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To the Presiding Officer State Theatre Company of South Australia

Opinion

I have audited the financial report of the State Theatre Company of South Australia 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 State Theatre Company of South Australia 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 Presiding Officer, the Executive Director and the Head of Finance and Business Administration.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the State Theatre Company of South Australia. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (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 Executive Director and the Board for the financial report

The Executive Director 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 Executive Director 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 Executive Director 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 Board is 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 17(3) of the *State Theatre Company of South Australia Act 1972*, I have audited the financial report of the State Theatre Company of South Australia 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 State Theatre Company of South Australia's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Director
- conclude on the appropriateness of the Executive Director'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 Executive Director 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)

28 September 2023

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Financial Statements
for the year ended
30th June 2023

Certification of the financial statements

We certify that the:

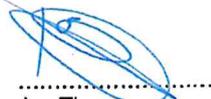
- financial statements of the State Theatre Company of South Australia:
 - are in accordance with the accounts and records of the authority; and
 - comply with relevant Treasurer's instructions; and
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position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



.....
Julian Hobba
Executive Director



.....
Scott Grimes
Head of Finance and Business Administration



.....
Joe Thorp
Presiding Officer

Date 27 Sep 2023

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State Theatre Company of South Australia
Statement of Comprehensive Income
For the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Income			
Commonwealth revenues	2.1	668	653
Box office	2.2	2,089	2,581
Co-producer, tour and royalty fees	2.3	406	364
Revenues from SA Government	2.4	2,572	2,621
Sponsorship and donations	2.5	1,273	791
Interest revenues	2.6	63	3
Other income	2.7	675	864
Total income		<u>7,746</u>	<u>7,877</u>
Expense			
Staff benefits expenses	3.3	3,409	3,452
Supplies and services	4.1	3,731	4,573
Depreciation and amortisation	5.2	208	203
Interest expense on lease liability		1	6
Total expenses		<u>7,349</u>	<u>8,234</u>
Net result		<u>397</u>	<u>(357)</u>
Total comprehensive result		<u>397</u>	<u>(357)</u>

The accompanying notes form part of these financial statements.

The net result and total comprehensive result are attributable to the SA Government as owner.

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State Theatre Company of South Australia
Statement of Financial Position
As at 30 June 2023

	Note	2023 \$'000	2022 \$'000
Current Assets			
Cash and cash equivalents	6.2	2,217	1,464
Receivables	6.3	36	74
Prepayments		210	154
Stock on hand		-	6
Total Current Assets		<u>2,463</u>	<u>1,698</u>
Non-current assets			
Other financial assets	6.4	806	785
Property, plant and equipment	5.1	352	450
Total Non-current assets		<u>1,158</u>	<u>1,235</u>
Total Assets		<u>3,621</u>	<u>2,933</u>
Current Liabilities			
Payables	7.2	367	303
Financial liabilities	7.3	89	160
Contractual liabilities	7.4	1,037	675
Staff benefits	3.4	314	309
Provisions	7.5	45	31
Total Current Liabilities		<u>1,852</u>	<u>1,478</u>
Non-current Liabilities			
Payables	7.2	13	15
Financial liabilities	7.3	39	128
Staff benefits	3.4	109	146
Provisions	7.5	160	115
Total Non-current Liabilities		<u>321</u>	<u>404</u>
Total Liabilities		<u>2,173</u>	<u>1,882</u>
Net Assets		<u>1,448</u>	<u>1,051</u>
Equity			
Retained Earnings		1,448	1,051
Total Equity		<u>1,448</u>	<u>1,051</u>

The accompanying notes form part of these financial statements.

The net result and total comprehensive result are attributable to the SA Government as owner.

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State Theatre Company of South Australia
Statement of Changes in Equity for the year ended 30 June 2023

	Retained Earnings
	\$'000
Balance at 1 July 2021	<u>1,408</u>
Net result for 2021-22	<u>(357)</u>
Total comprehensive result for 2021-22	<u>(357)</u>
Balance at 30 June 2022	<u>1,051</u>
Net result for 2022-23	<u>397</u>
Total comprehensive result for 2022-23	<u>397</u>
Balance at 30 June 2023	<u><u>1,448</u></u>

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

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State Theatre Company of South Australia
Statement of Cash Flows
For the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Cash Inflows			
Receipts from SA Government		2,596	2,584
Receipts from Commonwealth		668	653
Box office and other receipts		4,750	5,310
Interest received		63	3
GST recovered from the ATO		81	104
Cash generated from operations		<u>8,158</u>	<u>8,654</u>
Cash outflows			
Staff benefits payments		(3,382)	(3,336)
Payment for supplies and services		(3,752)	(4,804)
Interest Paid		(3)	(6)
Cash used in operations		<u>(7,137)</u>	<u>(8,146)</u>
Net cash provided by/(used in) operating activities		<u>1,021</u>	<u>369</u>
Cash flows from investing activities			
Cash outflows			
Purchase of plant and equipment		(109)	(143)
Cash used in investing activities		<u>(109)</u>	<u>(143)</u>
Net cash used in investing activities		<u>(109)</u>	<u>(143)</u>
Cash flows from financing activities			
Cash outflows			
Repayment of principal portion of lease liabilities		(159)	(145)
Cash used in financing activities		<u>(159)</u>	<u>(145)</u>
Net cash used in financing activities		<u>(159)</u>	<u>(145)</u>
Net increase/(decrease) in cash and cash equivalents		<u>753</u>	<u>220</u>
Cash and cash equivalents at the beginning of the period		1,464	1,244
Cash and cash equivalents at the end of the period	6.2	<u>2,217</u>	<u>1,464</u>

The accompanying notes form part of these financial statements

1. About the State Theatre Company of South Australia

The State Theatre Company of South Australia (the Company) was established under the *State Theatre Company of South Australia Act 1972*. Our vision is to make, present and promote phenomenal, transformative, and inclusive theatre that enriches South Australian and Australian culture.

The Company has the following high level goals:

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

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.

For the purposes of preparing the financial statements, the Company 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 identified in the notes to the financial statements.

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

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.

2. Income

2.1 Commonwealth Revenue

	2023 \$'000	2022 \$'000
Commonwealth revenues	<u>668</u>	<u>653</u>
Total Commonwealth revenues	<u>668</u>	<u>653</u>

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

- Australian Government operating grants received in 2022-23 were to contribute to operations for the 2023 calendar year.
 - State Government operating grants received in 2022-23 were to contribute to operations for the 2022-23 financial year.
- Refer to Note 2.4 for the recognition of this base funding.

Commonwealth revenues are recognised on receipt.

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State Theatre Company of South Australia
 Financial Year Ended 30 June 2023
 Notes to and forming part of the Financial Statements

2.2 Box office	2023	2022
	\$'000	\$'000
Box office	<u>2,089</u>	<u>2,581</u>
Total box office	<u>2,089</u>	<u>2,581</u>

Box office revenues for productions are recognised when a production is concluded and the Company has met its performance obligations in line with AASB 15. The production *At What Cost?* was held from 16 June 2023 to 1 July 2023 and has been included in the above 2023 figures. Ticket sales for future productions and productions in progress at reporting date are recorded as contractual liabilities.

There were eight productions staged during 2022-23 (seven productions staged in 2021-22).

2.3 Co-producer, tour and royalty fees	2023	2022
	\$'000	\$'000
Co-producer, tour and royalty fees	<u>406</u>	<u>364</u>
Total co-producer, tour and royalty fees	<u>406</u>	<u>364</u>

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

2.4 Revenues from SA Government	2023	2022
	\$'000	\$'000
Base funding	2,456	2,469
Tied grants funding	<u>116</u>	<u>152</u>
Total revenues from SA Government	<u>2,572</u>	<u>2,621</u>

Base funding is recognised upon receipt under AASB 1058. Tied grants funding is generally recognised under enforceable agreements when sufficient and specific performance obligations are met under AASB 15.

2.5 Sponsorship and donations	2023	2022
	\$'000	\$'000
Cash*	1,043	513
In Kind	<u>230</u>	<u>278</u>
Total sponsorship and donations	<u>1,273</u>	<u>791</u>

Sponsorships are provided in cash and through resources provided free of charge. Sponsorship income is recognised when service obligations are met. Sponsorship received in advance of benefits paid is recorded as contractual liabilities.

*In 2022-23 the Company received a donation of \$575,000 from the State Theatre Company of South Australia Foundation (the Foundation) as a result of the wind-up of the Foundation

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

2.6 Interest	2023	2022
	\$'000	\$'000
Interest from SA Government	42	2
Interest - Reserves Incentive Funding Scheme (SAFA)	<u>21</u>	<u>1</u>
Total interest	<u>63</u>	<u>3</u>

State Theatre Company of South Australia
Financial Year Ended 30 June 2023
Notes to and forming part of the Financial Statements

2.7 Other income	2023 \$'000	2022 \$'000
Prop Shop income	84	63
Company Service Fees	561	771
Miscellaneous revenue	<u>30</u>	<u>30</u>
Total other income	<u>675</u>	<u>864</u>

3. Board and staff

3.1 Key management personnel

Key management personnel of the Company include the Minister, the Board of Governors, the Executive Director, and the Artistic Director who have responsibility for the strategic direction and management of the Company. Total compensation for key management personnel was \$314,000 (\$306,000).

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 under section 6 the *Parliamentary Remuneration Act 1990*.

Transactions with key management personnel and other related parties

A Board member's husband is an actor. The Company entered into an agreement via his agent to perform as part of its 2022 and 2023 seasons. Amounts paid as fees and superannuation contributions equal \$27,000 (\$25,000).

3.2. Board members

Members during the financial year were:

Mr Joe Thorp	Mr David O'Loughlin
Ms Claudine Law	Ms Amanda Anderson
Ms Jodie Newton	Ms Alexandra Dimos
Ms Diané Ranck	Mr Gavin Wanganeen
Ms Alice Rolls	Ms Holly Veale
Ms Judith Henshall	

Board fees were not paid to members in 2022-23 (Nil).

3.3 Staff benefits expense	2023 \$'000	2022 \$'000
Salaries and wages	2,481	2,530
Long Service Leave	35	14
Annual Leave	188	191
Staff on-costs - superannuation	308	279
Workers' compensation	58	170
Staff on-costs - other	162	162
Other employee related expenses	<u>177</u>	<u>106</u>
Total staff benefits expenses	<u>3,409</u>	<u>3,452</u>

Staff on-costs - superannuation

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

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State Theatre Company of South Australia
 Financial Year Ended 30 June 2023
 Notes to and forming part of the Financial Statements

Employee remuneration

	2023 No	2022 No
The number of staff whose remuneration received or receivable falls within the following bands:		
\$160,001 to \$180,000	<u>1</u>	<u>-</u>
Total	<u>1</u>	<u>-</u>

The total remuneration received by those staff for the year was \$161,000 (\$nil).

The table includes all staff whose normal remuneration was equal to or greater than the base executive remuneration level during the year. Remuneration of staff 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 as well as any termination benefits for staff who have left the Company.

3.4. Staff benefits liability

	2023 \$'000	2022 \$'000
Current		
Annual and Other Leave	145	152
Long Service Leave	169	126
Accrued salaries and wages	-	31
Total current	<u>314</u>	<u>309</u>
Non-current		
Long Service Leave	<u>109</u>	<u>146</u>
Total staff benefit liability	<u>423</u>	<u>455</u>

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

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 staff up to the end of the reporting period using the projected unit credit method. The expected timing and amount of long service leave payments is determined through whole-of-government actuarial calculations, which is then applied to the Company's staff details. Key assumptions include whether the characteristics of staff remuneration, terms of service with the public sector, and expectations as to when staff take long service leave, as established by the actuary, are applicable to staff of the Company. These assumptions affect both the expected amount to be paid that has been factored into the calculation of the liability. The discount rate used in measuring the liability is another key assumption. The discount rate is reflective of long-term Commonwealth Government bonds. The yield on long term Commonwealth Government bonds has increased to 4% (2022: 3.5%). Current long service leave reflects the portion of leave expected to be settled within the next 12 months, based on previous experience, known leave and trends.

This increase in the bond yield results in a decrease in the reported long service leave liability.

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State Theatre Company of South Australia
 Financial Year Ended 30 June 2023
 Notes to and forming part of the Financial Statements

Expenses

Staff benefits expenses are disclosed in note 3.3.

4.1 Supplies and services	2023	2022
	\$'000	\$'000
Contractors fees	306	304
Consultants fees	4	8
Production expenses	705	1,550
Travel and accommodation	234	85
Royalties	264	177
Theatre hire and charges	854	806
Marketing and sponsorship expenses	708	915
Ticketing charges	197	294
Property rental and maintenance costs	223	217
Administration expenses	207	188
Audit fees	29	29
Total supplies and services expense	<u>3,731</u>	<u>4,573</u>

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

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

5. Non-financial assets

5.1 Property, plant and equipment by asset class

	2023	2022
	\$'000	\$'000
Motor Vehicle - at cost	70	27
Accumulated depreciation	<u>(28)</u>	<u>(27)</u>
Total Motor Vehicle	<u>42</u>	<u>-</u>
Equipment - at cost	385	343
Accumulated depreciation	<u>(236)</u>	<u>(206)</u>
Total Equipment	<u>149</u>	<u>137</u>
Computer Equipment - at cost	180	156
Accumulated depreciation	<u>(138)</u>	<u>(122)</u>
Total Computer Equipment	<u>42</u>	<u>34</u>
Leasehold Improvements - at cost	5	5
Accumulated depreciation	<u>(5)</u>	<u>(4)</u>
Total Leasehold Improvements	<u>-</u>	<u>1</u>
Right-of-use accommodation	177	682
Accumulated depreciation	<u>(58)</u>	<u>(404)</u>
Total right-of-use accommodation	<u>119</u>	<u>278</u>
Total Property Plant & Equipment	<u>352</u>	<u>450</u>

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State Theatre Company of South Australia
 Financial Year Ended 30 June 2023
 Notes to and forming part of the Financial Statements

5.2 Depreciation and amortisation

	2023 \$'000	2022 \$'000
Right-of-use accommodation	159	162
Plant and Equipment	<u>49</u>	<u>41</u>
Total depreciation and amortisation	<u>208</u>	<u>203</u>

5.3 Useful lives and depreciation

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

Class of Assets	Useful life (years)
Motor Vehicles	5
Equipment	3-15
Computer Equipment	3-7
Leasehold Improvements	3
Software	3-5

The useful lives of right-of-use assets is the lease term.

5.4 Property, plant and equipment owned by the Company

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

Plant and Equipment

All items of plant and equipment owned by the Company have not been revalued. The carrying value of these items is deemed to approximate fair value.

Reconciliation 2022-23

	Equipment \$'000	Computer \$'000	Motor Vehicle \$'000	Right of Use \$'000	Lease hold \$'000	Total \$'000
Carrying amount at the beginning of the period	137	34	-	278	1	450
Additions	42	25	43	-	-	110
Depreciation expense	<u>(30)</u>	<u>(17)</u>	<u>(1)</u>	<u>(159)</u>	<u>(1)</u>	<u>(208)</u>
Carrying amount at the end of the period	<u>149</u>	<u>42</u>	<u>42</u>	<u>119</u>	<u>-</u>	<u>352</u>

5.5 Property, plant and equipment leased by the Company

Right-of-use assets for accommodation leased by the Company is measured at cost.

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 Company leases facilities for its production facilities from Port Road Development Pty Ltd (\$150,000 p.a.), which is due to expire in December 2023. Negotiations are under way for renewal beyond December 2023 and rent is paid in advance.

The Company leases the first floor of the Fowlers Building, Lion Arts Centre from the Minister for the Arts (\$14,677 p.a.), which is due to expire in October 2026. There is no right of renewal and rent is paid in advance.

Commitments for lease payments are included at Note 8.1.

6. Financial assets

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State Theatre Company of South Australia
 Financial Year Ended 30 June 2023
 Notes to and forming part of the Financial Statements

6.1 Categorisation of financial assets

	2023	2022
	Carrying Amount \$'000	Carrying Amount \$'000
Financial Assets		
<i>Cash and cash equivalents</i>		
Cash and cash equivalents	2,217	1,464
<i>Financial assets at amortised cost</i>		
Receivables	36	74
Other financial assets	<u>806</u>	<u>785</u>
Total financial assets	<u>3,059</u>	<u>2,317</u>

Receivables as disclosed in this note does not include statutory amounts as these are not financial instruments.

6.2 Cash and cash equivalents

	2023	2022
	\$'000	\$'000
Short Term Deposits	2,078	1,007
Cash at Bank and on hand	<u>139</u>	<u>457</u>
Total cash and cash equivalents	<u>2,217</u>	<u>1,464</u>

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

Cash at Bank and on hand includes deposits with Bank SA.

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6.3 Receivables	2023 \$'000	2022 \$'000
Contractual receivables		
From government entities	-	1
From non-government entities	<u>36</u>	<u>73</u>
Total contractual receivables	<u>36</u>	<u>74</u>
Total current receivables	<u>36</u>	<u>74</u>

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. 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.

6.4 Other financial assets

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

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

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

These funds are long term deposits which are held with the South Australian Government Financing Authority and are recorded at cost. The balance of the fund as at 30 June 2023 was \$805,787.

7. Liabilities

Staff benefit liabilities are disclosed in note 3.4.

7.1 Categorisation of financial liabilities

	2023 Carrying \$'000	2022 Carrying \$'000
Financial Liabilities		
<i>Financial liabilities at amortised cost</i>		
Payables	94	109
Lease liabilities	128	288
Contractual liabilities	<u>1,037</u>	<u>675</u>
Total financial liabilities	<u>1,259</u>	<u>1,072</u>

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

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7.2 Payables	2023	2022
	\$'000	\$'000
<u>Current</u>		
Creditors	94	109
Accruals	69	12
Other contractual payables	88	28
Statutory payables		
GST payable	4	27
Other statutory payables	68	85
Staff benefit on-costs	44	42
Total statutory payables	<u>116</u>	<u>154</u>
Total current payables	<u>367</u>	<u>303</u>
<u>Non-current</u>		
Statutory payables		
Staff benefit on-costs	13	15
Total non-current payables	<u>13</u>	<u>15</u>
Total payables	<u>380</u>	<u>318</u>

Payables and accrued expenses are recognised for all amounts owing but unpaid. Contractual payables are normally settled within 30 days from the date the invoice is received. 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.

The net amount of GST payable to the ATO is included as part of payables.

Staff benefit on-costs include payroll tax and superannuation contributions and are settled when the respective employee benefits that they relate to are discharged. These on-costs primarily relate to the balance of leave owing to staff. Estimates as to the proportion of long service leave estimated to be taken as leave, rather than paid on termination, affects whether certain on-costs are recognised as a consequence of long service leave liabilities.

As a result of an actuarial assessment performed by the DTF, the proportion of long service leave taken as leave has increased to 43% (2022: 42%). The average factor for the calculation of employer superannuation on-costs has increased to 11.1% (2022: 10.6%). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an decrease in the employment on-cost of \$7,300 and increase in the employee benefits expense of \$5,300 respectively. The impact on future periods is impracticable to estimate

7.3 Financial liabilities	2023	2022
	\$'000	\$'000
<u>Current</u>		
Lease Liabilities	89	160
Total current financial liabilities	<u>89</u>	<u>160</u>
<u>Non-Current</u>		
Lease Liabilities	39	128
Total non-current financial liabilities	<u>39</u>	<u>128</u>
Total financial liabilities	<u>128</u>	<u>288</u>

Financial liabilities are measured at amortised cost.

7.4 Contractual Liabilities

	2023 \$'000	2022 \$'000
Current		
Box office revenue	700	494
Tour, co-producer and production revenue	175	60
Sponsorship revenue	127	109
Grant revenue	35	12
Total current	<u>1,037</u>	<u>675</u>

Refer to Notes 2.2 to 2.5 for further disclosures about income recognition criteria.

7.5 Provisions

	Workers Compensation
	2023 \$'000
Carrying amount at the beginning of the period	146
Additions	44
Remeasurement	<u>15</u>
Carrying amount at the end of the period	<u>205</u>

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 Public Sector Employment. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

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

8 Outlook**8.1 Unrecognised commitments**

	2023 \$'000	2022 \$'000
Within one year	6	111
Later than one year but not longer than five years	<u>3</u>	<u>8</u>
Total future lease payments expected from operating leases	<u>9</u>	<u>119</u>

8.2 Contingent assets and liabilities

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

8.3 Events after the reporting period

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