGD) Rebates and Screen Production Funding. In prior years Screen Production Funding expenses were recognised as liabilities when they were approved and there was a reasonable certainty of the project moving into production, and PDV and VGR rebate expenses were recognised as liabilities at provisional approval stage. Given there is always a degree of uncertainty in relation to Screen Production Funding projects proceeding and the amount of timing of final acquittals for PDV and VGD rebates from 2021-22 these expenses will be treated as contingent liabilities until such time as the conditions of payment are met. As a result, retrospective adjustments have been made to the financial statements as follows:

- The Production Funding Payable balance was reduced from \$14.1m to \$0 at 30 June 2021.
- Production Funding expense increased by \$1.236 million for the year ended 30 June 2021, with an increase in retained earnings of \$14.1 million.
- Contingent Liabilities at 30 June 2021 increased by \$14.1m.
- The opening balance of retained earnings at 1 July 2020 was increased by \$15.289 million.

## 9. CHANGES IN ACCOUNTING POLICY

No changes in accounting policy impacted the 2021-22 Financial Statements.

## 10. OUTLOOK

### 10.1 UNRECOGNISED CONTRACTUAL COMMITMENTS

There were no unrecognised contractual commitments as at 30 June 2022 or 30 June 2021.

### 10.2 CONTINGENT ASSETS AND LIABILITIES

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

The SAFC is not aware of any contingent assets.

Where production funding has been approved and the applicant has been advised the total funding is recorded as a contingent liability until there is evidence that the specific milestone requirements have been achieved. At this time, the amounts are recognised as expenses.

All provisional approvals of PDV and VGD Rebates are recognised as contingent liabilities. Once the final acquittals have been approved the amounts are recognised as expenses.

<b>Liabilities</b>	<b>2022 \$'000</b>	<b>2021 \$'000</b>
Production funding	12 151	15 068
Industry development program	600	800
<b>Total contingent liabilities</b>	<b>12 751</b>	<b>15 868</b>

### 10.3 EVENTS AFTER THE REPORTING PERIOD

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

## 11. ADMINISTERED ITEMS

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

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

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

<b>Disbursement Returns Account</b>	<b>2022 \$'000</b>	<b>2021 \$'000</b>
Balance at 1 July	149	172
Add:		
Royalties and distribution advances	50	79
Less:		
Disbursements to investors	-	(102)

<b>SOUTH AUSTRALIAN FILM CORPORATION</b>
------------------------------------------

<b>Balance at 30 June</b>	<b>199</b>	<b>149</b>
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Unclaimed Investor Returns Accounts</b>		
Balance at 1 July	93	55
Add:		
Royalties and distribution advances	-	38
Less:		
Disbursements to investors	(1)	-
<b>Balance at 30 June</b>	<b>92</b>	<b>93</b>