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To the Chair Adelaide Festival Corporation

Opinion

I have audited the financial report of the Adelaide Festival Corporation for the financial year ended 30 June 2023.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Adelaide Festival Corporation as at 30 June 2023, 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 2023
- a Statement of Financial Position as at 30 June 2023
- a Statement of Changes in Equity for the year ended 30 June 2023
- a Statement of Cash Flows for the year ended 30 June 2023
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Chair, the Chief Executive and the Head of Finance and 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 Adelaide Festival 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 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, 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 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 19(3) of the *Adelaide Festival Corporation Act 1998*, I have audited the financial report of the Adelaide Festival Corporation for the financial year ended 30 June 2023.

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 Adelaide Festival 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 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.



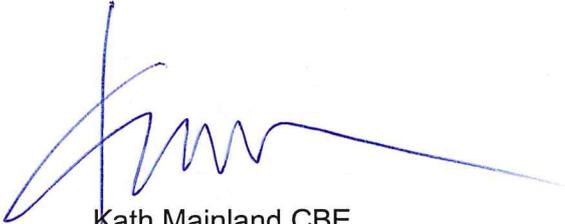
Daniel O'Donohue
Assistant Auditor-General (Financial Audit)

27 September 2023

Certification of the Financial Statements

We certify that the:

- financial statements of the Adelaide Festival Corporation:
 - are in accordance with the accounts and records of the authority;
 - comply with relevant Treasurer's instructions;
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the authority 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 Adelaide Festival Corporation for the financial year over its financial reporting and its preparation of financial statements have been effective.



Kath Mainland CBE
Chief Executive



Karishma Reynolds
Head of Finance and Corporate Services



Tracey Whiting AM
Chair

Date 21/9/23

Adelaide Festival Corporation
Financial Statements For the year ended 30 June 2023

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Note No.	2023 \$'000	2022 \$'000
Income			
SA Government grants	2.1	8,784	9,075
Non-SA Government grants	2.1	559	188
Box Office sales	2.2	5,350	4,383
Other sales		345	345
Interest		127	3
Other income	2.3	1,497	1,457
Sponsorship	2.4	1,818	1,977
Foundation Adelaide Festival distribution	2.5	1,700	1,000
Total income		20,179	18,428
Expenses			
Employee benefits expense	3.3	5,279	4,616
Supplies and services	4.1	14,587	13,862
Depreciation and amortisation	4.2	258	551
Loss on impairment of Non-current Asset	5.2	-	143
Borrowing costs	4.3	23	1
Total expenses		20,147	19,173
Net result		32	(745)
Total comprehensive result		32	(745)

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

Adelaide Festival Corporation
Financial Statements For the year ended 30 June 2023

STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note No.	2023 \$'000	2022 \$'000
Current assets			
Cash and cash equivalents	6.1	630	2,043
Receivables	6.2	1,629	443
Total current assets		2,259	2,486
Non-current assets			
Property, plant and equipment	5.1	878	94
Non-current Asset held for sale	5.1	-	60
Intangible Assets	5.4	21	50
Total non-current assets		899	204
Total assets		3,158	2,690
Current liabilities			
Payables	7.1	343	367
Financial liabilities	7.2	214	61
Employee benefits	3.4	229	232
Provisions	7.3	15	8
Contract Liabilities	7.4	128	437
Total current liabilities		929	1,105
Non-current liabilities			
Payables	7.1	40	13
Financial liabilities	7.2	431	-
Employee benefits	3.4	249	127
Provisions	7.3	71	39
Total non-current liabilities		791	179
Total liabilities		1,720	1,284
Net Assets		1,438	1,406
Equity			
Retained earnings		1,438	1,406
Total Equity		1,438	1,406

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

Adelaide Festival Corporation
Financial Statements For the year ended 30 June 2023

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

	Retained earnings \$'000	Total Equity \$'000
Balance at 1 July 2021	2,151	2,151
Net Result for 2021-22	(745)	(745)
Total Comprehensive Result for 2021-22	(745)	(745)
Balance at 30 June 2022	1,406	1,406
Net Result for 2022-23	32	32
Total Comprehensive Result for 2022-23	32	32
Balance at 30 June 2023	1,438	1,438

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

Adelaide Festival Corporation
Financial Statements For the year ended 30 June 2023

STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	Note No.	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Cash inflows			
Receipts from SA Government	2.1	8,784	9,075
Receipts from customers, sponsors, donors and others		9,533	9,656
Receipts from Commonwealth-sourced grants	2.1	444	50
Receipts from Overseas Governments	2.1	116	138
Interest received		127	3
GST recovered from the ATO		151	143
Cash generated from operations		19,154	19,065
Cash outflows			
Employee benefit payments		(4,971)	(4,525)
Payments for supplies and services		(15,638)	(14,019)
Interest paid	4.3	(23)	(1)
GST paid to the ATO		(317)	(267)
Cash used in operations		(20,949)	(18,812)
Net cash provided by operating activities		(1,795)	253
Cash flows from investing activities			
Cash inflows			
Sale of plant and equipment		60	-
Cash outflows			
Purchase of plant and equipment		(261)	(18)
Net cash used in investing activities		(201)	(18)
Cash flows from financing activities			
Cash outflows			
Repayment of principal portion of lease liabilities		584	(215)
Net cash used in financing activities		584	(215)
Net increase/(decrease) in cash and cash equivalents		(1,412)	20
Cash and cash equivalents at the beginning of the period		2,043	2,023
Cash and cash equivalents at the end of the period	6.1	630	2,043

The accompanying notes form part of these financial statements.

Adelaide Festival Corporation
Notes to the Financial Statements For the year ended 30 June 2023

1. About the Adelaide Festival Corporation

The Adelaide Festival Corporation (the Corporation) was established pursuant to the *Adelaide Festival Corporation Act 1998*. Our vision is to be recognised nationally and internationally, as one of the world's greatest large-scale, multi-arts festivals that:

- brings to its audience the power of great art;
- pursues new creative horizons;
- places Adelaide at the centre of Australia's cultural life;
- creates a transformational impact on our city, making art central to the culture of our society.

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

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*;
- Treasurers Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards.

For the purposes of preparing the financial statements, the Corporation is a not-for-profit entity. 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.

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.

Cash flows include GST in the Statement of Cash Flows

Assets and liabilities that are to be sold, consumed or realised as part of the normal 12 month operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Adelaide Festival Corporation
Notes to the Financial Statements For the year ended 30 June 2023

1.2. Objectives and programs

The functions of the Corporation, as prescribed under the *Adelaide Festival Corporation Act 1998*, are to:

- (a) Conduct in Adelaide and other parts of the State the multifaceted arts event that is known as the Adelaide Festival of Arts;
- (b) Continue and further develop the Adelaide Festival of Arts as an event of international standing and excellence;
- (c) Conduct or promote other arts events and activities;
- (d) Provide advisory, consultative, managerial or support services within areas of the Corporation's expertise;
- (e) Undertake other activities that promote the arts or public interest in the arts, or that otherwise involve an appropriate use of its resources; and
- (f) Carry out other functions assigned to the Corporation by or under the *Adelaide Festival Corporation Act 1998* or any other Act, or by the Minister.

2. Income

The 2023 Festival program exceeded the targeted box office as attendances for some shows were increased to full capacity, due to easing of COVID-19 restrictions. The level of funding from SA Government decreased slightly in 2023 but the SA Government's overall contribution to the Festival Program was 43.5% (2022: 49.2%) of total income.

2.1. Grants from Governments

	2023	2022
	\$'000	\$'000
SA Government grants	8,784	9,075
Commonwealth-sourced grants	443	50
Overseas Government grants	116	138
<i>Non-SA Government grants</i>	559	188
Total grants from Governments	9,343	9,263

Revenues from Governments mainly relate to a recurring annual operating grant with the Department of the Premier and Cabinet (DPC) through a Memorandum of Administrative Arrangement (MOAA). The Corporation has concluded that the MOAA does not contain sufficiently specific performance obligations, therefore the grant funding is recognised under AASB 1058 upon receipt.

Adelaide Festival Corporation
Notes to the Financial Statements For the year ended 30 June 2023

2.2. Box Office

	2023	2022
	\$'000	\$'000
Ticketek	3,044	1,948
Tessitura	2,306	2,435
Total box office	5,350	4,383

A contract is established when a customer purchases a show ticket. The performance obligation is to deliver the show on time. As such, all the box office sales are recognised as a revenue under AASB15 upon completion of the show.

All ticket sales for Adelaide Festival Centre Trust venues are purchased by the public through Ticketek but the Corporation is also able to use its own ticketing system to sell tickets for all other venues, where no ticketing contract exists.

2.3. Other income

	2023	2022
	\$'000	\$'000
Sundry	727	685
Friends membership	130	133
Donations	640	639
Total other income	1,497	1,457

The Corporation engaged volunteers to provide ushering and information services during the Festival events. These services were not recognised because they did not form a core part of the Festival program and services of this nature would not have otherwise been purchased.

Friends membership and sundry income are recognised under AASB 15.

Donations are recognised upon receipt under AASB 1058.

2.4. Sponsorship

	2023	2022
	\$'000	\$'000
Sponsorship – Cash	1,229	1,358
Sponsorship – In-kind	589	619
Total sponsorship	1,818	1,977

Expenses related to in-kind sponsorship have been recognised in supplies and services.

For multiple year sponsorships with funding received in advance, the Corporation recognises revenue over time when its performance obligations are satisfied at the end of each festival. The unfulfilled portion is recognised as contract liabilities and disclosed in note 7.4.

Adelaide Festival Corporation
Notes to the Financial Statements For the year ended 30 June 2023

2.5 Foundation Adelaide Festival Distribution

	2023	2022
	\$'000	\$'000
Funding from Foundation Adelaide Festival	1,700	1,000
Total Funding	1,700	1,000

The Foundation Adelaide Festival is a charitable institution operating in Australia to establish, maintain and act as Trustee of a public ancillary fund, to be known as 'The Foundation Adelaide Festival Public Ancillary Fund', solely for the purpose of providing money, property or benefits to the Adelaide Festival Public Fund. Under the Governance and Relationship Structure, an annual distribution is made from the Foundation to the Adelaide Festival Corporation, based on funds raised across various campaigns through annual giving.

3. Board, committees and employees**3.1. Key Management Personnel**

Key Management Personnel of the Corporation include the Minister, Chief Executive, Artistic Directors and the Board who have responsibility for the management of the Corporation including its strategic and artistic direction.

The Board Members are appointed by the Government in accordance with the *Adelaide Festival Corporation Act 1998*.

Total compensation for key management personnel was \$555,104 (2022: \$887 000).

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

Compensation of key management is disclosed above. During 2022-23 a number of Board Members provided donations or sponsorships either directly or on behalf of their organisations

3.2. Board and Committee members

Members during the 2023 financial year were:

Board

Ms Judy Potter (Chair)
 Ms Alison Beare
 Mr David Knox (to August 2022)
 Mr Mark Roderick
 Mr Alan James Whalley (to August 2022)
 Hon. Amanda Vanstone
 Mr Anthony Berg (from August 2022)
 Mr Brenton Cox (from December 2022)
 Ms Mary Couros (from February 2023)
 Right Hon. The Lord Mayor of Adelaide Sandy Verschoor (to November 2022)

Audit and Risk Committee

Mr Mark Roderick (Chair)
 Ms Judy Potter
 Mr Alan James Whalley (to August 2022)
 Ms Megan Hender
 Mr Brenton Cox (from December 2022)
 Mr Anthony Berg (from August 2022)
 Ms Alison Beare (to February 2022)

Adelaide Festival Corporation
Notes to the Financial Statements For the year ended 30 June 2023

Board and committee remuneration

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

	2023	2022
\$0 - \$19,999	11	8
Total number of members	11	8

The total remuneration received or receivable by members was \$29,500 (2022: \$56,000). From which \$5,884 (2022:\$10,000) was donated back to the Corporation. Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

From time to time, Board members will receive complimentary tickets to shows or events conducted by the Corporation. These benefits are provided to attend Festival events solely for the purpose of the execution of duties of office and direct hosting of guests, sponsors and donors.

3.3. Employee benefits expense

	2023 \$'000	2022 \$'000
Salaries and wages	4,547	3,942
Employment on-costs – superannuation	426	418
Employment on-costs – other	277	200
Board fees	29	56
Total employee benefits expense	5,279	4,616

Employment on-costs – superannuation

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

Executive remuneration

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

	2023 No	2022 No
\$157 001 to \$160 000*	n/a	-
\$160 001 to \$180 000	-	1
\$180 001 to \$200 000	-	1
\$200 001 to \$220 000	1	-
\$220 001 to \$240 000	-	1
\$240 001 to \$260 000	-	-
\$260 001 to \$280 000	-	-
\$280,001 to \$300,000	-	-
\$300,000 to \$320,000	1	-
Total	2	3

*This band has been included for the purpose of reporting comparative figures based on the executive base level remuneration rate for 2021-22.

The total remuneration received by these employees for the year was \$525,604 (2022: \$603 000).

Adelaide Festival Corporation
Notes to the Financial Statements For the year ended 30 June 2023

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, fringe benefits and any fringe benefits tax paid or payable in respect of those benefits.

3.4. Employee benefits liability

	2023 \$'000	2022 \$'000
Current		
Accrued Salaries and Wages	50	34
Annual Leave	179	131
Long Service Leave	-	67
<i>Total current employee benefits</i>	<u>229</u>	<u>232</u>
Non-Current		
Long Service Leave	249	127
<i>Total non-current employee benefits</i>	<u>249</u>	<u>127</u>
Total employee benefits	<u>478</u>	<u>359</u>

Long-term employee benefits are measured as the present value and short-term employee benefits are measured at nominal amounts.

Salaries and wages, annual leave and sick leave

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

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.

Long service leave

AASB 119 *Employee benefits* contain the calculations 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.

AASB119 *Employee benefits* requires the use of 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 3.25% to 4.0%. This rate is used as the rate to discount future long service leave cash flows.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability by \$7,500. 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 increased the salary inflation rate from 2.5% to 3.5% for long service leave liability.

The current long service leave reflects the portion of leave expected to be settled within the next 12 months, based on previous experience and known applications for leave. There is no expectation of any long service leave to be taken in the next 12 months.

Adelaide Festival Corporation
Notes to the Financial Statements For the year ended 30 June 2023

4. Expenses**4.1. Supplies and services**

The current breakdown of supplies and services for the 2023 Festival shows that 75.5% went towards the presentation of the Festival, 10.7% went to the promotion of the Festival, 4.1% went to servicing our corporate sponsorship and philanthropy programs, and 9.8% went to corporate governance and artistic direction.

	2023 \$'000	2022 \$'000
Presentation of the Festival		
Event staging and contracts	4,755	4,543
Cost of goods for sale	721	618
Royalty and license fees	286	229
Artist fees and payments	3,646	3,604
Artist travel and accommodation	1,599	1,102
Total presentation of the Festival	11,007	10,096
Promotion of the Festival		
Marketing, advertising and media	1,288	1,282
Design, printing and distribution costs	268	260
Total promotion of the Festival	1,557	1,542
Corporate governance and artistic direction		
Short-term and low-value leases	63	22
Communications and information technology	234	214
Insurance	86	161
Other expenditure	1,047	1,294
Total corporate governance and artistic direction	1,430	1,691
Corporate sponsorship and philanthropy programs		
Hospitality, sponsorship and ticketing	594	533
Total corporate sponsorship and philanthropy programs	594	533
Total supplies and services	14,587	13,862

Other expenses include audit fees paid/payable to the Auditor General's Department relating to work performed under the *Public Finance and Audit Act 1987* were \$42,400 (\$42,000). No other services were provided by the Auditor General's Department

The total amount paid for consultants for the year was \$25,000 (2022: \$24,000)

4.2. Depreciation and amortisation

	2023 \$'000	2022 \$'000
Plant and equipment	61	293
Furniture and Fittings	12	-
Right-of-use buildings	156	221
Purchased computer software	29	37
Total depreciation and amortisation	258	551

Adelaide Festival Corporation
Notes to the Financial Statements For the year ended 30 June 2023

All non-current assets not held for sale with a limited useful life are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

Useful life

Depreciation and amortisation are calculated on a straight-line basis. Property, plant and equipment and intangible assets depreciation and amortisation are calculated over the estimated useful life as follows:

Class of Asset	Useful life (years)
Plant and equipment	3-10
Furniture and Fittings	3-5
Right-of-use buildings	life of lease
Purchased computer software	4-5

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 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.

4.3. Borrowing costs

	2023	2022
	\$'000	\$'000
Interest expense on lease liabilities	23	1
Total borrowing costs	23	1

The Corporation does not capitalise borrowing costs.

5. Non-financial assets

The Festival has continued to invest in improvement to software, databases and website design.

5.1. Property, plant and equipment by asset class

Property, plant and equipment comprises tangible assets owned and right-of-use (leased) assets.

	2023	2022
	\$'000	\$'000
Plant and equipment at cost (deemed Fair Value)	679	1043
Asset held for sale	-	60
Less: Accumulated depreciation	(610)	(955)
<i>Total plant and equipment</i>	68	148
Furniture and Fittings at cost	221	-
Less: Accumulated depreciation	(12)	-
<i>Total Furniture and Fittings</i>	209	-
Right-of-use buildings	1,409	658
Less: Accumulated depreciation	(808)	(652)
<i>Total Right-of-use buildings</i>	601	6
Total Property, Plant and Equipment	878	154

Adelaide Festival Corporation
Notes to the Financial Statements For the year ended 30 June 2023

5.2. Property, plant and equipment owned by the Corporation

Property, plant and equipment owned by the Corporation with a value equal to or in excess of \$1,000 is capitalised, otherwise it is expensed. Property, plant and equipment owned by the Corporation is recorded at fair value.

Impairment

Property, plant and equipment owned by the Corporation has been assessed for impairment.

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.

Reconciliation 2022-2023

	Plant and equipment \$'000	Furniture and Fittings \$'000	Right-of- use buildings \$'000	Total \$'000
Carrying amount at the beginning of the period	148	-	6	154
Additions	40	221	751	1,012
Impairment of assets	-	-	-	-
Depreciation	(61)	(12)	(156)	(229)
Asset Disposals	(60)	-	-	(60)
Carrying amount at the end of the period	68	209	601	878

5.3. Property, plant and equipment leased by the Corporation

Right-of-use assets for property, plant and equipment leased by the Corporation as lessee are measured at cost. The Corporation's right-of-use assets mainly relate to a lease of 605.5m² floor of a building in the Adelaide CBD, being the registered office of the Corporation.

The Corporation also has a warehouse/storage space in Richmond and an outdoor storage in Netley which expired in March 2023. Both leases are/were with the Department for Infrastructure and Transport (DIT). Short-term leases of 12 months or less and low value leases, where the underlying asset value is less than \$15 000 are not recognised as right-of-use assets. The associated lease payments are recognised as an expense and are disclosed in note 4.1.

The lease liabilities related to the right-of-use assets are disclosed in note 7.2.

Impairment

Property, plant and equipment leased by the Corporation has been assessed for impairment. There was no indication of impairment.

Adelaide Festival Corporation
Notes to the Financial Statements For the year ended 30 June 2023

5.4. Intangible assets

	2023	2022
	\$'000	\$'000
Purchased computer software	181	181
Less: accumulated amortisation	(160)	(131)
Total intangible assets	21	50

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

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$1,000.

Reconciliation 2022-2023

	Purchased computer software \$'000	Total \$'000
Carrying amount at beginning of the period	50	50
Additions	-	-
Amortisation	(29)	(29)
Carrying amount at the end of the period	21	21

6. Financial Assets**6.1. Cash and cash equivalents**

	2023	2022
	\$'000	\$'000
Cash at bank	158	1,172
Cash at hand	1	1
Short term deposits with SAFA	471	870
Total cash and cash equivalents	630	2,043

Short term deposits are made on an at-call basis with funds transferred within 24 hours upon request. The deposits are lodged with SAFA and earn interest at the respective short term deposit rate on a monthly basis.

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6.2. Receivables

	2023 \$'000	2022 \$'000
Current		
Trade receivables		
From non-government entities	1,291	55
Statutory receivables		
GST input tax recoverable	167	318
Prepayments	171	70
Total current receivables	<u>1,629</u>	<u>443</u>

Trade receivables arise in the normal course of selling goods and services to other government agencies and to the public. Trade receivables are normally settled within 14 days after the receipt of an invoice or the goods/services have been provided under contractual agreement.

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.

The net amount of GST recoverable from the ATO is included as part of receivables. Receivables, prepayments and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

The Corporation has assessed the collectability of its trade receivables and does not believe that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand.

7. Liabilities

Employee benefits liabilities are disclosed in note 3.4.

7.1. Payables

	2023 \$'000	2022 \$'000
Current		
Trade payables and accrued expenses	266	250
Statutory payables		
Payroll tax and other	72	96
Employment on-costs	5	21
<i>Total current payables</i>	<u>343</u>	<u>367</u>
Non-Current		
Statutory payables		
Employment on-costs	40	13
<i>Total non-current payables</i>	<u>40</u>	<u>13</u>
Total payables	<u>383</u>	<u>380</u>

Payables and accruals are raised for all amounts owing but unpaid. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short-term nature.

Statutory payables do not arise from contracts.

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Employment on-costs

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

These on-costs primarily relate to the balance of leave owing to employees. Estimates as to the proportion of long service leave estimated to be taken as leave, rather than being paid on termination, affects whether certain on-costs are recognised as a consequence of long service liabilities.

7.2. Financial Liabilities

	2023 \$'000	2022 \$'000
Current		
Lease Liabilities	214	61
<i>Total current payables</i>	<u>214</u>	<u>61</u>
Non-Current		
Lease Liabilities	431	-
<i>Total non-current payables</i>	<u>431</u>	<u>-</u>
Total financial liabilities	<u>645</u>	<u>61</u>

The Corporation measures financial liabilities including borrowings/debt at amortised cost.

7.3. Provisions

	2023 \$000	2022 \$000
Current		
Provision for workers compensation	15	8
<i>Total current provisions</i>	<u>15</u>	<u>8</u>
Non-current		
Provision for remedial costs	15	15
Provision for workers compensation	56	24
<i>Total non-current provisions</i>	<u>71</u>	<u>39</u>
Total provisions	<u>86</u>	<u>47</u>

Movement in provisions

	2023 \$'000	2022 \$'000
Carrying amount at beginning of the period	47	29
Additional provisions recognised	39	18
Carrying amount at the end of the period	<u>86</u>	<u>47</u>

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A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2023 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector. The provision is for the estimated cost of ongoing payments to employees as required under the current legislation.

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

An additional provision has also been recognised to reflect the possible end of lease remedial costs for the office lease.

7.4. Contract Liabilities

	2023 \$'000	2022 \$'000
Current		
Contract liabilities	128	437
Total contract liabilities	128	437

Contract liabilities relate to sponsorship received in advance with performance obligations to be fulfilled in future years.

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 the operating cash flows.

9. Outlook

9.1. Unrecognised commitments

Expenditure commitments	2023 \$'000	2022 \$'000
Within one year	20	6
Later than one year but not longer than two years	18	2
Total expenditure commitments	38	8

The Corporation's expenditure commitments relate to two computer equipment leases. There are two 3-year equipment leases, one which commenced in October 2021 to September 2024 and the other from July 2022 to June 2025, both on interest free terms.

9.2. 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 Corporation is not aware of any contingent assets and liabilities.

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9.3. Events after the reporting period

The Corporation is not aware of any events after the reporting period.