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To the Chief Executive SACE Board of South Australia

Opinion

I have audited the financial report of the SACE Board of South Australia for the financial year ended 31 December 2023.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the SACE Board of South Australia as at 31 December 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 31 December 2023
- a Statement of Financial Position as at 31 December 2023
- a Statement of Changes in Equity for the year ended 31 December 2023
- a Statement of Cash Flows for the year ended 31 December 2023
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Presiding Member, the Chief Executive and the Director People and Performance.

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 SACE Board 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 Chief Executive and the SACE 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 SACE 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 19A of the *SACE Board of South Australia Act 1983*, I have audited the financial report of the SACE Board of South Australia for the financial year ended 31 December 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 SACE Board 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 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 the SACE 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)

22 March 2024

SACE Board of South Australia
Annual Financial Statements for the year ended 31 December 2023

SACE Board of South Australia
Statement of Comprehensive Income
for the year ended 31 December 2023

| | Note | 2023 \$'000 | 2022 \$'000 |
|---|------|----------------|----------------|
| Income | | | |
| SA Government grants, subsidies and transfers | 2.1 | 20 043 | 17 058 |
| Fees and charges | 2.2 | 58 | 44 |
| Sales of goods and services | 2.3 | 5 541 | 4 737 |
| Resources received free of charge | 2.4 | 86 | 74 |
| Replacement teachers' write-back | 2.5 | 104 | 88 |
| Other income | 2.6 | 1 030 | 512 |
| Total income | | 26 862 | 22 513 |
| Expenses | | | |
| Employee benefits expenses | 3.3 | 15 112 | 14 201 |
| Supplies and services | 4.1 | 7 817 | 7 238 |
| Depreciation and amortisation | 5.1 | 1 321 | 1 308 |
| Replacement teachers' expense | 4.2 | 225 | 219 |
| Total expenses | | 24 475 | 22 966 |
| Net result | | 2 387 | (453) |
| Other comprehensive income | | - | - |
| Total comprehensive result | | 2 387 | (453) |

The accompanying notes form part of these financial statements.

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

SACE Board of South Australia
Annual Financial Statements for the year ended 31 December 2023

SACE Board of South Australia
Statement of Financial Position
as at 31 December 2023

| | Note | 2023 \$'000 | 2022 \$'000 |
|--------------------------------------|------|----------------|----------------|
| Current Assets | | | |
| Cash and cash equivalents | 6.2 | 18 969 | 16 554 |
| Receivables | 6.3 | 1 539 | 1 051 |
| Total current assets | | 20 508 | 17 605 |
| Non-current Assets | | | |
| Receivables | 6.3 | 33 | 12 |
| Plant and equipment | 5.2 | 905 | 1 203 |
| Intangible assets | 5.3 | 5 817 | 6 137 |
| Total non-current assets | | 6 755 | 7 352 |
| Total assets | | 27 263 | 24 957 |
| Current Liabilities | | | |
| Payables | 7.2 | 1 122 | 1 140 |
| Contract liabilities | 2.3 | 664 | 554 |
| Employee benefits liability | 3.4 | 1 259 | 1 337 |
| Replacement teachers | 7.3 | 108 | 135 |
| Provisions | 7.4 | 27 | 24 |
| Total current liabilities | | 3 180 | 3 190 |
| Non-current Liabilities | | | |
| Payables | 7.2 | 111 | 116 |
| Employee benefits liability | 3.4 | 1 116 | 1 205 |
| Provisions | 7.4 | 439 | 416 |
| Total non-current liabilities | | 1 666 | 1 737 |
| Total liabilities | | 4 846 | 4 927 |
| Net assets | | 22 417 | 20 030 |
| Equity | | | |
| Retained earnings | | 22 417 | 20 030 |
| Total equity | | 22 417 | 20 030 |

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

SACE Board of South Australia
Annual Financial Statements for the year ended 31 December 2023

SACE Board of South Australia
Statement of Changes in Equity
for the year ended 31 December 2023

| | Note | Retained Earnings \$'000 | Total Equity \$'000 |
|--|------|--------------------------------|---------------------------|
| Balance at 1 January 2022 | | 20 483 | 20 483 |
| Net result for 2022 | | (453) | (453) |
| Total comprehensive result for 2022 | | (453) | (453) |
| Balance at 1 January 2023 | | 20 030 | 20 030 |
| Net result for 2023 | | 2 387 | 2 387 |
| Total comprehensive result for 2023 | | 2 387 | 2 387 |
| Balance at 31 December 2023 | | 22 417 | 22 417 |

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

SACE Board of South Australia
Annual Financial Statements for the year ended 31 December 2023

SACE Board of South Australia
Statement of Cash Flows
for the year ended 31 December 2023

| | Note | 2023 \$'000 | 2022 \$'000 |
|--|------|-----------------|-----------------|
| Cash Flows from Operating Activities | | | |
| Cash Inflows | | | |
| SA Government grants, subsidies and transfers | | 20 043 | 17 058 |
| Sales of goods and services | | 5 440 | 5 254 |
| Fees and charges | | 58 | 44 |
| Interest received | | 699 | 193 |
| GST recovered from the ATO | | 470 | 368 |
| Other receipts | | 401 | 328 |
| Cash generated from operations | | 27 111 | 23 245 |
| Cash Outflows | | | |
| Employee benefit payments | | (15 390) | (14 528) |
| Payments for supplies and services | | (8 455) | (7 500) |
| Replacement teachers | | (148) | (114) |
| Cash used in operations | | (23 993) | (22 142) |
| Net cash provided by (used in) operating activities | | 3 118 | 1 103 |
| Cash Flows from Investing Activities | | | |
| Cash Outflows | | | |
| Purchases of intangible assets | | (703) | (659) |
| Purchases of leasehold improvements | | - | (136) |
| Net cash provided by (used in) investing activities | | (703) | (795) |
| Net increase (decrease) in cash and cash equivalents | | 2 415 | 308 |
| Cash and cash equivalents at the beginning of the calendar year | | 16 554 | 16 246 |
| Cash and cash equivalents at the end of the calendar year | 6.2 | 18 969 | 16 554 |

The accompanying notes form part of these financial statements.

SACE Board of South Australia
Annual Financial Statements for the year ended 31 December 2023

NOTES TO THE FINANCIAL STATEMENTS

| | |
|--|-----------|
| 1. About the SACE Board of South Australia (the SACE Board) | 6 |
| 1.1 Basis of preparation | 6 |
| 1.2 Objectives and programs | 6 |
| 2. Income | 7 |
| 2.1 SA Government grants, subsidies and transfers | 7 |
| 2.2 Fees and charges..... | 7 |
| 2.3 Sales of goods and services | 7 |
| 2.4 Resources received free of charge | 8 |
| 2.5 Replacement teachers' write-back | 8 |
| 2.6 Other income | 8 |
| 3. Board, committees and employees | 9 |
| 3.1 Key management personnel | 9 |
| 3.2 Board and committee members | 9 |
| 3.3 Employee benefits expenses | 10 |
| 3.4 Employee benefits liability | 11 |
| 4. Expenses | 12 |
| 4.1 Supplies and services | 12 |
| 4.2 Replacement teachers' expense | 12 |
| 5. Non-financial assets | 13 |
| 5.1 Useful life and depreciation | 13 |
| 5.2 Plant and equipment | 14 |
| 5.3 Intangible assets | 15 |
| 6. Financial assets | 15 |
| 6.1 Categorisation of financial assets | 15 |
| 6.2 Cash and cash equivalents | 16 |
| 6.3 Receivables | 16 |
| 7. Liabilities | 17 |
| 7.1 Categorisation of financial liabilities | 17 |
| 7.2 Payables | 17 |
| 7.3 Replacement teachers | 18 |
| 7.4 Provisions | 18 |
| 8. Outlook | 19 |
| 8.1 Unrecognised contractual commitments | 19 |
| 8.2 Contingent assets and liabilities | 19 |
| 8.3 Events after the reporting period | 19 |

SACE Board of South Australia
Annual Financial Statements for the year ended 31 December 2023

1. About the SACE Board of South Australia (the SACE Board)

The SACE Board of South Australia is a statutory authority established under the *SACE Board of South Australia Act 1983* (the Act). The SACE Board does not control any other entity and has no interests in unconsolidated structured entities. The SACE Board has not entered into any contractual arrangements that involve the sharing of control or significant influence over another entity. The financial statements and accompanying notes include all the controlled activities of the SACE Board.

1.1 Basis of preparation

These 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 SACE Board 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 include GST in the Statement of Cash Flows.

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 and programs

The SACE Board aims to achieve student success through the South Australian Certificate of Education (the SACE), by providing a locally and internationally respected qualification that gives all students the capabilities to move successfully into further learning and work as confident and responsible citizens.

The SACE Board is actively pursuing three key strategic priorities:

- Bold Leader - further develop the SACE Board as a leader in education and as an exemplary public service agency.
- Connected Qualification - further develop a qualification through which students can thrive and provide evidence of their knowledge, skills, capabilities and other attributes that will connect them to industry sectors and other pathways.
- Thriving Learner - lead the development of learners who, with the six elements of thrive, can develop with vigour in whatever context they find themselves.

The main programs of the SACE Board, prescribed by the Act, are to:

- establish a qualification to be called the SACE;
- determine the requirements for the achievement of the SACE;
- accredit subjects and courses that will be recognised by the SACE Board as being suitable for the purposes of the SACE;
- assess achievements in or satisfactory completion of subjects or courses;
- assure the quality and suitability of processes and standards used to assess the achievements of students for the purposes of the SACE; and
- prepare and publish information and guidelines in relation to the requirements of the SACE.

The SACE Board is predominantly funded from grants provided by the State Government.

SACE Board of South Australia
Annual Financial Statements for the year ended 31 December 2023

2. Income

2.1 SA Government grants, subsidies and transfers

| | 2023 | 2022 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Transfers from the Department for Education | 20 043 | 17 058 |
| Total SA Government grants, subsidies and transfers | 20 043 | 17 058 |

The transfer of funds is recognised as revenue when the SACE Board obtains control over the funding. Control over the funds is normally obtained upon receipt.

Total revenues consist of \$18 993 000 (2022: \$15 614 000) for operational funding and \$1 050 000 (2022: \$1 444 000) for capital projects.

2.2 Fees and charges

Students are charged for replacement certificates. Income is recognised when fees are received.

| | 2023 | 2022 |
|-------------------------------|-----------|-----------|
| | \$'000 | \$'000 |
| Regulatory fees | 58 | 44 |
| Total fees and charges | 58 | 44 |

2.3 Sales of goods and services

All revenue from the sales of goods and services is revenue recognised from contracts with customers and therefore *AASB 15* has been applied.

| | 2023 | 2022 |
|---|--------------|--------------|
| | \$'000 | \$'000 |
| Northern Territory Government | 2 769 | 2 592 |
| SACE International Program | 2 271 | 1 691 |
| Overseas students studying in South Australia | 488 | 444 |
| Prescient | 13 | 10 |
| Total sales of goods and services | 5 541 | 4 737 |

Northern Territory arrangement

The SACE Board has an exclusive agreement with the Northern Territory Government to have the SACE delivered through all Northern Territory government schools.

This contract includes a number of performance obligations with related transaction prices allocated against each obligation. The majority of the performance obligations are recognised over the academic year as services are provided. The provision of results, being one of the performance obligations, is recognised at a point in time at the end of the academic year.

SACE International Program

SACE International program provides services to schools in China, Vietnam, Vanuatu, Malaysia, New Caledonia, Sri Lanka, and the Republic of Korea to support the provision of the SACE to students who select to undertake it.

Contracts with each school include performance obligations. In such cases, the transaction price is allocated to each obligation to determine when revenue is recognised based on expected work effort. Three components of the transaction price are outlined below:

- A program fee and enrolment fee annually charged to the school represents the provision of services to enable the school to offer the courses of study in accredited subjects. This is recognised over the academic year.
- Student fee charged per student recognised at a point in time at completion of the academic year when results are released.

SACE Board of South Australia
Annual Financial Statements for the year ended 31 December 2023

Overseas students studying in South Australia

The SACE Board charges fees to international students who hold a sub-class visa 500 under the *SACE Board of South Australia Regulations 2008*.

The SACE Board has assessed that there is an implied contract between the SACE Board and each student with the performance obligation being the release of results and certificate. The revenue is recognised when the performance obligation is met at the end of the academic year.

Prescient

Prescient provides professional learning for teachers who are seeking to strengthen their expertise in the quality assessment of student achievement in accordance with the SACE Board's standards.

The learning program consists of the delivery of courses which are separately identifiable and can be sold separately. Therefore revenue is recognised at a point in time at completion of the delivery of each individual course being considered the satisfaction of the performance obligation.

| Contract balances | 2023 | 2022 |
|---|--------|--------|
| | \$'000 | \$'000 |
| Receivables from contracts with customers included in 'Receivables' | 531 | 454 |
| Contract liabilities | 664 | 554 |

Under revenue standard *AASB 15 Revenue from Contracts with Customers*, receivables relate to the sales of goods and services from contracts with customers and contract liabilities relate to cash received or receivable from SACE International schools who have prepaid their fees. Revenue from contract liabilities will be earned within the next 12 months.

2.4 Resources received free of charge

| | 2023 | 2022 |
|---|-----------|-----------|
| | \$'000 | \$'000 |
| Services received free of charge - Shared Services SA | 86 | 74 |
| Total resources received free of charge | 86 | 74 |

2.5 Replacement teachers' write-back

| | 2023 | 2022 |
|--|------------|-----------|
| | \$'000 | \$'000 |
| Replacement teachers' write-back income | 104 | 88 |
| Total Replacement teacher's write-back income | 104 | 88 |

The write-back relates to outstanding amounts previously recorded as expenses, for which schools have not sought reimbursement within the allowable claimable timeframe. This write-back is recorded as revenue in the Statement of Comprehensive Income in accordance with accounting standards. Refer to Note 7.3 for additional explanation of the liability for replacement teachers.

2.6 Other income

| | 2023 | 2022 |
|---------------------------------------|--------------|------------|
| | \$'000 | \$'000 |
| Miscellaneous income | 298 | 277 |
| Interest on cash and cash equivalents | 732 | 235 |
| Total other income | 1 030 | 512 |

Miscellaneous income includes the scaling grant, provided by the South Australian Tertiary Admissions Centre (SATAC) for the SACE Board to provide services on their behalf. This revenue has been recognised under *AASB 15* over the academic year. This fee is charged annually.

SACE Board of South Australia
Annual Financial Statements for the year ended 31 December 2023

3. Board, committees and employees

3.1 Key management personnel

Key management personnel of the SACE Board include the Minister, the Chief Executive Officer, Board members, the Deputy Chief Executive Officer, the Director of People and Performance, the Director Education Services and the Director Operations Transformation and Enterprise Portfolio Management Office.

Total compensation for the SACE Board's key management personnel was \$1 075 000 (2022: \$1 012 000). Salaries and other benefits the Minister for Education, Training and Skills receives are excluded from this total. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 of the *Parliamentary Remuneration Act 1990*.

The SACE Board has not identified any material transactions with key management personnel and other related parties during 2023.

3.2 Board and committee members

Members during the 2023 calendar year were:

SACE Board of South Australia

Presiding Member

Ms Ruth Blenkiron - appointed 09/03/2023

Members

Mr Andrew Balkwill

Mr Timothy Browning

Ms Eliza Chui

Ms Kerrie Campbell - resigned 04/10/23

Ms Georgette Elston - appointed 11/12/23

Prof. Iain Hay - resigned 15/11/23

Mr Andrew Keough - resigned 17/04/23

Mr Diarmid Lee - appointed 11/12/23

Ms Kristen Masters*

Mr Roy Page*

Mr Peter Prest

Ms Pamela Ronan

Ms Marilyn Sleath - appointed 11/12/23

* 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 and committee remuneration

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

| | 2023 | 2022 |
|--|-----------|-----------|
| | No. | No. |
| \$0 to \$19 999 | 13 | 9 |
| \$20 000 to \$39 999 | 1 | 1 |
| Total number of Board and committee members | 14 | 10 |

The total remuneration received or receivable by members was \$130 000 (2022: \$115 000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and any related fringe benefits tax.

SACE Board of South Australia
Annual Financial Statements for the year ended 31 December 2023

3.3 **Employee benefits expenses**

| | 2023 | 2022 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Salaries and wages | 9 146 | 8 912 |
| Casual salaries external assessment | 1 962 | 1 864 |
| Casual salaries moderation | 655 | 637 |
| Casual salaries other | 63 | 48 |
| Targeted voluntary separation packages | 138 | - |
| Long service leave | 144 | (174) |
| Annual leave | 769 | 824 |
| Skills and experience retention leave | 36 | 42 |
| Employment on-costs - superannuation* | 1 376 | 1 259 |
| Employment on-costs - other | 682 | 646 |
| Fringe benefits tax | 24 | 38 |
| Board and committee fees | 117 | 105 |
| Total employee benefits expenses | 15 112 | 14 201 |

*Employment on-costs - superannuation

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

Employee remuneration

| | 2023 | 2022 |
|---|-------------|----------|
| | No. | No. |
| The number of employees whose remuneration received or receivable falls within the following bands: | | |
| \$157 001 to \$160 000 | N/A* | 2 |
| \$160 001 to \$180 000 | 3 | 2 |
| \$180 001 to \$200 000 | 4 | 1 |
| \$220 001 to \$240 000 | - | 1 |
| \$300 001 to \$320 000 | - | 1 |
| \$320 001 to \$340 000 | 1 | - |
| Total | 8 | 7 |

* This band has been included for the purpose of reporting comparative figures based on the executive base level remuneration rate for 2022

The total remuneration received by those employees for the year was \$1 577 000 (2022: \$1 356 000).

The table includes all employees whose normal remuneration was 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.

Targeted voluntary separation packages (TVSPs)

The number of employees who received a TVSP during the reporting period was one.

| | 2023 | 2022 |
|--|-------------|----------|
| | \$'000 | \$'000 |
| Amount paid to separated employees: | | |
| Targeted voluntary separation packages | 138 | - |
| Leave paid to separated employees | 18 | - |
| Net cost to the SACE Board | 156 | - |

SACE Board of South Australia
Annual Financial Statements for the year ended 31 December 2023

| 3.4 Employee benefits liability | 2023 \$'000 | 2022 \$'000 |
|--|----------------|----------------|
| Current | | |
| Accrued salaries and wages | 38 | 93 |
| Annual leave | 821 | 876 |
| Long service leave | 348 | 325 |
| Skills and experience retention leave | 52 | 43 |
| Total current employee benefits | 1 259 | 1 337 |
| Non-current | | |
| Long service leave | 1 116 | 1 205 |
| Total non-current employee benefits | 1 116 | 1 205 |
| Total employee benefits | 2 375 | 2 542 |

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.

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The expected timing and amount of long service leave payments is determined through whole-of-government actuarial calculations, which is then applied to the SACE Board's employee details. Key assumptions include whether the characteristics of employee remuneration, terms of service with the public sector, and expectations as to when employees take long service leave, as established by the actuary, are applicable to employees of the SACE Board. 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 decreased from 4% (2022) to 3.75% (2023) which results in an increase in the reported LSL Liability.

The calculated current liability value was based on the three year average of actual payments for LSL to SACE Board staff.

SACE Board of South Australia
Annual Financial Statements for the year ended 31 December 2023

4. Expenses

Employee benefits expenses are disclosed in note 3.3.

4.1 Supplies and services

| | 2023 | 2022 |
|------------------------------------|--------------|--------------|
| | \$'000 | \$'000 |
| Office accommodation | 1 220 | 1 135 |
| Computing and communication | 1 052 | 803 |
| Fleet management costs | 2 | 3 |
| Shared Services SA charges | 126 | 98 |
| Consultants | 142 | 80 |
| Contractors | 2 240 | 2 060 |
| Printing | 133 | 122 |
| Travel and accommodation | 172 | 93 |
| Postage, courier, and freight | 289 | 280 |
| Motor vehicle transport | 23 | 21 |
| Software | 1 440 | 1 319 |
| Venue hire | 130 | 64 |
| Hospitality | 134 | 55 |
| Stationery and office supplies | 22 | 38 |
| Equipment hire | 76 | 66 |
| Repairs and maintenance | 13 | 355 |
| Security | 6 | 6 |
| Staff development | 161 | 208 |
| Impairment loss on receivables | 8 | 31 |
| Other | 428 | 401 |
| Total supplies and services | 7 817 | 7 238 |

Office Accommodation

The SACE Board's accommodation is provided by the Department for Infrastructure and Transport under Memoranda of Administrative Arrangement (MoAAs) issued in accordance with Government-wide accommodation policies. MoAAs do not meet the definition of a lease set out in *AASB 16*.

Other

Audit fees payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* totalled \$54 000 (2022: \$60 000). No other services were provided by the Auditor-General's Department.

4.2 Replacement teachers' expense

| | 2023 | 2022 |
|--|------------|------------|
| | \$'000 | \$'000 |
| Temporary replacement teachers | 225 | 219 |
| Total replacement teachers' expense | 225 | 219 |

This expense relates to the reimbursement of costs incurred by schools for the release of teachers to undertake duties for the SACE Board. The SACE Board issues schools with vouchers entitling them to make a claim for reimbursement of their costs. The expense comprises a total of the amount of claims paid by the SACE Board plus an estimate of the cost of outstanding claims not yet received. The estimate of the cost of claims not yet received is equal to the number of unclaimed vouchers issued to schools at a value per voucher of the average cost per claim in 2023.

See also Note 7.3 for details of the unclaimed funds as at 31 December 2023.

SACE Board of South Australia
Annual Financial Statements for the year ended 31 December 2023

5. Non-financial assets

The SACE Board is required to manage a large range of information, including students' results over many years. Bespoke IT systems deliver the required functionality to manage the integrity of the information. Software is under constant development and enhancement to support the SACE Board's functions, with much of this effort capitalised in accordance with Australian Accounting Standards. The SACE Board does not require significant physical assets to perform its functions.

5.1 Useful life and depreciation

| Depreciation and amortisation | 2023 \$'000 | 2022 \$'000 |
|--|----------------|----------------|
| Equipment | - | 13 |
| Computer equipment | 5 | 7 |
| Leasehold improvements | 293 | 284 |
| Intangible assets | 1 023 | 1 004 |
| Total depreciation and amortisation | 1 321 | 1 308 |

All non-current assets 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.

Leasehold improvements are depreciated over the lease term. Owned plant and equipment and intangible assets are depreciated and amortised over the estimated useful life as follows:

| Class of asset | Useful Life (Years) |
|-------------------------------|----------------------------|
| Equipment | 3 - 10 years |
| Computer Equipment | 3 - 8 years |
| Off the Shelf Software | 5 - 10 years |
| Internally Developed Software | 5 - 10 years |
| Leasehold improvements | Lease term |

The useful lives of intangible assets are assessed to be either finite or indefinite. The SACE Board only has intangible assets with finite lives.

Review of accounting estimates

Assets' residual values, useful lives and depreciation/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 asset are accounted for prospectively by changing the time period or method, as appropriate.

SACE Board of South Australia
Annual Financial Statements for the year ended 31 December 2023

5.2 Plant and equipment

Equipment comprises owned assets.

| | 2023 \$'000 | 2022 \$'000 |
|---|----------------|----------------|
| Leasehold improvements | | |
| Leasehold improvements at fair value | 1 659 | 1 659 |
| Accumulated depreciation at the end of the period | (754) | (461) |
| Total leasehold improvements | 905 | 1 198 |
| Equipment | | |
| Equipment at cost (deemed fair value) | 42 | 110 |
| Accumulated depreciation at the end of the period | (42) | (110) |
| Total equipment | - | - |
| Computer equipment | | |
| Computer equipment at cost (deemed fair value) | 475 | 475 |
| Accumulated depreciation at the end of the period | (475) | (470) |
| Total computer equipment | - | 5 |
| Total plant and equipment | 905 | 1 203 |

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

Owned equipment is recorded at fair value.

Impairment

There were no indications of impairment, as at 31 December 2023.

Reconciliation 2023

| | Leasehold improve- ments \$'000 | Equipment \$'000 | Computer equipment \$'000 | Total \$'000 |
|--|--|---------------------|---------------------------------|-----------------|
| Carrying amount at 1 January 2023 | 1 198 | - | 5 | 1 203 |
| Depreciation | (293) | - | (5) | (298) |
| Carrying amount at 31 December 2023 | 905 | - | - | 905 |

SACE Board of South Australia
Annual Financial Statements for the year ended 31 December 2023

5.3 Intangible assets

| | 2023 \$'000 | 2022 \$'000 |
|---|----------------|----------------|
| Internally developed computer software | | |
| Internally developed computer software | 13 920 | 13 366 |
| Accumulated amortisation | (8 582) | (7 592) |
| Total Internally developed computer software | 5 338 | 5 774 |
| Purchased computer software | | |
| Purchased computer software | 381 | 351 |
| Accumulated amortisation | (239) | (206) |
| Total Purchased computer software | 142 | 145 |
| Work in progress | | |
| Internally developed computer software | 337 | 218 |
| Total Work in progress | 337 | 218 |
| Total intangible assets | 5 817 | 6 137 |

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 \$10 000.

The internally developed computer software relates to the SACE Board's Schools Online and Students Online systems. These systems are recorded in the SACE Board's asset register as a consolidated asset with a carrying amount of \$5 338 000 and are being amortised with a useful life of 10 years.

Reconciliation 2023

| | Internally developed computer software \$'000 | Other computer software \$'000 | WIP \$'000 | Total \$'000 |
|--|---|---|---------------|-----------------|
| Carrying amount at 1 January 2023 | 5 774 | 145 | 218 | 6 137 |
| Additions | - | - | 703 | 703 |
| Transfers (Work in progress) | 554 | 30 | (584) | - |
| Amortisation | (990) | (33) | - | (1 023) |
| Carrying amount at 31 December 2023 | 5 338 | 142 | 337 | 5 817 |

6. Financial assets

6.1 Categorisation of financial assets

| | Notes | 2023 Carrying amount \$'000 | 2022 Carrying amount \$'000 |
|---|-------|--------------------------------------|--------------------------------------|
| Financial assets | | | |
| Cash and equivalents | | | |
| - Cash and cash equivalents | 6.2 | 18 969 | 16 554 |
| Financial assets at amortised cost | | | |
| - Receivables | 6.3 | 946 | 520 |
| Total financial assets | | 19 915 | 17 074 |

Receivables as disclosed in this note do not include statutory amounts, overpayment recoveries and prepayments as these are not financial instruments.

SACE Board of South Australia
Annual Financial Statements for the year ended 31 December 2023

6.2 Cash and cash equivalents

| | 2023 | 2022 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Operating account | 8 282 | 6 261 |
| Deposit with SAFA | 10 687 | 10 293 |
| Total cash and cash equivalents | 18 969 | 16 554 |

6.3 Receivables

| | 2023 | 2022 |
|---|--------------|--------------|
| | \$'000 | \$'000 |
| Current | | |
| Contractual receivables | | |
| From non-government entities | 879 | 484 |
| Less allowance for impairment loss on receivables | (10) | (8) |
| Total contractual receivables | 869 | 476 |
| Salary overpayment recoveries | 42 | 62 |
| Less allowance for impairment loss on salary overpayment recoveries | (31) | (31) |
| Prepayments | 468 | 435 |
| Accrued revenues | 77 | 44 |
| GST receivable | 114 | 65 |
| Total current receivables | 1 539 | 1 051 |
| Non-current | | |
| Prepayments | 33 | 12 |
| Total non-current receivables | 33 | 12 |
| Total receivables | 1 572 | 1 063 |

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.

Overpayment recoveries include assessment panellist members who were overpaid in December 2021. Recoveries are ongoing and are expected to be resolved within the next twelve months.

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

Impairment losses relate to contracts with customers external to SA Government and salary overpayment recoveries.

Allowance for impairment loss on receivables

| | 2023 | 2022 |
|--|-----------|-----------|
| | \$'000 | \$'000 |
| Carrying amount at 1 January 2023 | 39 | 24 |
| Amounts written off | (6) | (16) |
| Increase/(decrease) in the allowance | 8 | 31 |
| Carrying amount at 31 December 2023 | 41 | 39 |

SACE Board of South Australia
Annual Financial Statements for the year ended 31 December 2023

7. Liabilities

Employee benefits liabilities are disclosed in note 3.4.

7.1 Categorisation of financial liabilities

| Notes | 2023 Carrying amount \$'000 | 2022 Carrying amount \$'000 |
|--|--------------------------------------|--------------------------------------|
| Financial liabilities | | |
| Financial liabilities at amortised cost | | |
| - Payables | 721 | 627 |
| - Other financial liabilities (Replacement Teachers) | 108 | 135 |
| Total financial liabilities | 829 | 762 |

Payables as disclosed in this note do not include statutory amounts as these are not financial instruments.

7.2 Payables

| | 2023 \$'000 | 2022 \$'000 |
|------------------------------------|----------------|----------------|
| Current | | |
| Contractual payables | 192 | 66 |
| Accrued expenses | 529 | 561 |
| Statutory payables | 60 | 66 |
| Employment on-costs | 341 | 440 |
| Paid Parental Leave Scheme payable | - | 7 |
| Total current payables | 1 122 | 1 140 |
| Non-current | | |
| Employment on-costs | 111 | 116 |
| Total non-current payables | 111 | 116 |
| Total payables | 1 233 | 1 256 |

Payables and accruals are raised for all amounts owing but unpaid. Sundry payables are normally settled within 15 days from the date the invoice is first received. The carrying amount of payables represents fair value due to their short term nature.

Statutory payables do not arise from contracts with customers. They are recognised and measured similarly to contractual/trade payables 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. However, if a net GST payable arises then this amount would be disclosed in this Payables note.

Employment on-costs

Employment on-costs include payroll tax, Return to Work SA levies and superannuation contributions, and are settled when the respective employee benefits that they relate to are discharged.

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

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has increased in 2023 (43%) from 2022 (42%) and the average factor for the calculation of employer superannuation on-cost has increased in 2023 (11.1%) from 2022 (10.6%). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current year is not material. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions.

SACE Board of South Australia
Annual Financial Statements for the year ended 31 December 2023

7.3 Replacement teachers

| | 2023 | 2022 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Current | | |
| Temporary replacement teachers | 108 | 135 |
| Total replacement teachers' liability | 108 | 135 |

The liability for replacement teachers represents the estimated cost of amounts owing to schools but not yet claimed as at 31 December 2023.

7.4 Provisions

| | 2023 | 2022 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Current | | |
| Provision for workers' compensation | 27 | 24 |
| Total current provisions | 27 | 24 |
| Non-current | | |
| Provision for workers' compensation | 93 | 70 |
| Make good provision | 346 | 346 |
| Total non-current provisions | 439 | 416 |
| Total provisions | 466 | 440 |
| Movement in provisions | 2023 | 2022 |
| | \$'000 | \$'000 |
| Carrying amount at the beginning of the period | 440 | 72 |
| Additional provisions recognised | 26 | 368 |
| Carrying amount at the end of the period | 466 | 440 |

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 SACE Board is responsible for the payment of workers' compensation claims.

During the reporting year the make good provision for our Waymouth Street tenancy premises remained the same. The provision is based on advice received from the Department for Infrastructure and Transport. The provision is for the estimated cost of repairs and maintenance required to complete decommissioning activities.

SACE Board of South Australia
Annual Financial Statements for the year ended 31 December 2023

8. Outlook

8.1 Unrecognised contractual commitments

Commitments include operating and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

Expenditure commitments

| | 2023 | 2022 |
|--|--------------|--------------|
| | \$'000 | \$'000 |
| Within one year | 2 907 | 3 621 |
| Later than one year but not longer than five years | 5 436 | 6 302 |
| Total other commitments | 8 343 | 9 923 |

The SACE Board's expenditure commitments are for a range of outsourcing services and contracts including printing and distribution of SACE results, ICT services, and facility maintenance.

Office accommodation is provided for via Memoranda of Administrative Arrangements with the Department for Infrastructure and Transport.

8.2 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 SACE Board is not aware of any contingent assets and liabilities.

8.3 Events after the reporting period

There are no known events after balance date that affect these financial statements.

SACE Board of South Australia
Annual Financial Statements for the year ended 31 December 2023

Certification of the Financial Statements

To the best of our knowledge and belief we certify that the attached draft general purpose financial statements for the SACE Board of South Australia:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987* and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the SACE Board of South Australia; and
- present a true and fair view of the financial position of the SACE Board of South Australia as at 31 December 2023 and the results of its operations and cash flows for the calendar year.

We certify that the internal controls employed by the SACE Board of South Australia for the calendar year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Ruth Blenkiron
Presiding Member

Date:

15/3/24



Michaela Bensley
Chief Executive

Date:

15/3/24



Sam Mill
Director People and Performance

Date:

15/3/24