

Adelaide Film Festival

Financial report
for the year ended
30 June 2021



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

To the members of Board Adelaide Film Festival

Opinion

I have audited the financial report of the Adelaide Film Festival for the financial year ended 30 June 2021.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Adelaide Film Festival as at 30 June 2021, 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.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2021
- a Statement of Financial Position as at 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- a Statement of Cash Flows for the year ended 30 June 2021
- Notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chair, Chief Executive Officer/Creative Director and Manager Finance and Governance.

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 Adelaide Film Festival. 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 Officer and the members of the board for the financial report

The Chief Executive Officer 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 Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Chief Executive Officer 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 Officer is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

The members of the 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 *Public Corporations Act 1993*, I have audited the financial report of the Adelaide Film Festival for the financial year ended 30 June 2021.

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:

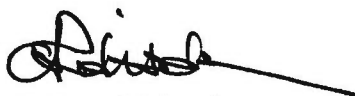
- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material 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 Film Festival's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive Officer
- conclude on the appropriateness of the Adelaide Film Festival'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 Adelaide Film Festival'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 my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Adelaide Film Festival 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 Officer 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.



Andrew Richardson

Auditor-General

30 September 2021

Adelaide Film Festival Financial Statements

Certification of the Financial Statements

We certify that the:

- financial statements for the Adelaide Film Festival:

- comply with relevant Treasurer's instructions;
- comply with relevant accounting standards;
- are in accordance with the accounts and records of the Adelaide Film Festival; and
- present a true and fair view of the financial position of the Adelaide Film Festival as at 30 June 2021 and the results of its operation and cash flows for the financial year.

- the internal controls employed by the Adelaide Film Festival for the financial year over its financial reporting and its preparation of the financial statements have been effective.



Anton Andreacchio
Chair

Date

20/09/21



Mat Kesting
CEO/Creative Director

Date

29/9/21



Hanne Damgaard
Acting Finance &
Governance Manager

Date

29/9/21

Adelaide Film Festival
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2021

	Note No.	2021 \$' 000	2020 \$' 000
Income			
SA Government Grants	6	1,141	716
Revenues from sales		322	-
Interest		6	19
Non SA Government grants & Sponsorships	5	540	39
Investment returns AFFIF		23	55
Other income	7	96	101
Total income		2,128	930
Expenses			
Employee benefits	2	709	449
Supplies and services	4	1,436	480
Depreciation	10	2	3
Total expenses		2,147	932
Net result		(19)	(2)
Total comprehensive result		(19)	(2)

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

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

Adelaide Film Festival
STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2021

	Note No.	2021 S'000	2020 S'000
Current assets			
Cash and cash equivalents	8	2,009	2,021
Receivables	9	74	11
Total current assets		2,083	2,032
Non-current assets			
Property, plant and equipment	10	-	2
Total non-current assets		-	2
Total assets		2,083	2,034
Current liabilities			
Payables	11	244	373
Employee benefits	12	35	27
Unearned revenue	13	158	-
Total current liabilities		437	400
Non-current liabilities			
Unearned revenue	13	31	-
Total non-current liabilities		31	-
Total liabilities		468	400
Net assets		1,615	1,634
Equity			
Retained earnings		1,615	1,634
Total equity		1,615	1,634

The total equity is attributable to the SA Government as owner

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

Adelaide Film Festival
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2021

	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2019	1,636	1,636
Net result for 2019-20	(2)	(2)
Total comprehensive result for 2019-20	(2)	(2)
Balance at 30 June 2020	1,634	1,634
Net result for 2020-21	(19)	(19)
Total comprehensive result for 2020-21	(19)	(19)
Balance at 30 June 2021	1,615	1,615

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

Adelaide Film Festival
STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

	Note No.	2021 Inflows (Outflows) \$'000	2020 Inflows (Outflows) \$'000
Cash flows from operating activities			
Cash inflows			
Receipts from the sale of goods and services		318	40
Interest received		9	22
Receipts from Non SA Government grants and sponsorships		367	21
Trust funds received		68	76
Other receipts		298	229
Receipts from SA Government grants		1,241	716
Cash generated from operations		2,301	1,104
Cash outflows			
Employee benefit payments		(659)	(429)
Supplies and services		(1,330)	(444)
Payments on behalf of other entities		(130)	-
GST paid to the ATO		(84)	(78)
Trust funds payments		(110)	(23)
Cash used in operations		(2,313)	(974)
Net cash provided by (used in) operating activities		(12)	130
Net increase (decrease) in cash and cash equivalents		(12)	130
Cash and cash equivalents at the beginning of the financial year		2,021	1,891
Cash and cash equivalents at the end of the financial year	8	2,009	2,021

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

ADELAIDE FILM FESTIVAL

NOTE INDEX

Basis of Financial Statements, Objectives and Activities	Note 1
Expense notes	
Employee benefits	Note 2
Remuneration of Board and Committee Members	Note 3
Supplies and services	Note 4
Income notes	
Non SA Government grants & sponsorships	Note 5
SA Government grants	Note 6
Other income	Note 7
Asset notes	
Cash and cash equivalents	Note 8
Receivables	Note 9
Property, plant and equipment	Note 10
Liabilities notes	
Payables	Note 11
Employee benefits liabilities	Note 12
Unearned revenue	Note 13
Other notes	
Adelaide Film Festival Investment Fund	Note 14
Unrecognised contractual commitments	Note 15
Contingent assets and liabilities	Note 16
Financial instruments/financial risk management	Note 17
COVID-19 pandemic impact and outlook for the AFF	Note 18

Note 1 Basis of Financial Statements, Objectives and Activities

The Adelaide Film Festival (AFF) is a not for profit government agency of the State of South Australia, established under the Regulations pursuant to the *Public Corporations Act 1993*.

The financial statements and accompanying notes include all the controlled activities of AFF.

AFF does not control any other entity and has no interests in unconsolidated structured entities.

Basis of Preparation

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

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

AFF has applied relevant Australian Accounting Standards with reduced disclosure requirements that are applicable to not-for-profit entities, as AFF is a not-for-profit entity. Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by AFF for the period ending 30 June 2021.

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

AFF is not subject to income tax. AFF is liable for goods and services tax (GST).

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

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

Objectives

AFF's objectives are:

- to present a festival which celebrates and explores contemporary Australian and international screen culture with a unique program of screenings and special events, which aim to increase audience knowledge and participation.
- to increase and stimulate innovative and new screen production through the provision of equity finance for the premiering at the Festival.
- to raise the profile of arts and screen culture in South Australia for audiences and practitioners.

Activities

AFF undertakes the following activities:

- Adelaide Film Festival - Biennial Film Festivals held in the city of Adelaide

Significant transactions with government related entities

- The AFF has no significant transactions with government related entities except for SA government grants in note 6

Note 2 Employee benefits

	2021	2020
	\$'000	\$'000
Salaries and wages	634	394
Annual leave	13	10
Employment on-costs - superannuation	63	39
Employment on-costs - other	(1)	6
Total employee benefits expenses	709	449

Key Management Personnel

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

Total compensation for key management personnel was \$146,000 in 2020-21 and \$131,000 in 2019-20.

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

Note 3 Remuneration of Board and Committee Members

Board members

The following persons held the position of governing board member during the financial year:

Ms Sandra Sdraulig AM (retired October 2020)

Mr Anton Andreacchio (reappointed October 2020)

Mr Andrew Mackie (retired December 2020)

Mr Hugo Weaving AO (appointed November 2020)

Ms Martha Coleman (reappointed November 2020)

Mr Joshua Fanning (appointed November 2020)

Ms Maria Ravese (retired October 2020)

Ms Marianna Panopoulos (appointed November 2020)

Ms Sandy Verschoor (retired October 2020)

Ms Rebecca Cole (appointed November 2020)

Remuneration of governing board members

The members of the AFF board have not received remuneration during the financial year.

Unless otherwise disclosed, transactions between board members are on conditions no more favorable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arms length in the same circumstances.

Note 4 Supplies and services

	2021	2020
	\$'000	\$'000
Programmed events		
Advertising and media	31	-
Box office	48	-
Equipment hire	35	-
Competitions and awards	30	-
Contractors	78	-
Design	18	-
Direct mail and promotional material	11	-
Functions and premieres	49	-
Merchant fees	9	-
Printing and stationery	41	-
Hospitality	19	-
Marketing	84	-
Production	11	-
Film rights	43	-
Travel and accommodation	80	-
Venue hire	87	-
Other	45	-
Total programmed event	719	-
Administration expenses		
Insurance	3	2
Audit fees	20	17
Board and committee meeting costs	20	9
Plant and equipment maintenance	10	3
Telecommunications	3	2
Bank fees	2	1
Postage and distribution fees	1	1
Office rental	15	18
Consultants	2	-
Contractors	19	30
Sponsorships - in-kind	240	15
Other administration expenses	94	104
Total administration expenses	429	202

Note 4 Supplies and services (cont'd)

	2021	2020
	\$'000	\$'000
Adelaide Film Festival Investment Fund		
Audit fees	2	2
Feature films/documentaries	210	198
Short films	56	44
Cross platform	20	-
Legal costs	-	9
Marketing	-	25
Total AFFIF	288	278
Total supplies and services	1,436	480

Consultants

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

	No	2021	No	2020
		\$'000		\$'000
Below \$10,000	1	2	-	-
Total paid /payable to the consultants engaged	1	2	-	-

Note 5 Non SA Government grants and sponsorships

	2021	2020
	\$'000	\$'000
Non SA Government grants and sponsorships - cash	300	21
Sponsorship - in-kind	240	18
Total non SA Government grants and sponsorship	540	39

All in-kind sponsorship are included in expenses reflecting the goods/services provided.

Note 6 South Australian Government grants

	2021	2020
	\$'000	\$'000
Operating grant	584	9
AFF Investment Fund	500	500
Other South Australian Government grants	57	207
Total South Australian Government grants	1,141	716

Revenue from the SA Government is received in the form of grants. The operating and AFF Investment Fund funding are granted through a memorandum of administrative arrangement between the Department for Industry and Skills and AFF. Other SA Government revenue is received through individual grant agreements with various SA Government agencies.

The AFF recognises any event specific revenue in the period the event occurs and when the relating performance obligations are satisfied.

Note 7 Other income

	2021	2020
	\$'000	\$'000
Donations and fundraising	26	20
Bettison and James fees	7	15
Cash boost stimulus	50	50
Other income	13	16
Total other income	96	101

Donations and other income are recognised on receipt.

Note 8 Cash and cash equivalents

	2021	2020
	\$'000	\$'000
Cash at bank	952	972
Term deposits	1,057	1,049
Total cash and cash equivalents	2,009	2,021

Cash is measured in nominal amounts.

Note 9 Receivables

	2021	2020
	\$'000	\$'000
Debtors	52	6
Accrued interest	1	4
Prepayments	20	-
Other receivables	1	1
Total receivables	74	11

No receivables are impaired as at 30 June 2021.

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Debtors, prepayments and other receivables are non-interest bearing.

The carrying amount of receivables approximates net fair value due to being receivable on demand.

Note 10 Property, plant and equipment

	2021	2020
	\$'000	\$'000
Office furniture and equipment		
Office furniture and equipment at cost (deemed fair value)	9	9
Less accumulated depreciation	9	7
Total office furniture and equipment	-	2

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

Reconciliation of property, plant and equipment

The following table shows the movement of property, plant and equipment during the reporting period:

	Office furniture and equipment	Total
	\$'000	\$'000
2020-21		
Carrying amount at the beginning of the period	2	5
Depreciation expense	(2)	(3)
Carrying amount at the end of the period	-	2

Useful life

Depreciation is calculated on a straight-line basis over the estimated useful life of the following classes of assets as follows:

Class of Asset	Useful Life (Years)
Office furniture and equipment	3-4

Note 11 Payables

	2021	2020
	\$'000	\$'000
Funds held on behalf of other entities	-	132
Funds held in trust	104	146
GST payable	19	10
Salary on-costs	40	3
Accrued expenses	22	21
Creditors	59	61
Total payables	244	373

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

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

Funds held on behalf of other entities

Funds held on behalf of other entities relate to the Hive Production Fund (HPF). The HPF was established in 2011 to commission one-off films to premiere at the Adelaide Film Festival and for prime time broadcast on ABC TV. HPF funding is provided by the AFF and three other entities pursuant to a HPF Heads of Agreement for each festival. The HPF Heads of Agreement ceased and the balance of funds held were returned to Screen Australia in December 2020.

Salary on-costs

Salary on-costs include ReturnToWorkSA levies and superannuation contributions. AFF makes contributions to several State 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.

Note 12 Employee benefits liability

	2021	2020
	\$'000	\$'000
Current		
Annual leave	28	15
Accrued wages	7	12
Total current employee liability	35	27

Employee benefits accrue as a result of services provided up to the reporting date that remain unpaid. 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 is expected to be payable in full within 12 months and is measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

Long Service Leave

No liability for long service leave is recorded as no employees have met the minimum service requirements for recognition of a liability.

Note 13 Unearned revenue

In preparation for the AFF Youth to be held for the first time in July 2021, the AFF commenced receiving various sources of revenue in the 2020-21 financial year. AFF Youth is to be a ongoing yearly event. Revenue received during the 2020-21 financial year is recognised as unearned revenue and will be recognised in the 2021-22 and 2022-23 financial years.

Expected realisation of unearned as revenue	2022	2023	Total
	\$'000	\$'000	\$'000
Sponsorships	36	31	67
South Australia Government grant	100	-	100
Other grants	10	-	10
Exhibitor fees	7	-	7
Box office sales	5	-	5
Total unearned revenue	158	31	189

Note 14 Adelaide Film Festival Investment Fund

The Adelaide Film Festival Investment Fund (AFFIF) was established to capitalise on local and national creative strengths in order to:

- boost production in the State;
- increase business and employment opportunities in the State; and
- enhance the State's national and international reputation as a centre of independent screen creativity and innovation.

The closing balance of the AFFIF is included in total cash and cash equivalents at 30 June (refer Note 8).

The AFFIF balance must be used for investment in film projects or reasonable administration costs of administering the AFFIF.

The following table demonstrates the movements in the AFFIF:

	2021	2020
	\$'000	\$'000
Balance as at 1 July	1,058	822
Income		
Grant from SA Government	506	500
Investment returns	23	55
Non SA Government grants and sponsorships	51	-
Interest	3	9
Total income	583	564
Expenses		
Administration and programming expenses	2	36
Investment in films	286	242
Employee benefits	50	50
Total expenses	338	328
Balance as at 30 June	1,303	1,058

Note 15 Unrecognised contractual commitments

(a) Expenditure commitments

Commitments for expenditure contracted for at the reporting date but not recognised as liabilities are payable as follows:

	2021	2020
	\$'000	\$'000
Within one year	-	2
Total expenditure commitments	-	2

Amounts disclosed include commitments for office accommodation leased from the South Australian Film Corporation. The lease expired on 20 August 2020 and converted to a month to month rental arrangement.

(b) AFFIF commitments

Commitments arising from AFFIF contractual agreements are payable as follows:

	2021	2020
	\$'000	\$'000
Within one year	364	327
Total AFFIF commitments	364	327

Note 16 Contingent assets and liabilities

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

Note 17 Financial instruments

Financial risk management

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

The AFF's exposure to financial risk is low due to the nature of the financial instruments held.

Categorisation of financial instruments

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

Classification of financial instruments

All financial assets and liabilities are measured at amortised cost and have a contractual maturity within one year.

Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, commonwealth tax etc. they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from the amortised cost).

Note 18 COVID-19 pandemic impact and outlook for the AFF

The AFF held an in-cinema festival in October 2020. A checkerboard seating pattern resulted in curtailed box office sales. The AFF has experienced reduced sponsorship due to reduced business confidence.

The AFF Youth to be held in July 2021 was impacted by a statewide lockdown in July 2021. The event was deferred to August however sales have been impacted due to schools having reservations about participating during COVID-19.

As the situation with COVID-19 evolves, the AFF continues to plan and operate in accordance with advice from SA Health and adapt to ensure the safety and wellbeing of our staff and the community.