

Carrick Hill Trust

Financial report
for the year ended
30 June 2021

INDEPENDENT AUDITOR'S REPORT



Government of South Australia
Auditor-General's Department

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**To the Chair
Carrick Hill Trust**

Opinion

I have audited the financial report of Carrick Hill Trust 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 Carrick Hill Trust 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 and the Acting Director.

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 Carrick Hill Trust. 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 Acting Director and members of the Trust for the financial report

The Acting 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, 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 Acting 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 Acting 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 members of the Trust are responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 18(3) of the *Carrick Hill Trust Act 1985*, I have audited the financial report of Carrick Hill Trust 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.

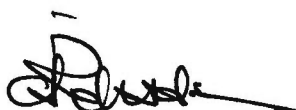
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- 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 Carrick Hill Trust's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Acting Director
- conclude on the appropriateness of the Acting 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 Acting Director and members of the Trust 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

29 September 2021

Carrick Hill Trust

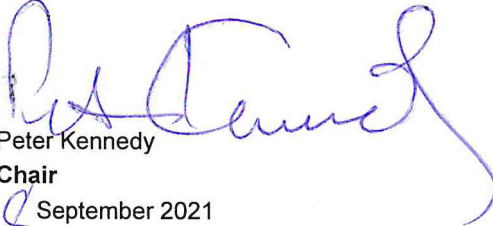
Financial Statements

For the year ended 30 June 2021


Carrick Hill Trust
Certification of the Financial Statements
for the year ended 30 June 2021

We certify that the:

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



Peter Kennedy
Chair
28 September 2021



Belinda Causby
A/Director
28 September 2021

Carrick Hill Trust
Statement of Comprehensive Income
for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Income			
Grant income	2.1	1 610	1 423
Donations	2.2	1 544	1 158
Recurrent operating grants	2.3	1 046	1 003
Resources received free of charge	2.4	99	169
Admissions		112	4
Facilities hire		49	52
Sales of goods		29	2
Rent		23	1
Interest		-	3
Sponsorship		5	8
Other income		60	16
Total income		4 577	3 839
Expenses			
Staff benefits expenses	3.3	864	648
Supplies and services	4.1	525	456
Accommodation and facilities	4.2	199	165
Depreciation and amortisation	5.1	219	180
Total expenses		1 807	1 449
Net result		2 770	2 390
Other comprehensive income			
Items that will not be reclassified to net result			
Change in asset revaluation surplus		-	10 999
Total other comprehensive income		-	10 999
Total comprehensive result		2 770	13 389

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

Carrick Hill Trust
Statement of Financial Position
as at 30 June 2021

	Note	2021 \$'000	2020 \$'000
Current assets			
Cash and cash equivalents	6.1	2 664	1 453
Receivables	6.2	40	105
Inventories	5.5	18	12
Total current assets		2 722	1 570
Non-current assets			
Property, plant and equipment	5.1	25 000	23 650
Heritage collections	5.4	37 557	37 534
Total non-current assets		62 557	61 184
Total assets		65 279	62 754
Current liabilities			
Payables	7.1	191	470
Staff benefits	3.4	126	109
Provisions	7.2	2	1
Unearned income		47	24
Financial liabilities	7.3	4	9
Total current liabilities		370	613
Non-current liabilities			
Payables	7.1	6	4
Staff benefits	3.4	60	47
Provisions	7.2	4	3
Financial liabilities	7.3	-	18
Total non-current liabilities		70	72
Total liabilities		440	685
Net assets		64 839	62 069
Equity			
Asset revaluation surplus	8.1	51 515	51 515
Retained earnings		13 324	10 554
Total equity		64 839	62 069

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

Carrick Hill Trust
Statement of Changes in Equity
for the year ended 30 June 2021

	Asset revaluation surplus \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2019	40 516	8 123	48 639
Error correction	-	41	41
Restated balance at 1 July 2019	40 516	8 164	48 680
Net result for 2019-20	-	2 390	2 390
Gain/(loss) on revaluation of property, plant and equipment	10 999	-	10 999
Total comprehensive result for 2019-20	10 999	2 390	13 389
Balance at 30 June 2020	51 515	10 554	62 069
Net result for 2020-21	-	2 770	2 770
Total comprehensive result for 2020-21	-	2 770	2 770
Balance at 30 June 2021	51 515	13 324	64 839

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

Carrick Hill Trust
Statement of Cash Flows
for the year ended 30 June 2021

		2021 Inflows (Outflows) \$'000	2020 Inflows (Outflows) \$'000
Cash flows from operating activities	Note		
Cash inflows			
Grants		1 610	1 323
Donations		1 544	1 158
Recurrent operating grant		1 046	1 003
Facilities hire		138	51
Sponsorships		5	8
Admissions		112	4
Sale of goods		29	3
Interest		-	3
Rent		23	1
Other		59	13
Cash generated from operations		4 566	3 567
Cash outflows			
Staff benefits payments		(827)	(694)
Payments for supplies and services		(738)	(1)
Payments for accommodation and facilities		(198)	(162)
Cash used in operations		(1 763)	(857)
Net cash provided by/(used in) operating activities		2 803	2 710
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(1 583)	(1 984)
Cash used in investing activities		(1 583)	(1 984)
Net cash provided by/(used in) investing activities		(1 583)	(1 984)
Cash flows from financing activities			
Cash outflows			
Repayment of principal portion of lease liabilities		(9)	(8)
Cash used in financing activities		(9)	(8)
Net cash provided by/(used in) financing activities		(9)	(8)
Net increase/(decrease) in cash and cash equivalents		1 211	718
Cash and cash equivalents at the beginning of the period		1 453	735
Cash and cash equivalents at the end of the period	6.1	2 664	1 453

The accompanying notes form part of these financial statements.

Carrick Hill Trust

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. About the Carrick Hill Trust

The Carrick Hill Trust (the Trust) is a not-for-profit entity established pursuant to section 4 of the *Carrick Hill Trust Act 1985* (the Act).

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

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 with reduced disclosure requirements.

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

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.

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.

The net GST receivable/payable to the ATO is not recognised as a receivable/payable in the Statement of Financial Position as the Trust is a member of an approved GST group, of which Arts South Australia, a division of the Department of the Premier and Cabinet (DPC), is responsible for the remittance and collection of GST. As such, there are no cash flows relating to GST transactions with the ATO in the Statement of Cash Flows.

The Trust is dependent on state government funding which makes up the majority of its income.

Carrick Hill Trust
Notes to and forming part of the financial statements
For the year ended 30 June 2021

1.2. Objectives

Objectives

The Trust is committed to preserving and improving the real and personal property forming the original Hayward Bequest to the South Australian Government in 1983, and to encourage the use of the property as a widely based cultural, botanical and recreational resource.

Activities

The activities of the Trust are:

- a) to administer, develop and maintain Carrick Hill for any one or more of the following purposes:
 - as a gallery for the display of works of art
 - as a museum
 - as a botanic garden
- b) to promote and encourage the interest of the public in Carrick Hill, its collections and the services and amenities provided by the Trust
- c) to perform any other functions assigned to the Trust by this Act or the Minister.

1.3. Impact of COVID-19 pandemic on the Trust

The COVID-19 pandemic has not had a material impact on the Trust's financial performance, position or continuity of operations. Noteworthy items are:

- Loss of income due to wedding ceremony and venue hire cancellations
- Loss of income due to a cancellation of a Christmas Event due to the November Circuit Breaker.

Carrick Hill Trust
Notes to and forming part of the financial statements
For the year ended 30 June 2021

2. Income

2.1. Grant income

	2021	2020
	\$'000	\$'000
State Government grants	1 510	1 423
External grants	100	-
Total grants	1 610	1 423

State Government grants are recognised as income on receipt. External grants are recognised when performance obligations are satisfied. Where there are no sufficiently specific performance obligations linked to the grant, the income is recognised on receipt.

2.2. Donations

	2021	2020
	\$'000	\$'000
Donations	1 544	1 158
Total donations	1 544	1 158

Donations are recognised as income on receipt.

2.3. Recurrent operating grants

	2021	2020
	\$'000	\$'000
Recurrent operating grants	1 046	1 003
Total recurrent operating grants	1 046	1 003

Recurrent operating grants are recognised as income on receipt.

The Trust received annual recurrent operating grant of \$1.046 million (2020: \$1.003 million) from the Department of the Premier and Cabinet. The operating grant is the primary source of revenue for the Trust.

2.4. Resources received free of charge

	2021	2020
	\$'000	\$'000
Artlab Conservation services	52	97
Services received free of charge - Shared Services SA	23	20
Donations of heritage assets	24	52
Total resources received free of charge	99	169

Resources received free of charge are recorded at their fair value.

Under an arrangement with Artlab Australia, a division of the Department of the Premier and Cabinet, Artlab Australia receives SA Government appropriation to perform conservation services on the Trust's heritage collections. A corresponding amount has been included as conservation work expenditure in note 4.1 Supplies and services.

Carrick Hill Trust
Notes to and forming part of the financial statements
For the year ended 30 June 2021

3. Board, committees and staff

3.1. Key management personnel

Key management personnel of the Trust include the Premier of the State of South Australia as responsible Minister for the Arts, the Presiding Member and members, and members of the Executive Team who have responsibility for the strategic direction and management of the Trust.

Total compensation for the Trust's key management personnel was \$134 000 (2020: \$138 000). This amount excludes salaries and other benefits the Minister for the Arts 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 of the Parliamentary Remuneration Act 1990.

Transactions with key management personnel and other related parties

There were no significant transactions between key management personnel and other related parties.

3.2. Board and committee members

Members during the 2021 financial year were:

PH Kennedy (Chair)
C Sharpley (appointed 17 September 2020)
DA Schultz
Cr L Taeuber
SW Mason (term expired 21 August 2020)
J Mincham
I Tamm
VM West

Board and Committee Remuneration

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

	2021	2020
\$0 - \$19 999	8	9
Total	8	9

The total remuneration received or receivable by members was \$12 000 (2020: \$12 000). Remuneration of members reflects all costs of performing board and committee duties including sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

Carrick Hill Trust
Notes to and forming part of the financial statements
For the year ended 30 June 2021

3.3. Staff benefits expenses

	2021	2020
	\$'000	\$'000
Salaries and wages	655	527
Employment on-costs - superannuation	63	52
Annual Leave	57	41
Employment on-costs - other	41	31
Long service leave	31	(16)
Board fees	11	12
Skills and experience retention leave	3	(1)
Other staff related expenses	3	2
Total staff benefits expenses	864	648

Employment on-costs - superannuation

The superannuation employment on-cost charge represents the Trust's contributions to superannuation plans in respect of current services of current staff. The Department of Treasury and Finance centrally recognises the superannuation liability in the whole-of-government financial statements.

Executive Remuneration

There were no staff whose remuneration exceeded the executive base level remuneration rate of \$154 001 in 2020-21 or 2019-20.

3.4. Staff benefits liability

	2021	2020
	\$'000	\$'000
Current		
Accrued salaries and wages	30	13
Annual leave	69	56
Long service leave	25	39
Skills and experience retention leave	2	1
Total current staff benefits	126	109
Non-current		
Long service leave	60	47
Total non-current staff benefits	60	47
Total staff benefits	186	156

Staff benefits accrue as a result of services provided up to the reporting date that remain unpaid. Long-term staff benefits are measured at present value and short term staff benefits are measured at nominal amounts.

Salaries and wages, annual leave, skills and experience retention leave (SERL) 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 and the skills and experience retention leave liability in full is expected to be payable 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 staff is estimated to be less than the annual entitlement for sick leave.

Carrick Hill Trust
Notes to and forming part of the financial statements
For the year ended 30 June 2021

3.4. Staff benefits liability (continued)

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. Details about the measurement of long service leave liability is provided as note 10.1.

4. Expenses

Staff benefits expenses are in note 3.3.

4.1. Supplies and services

	2021	2020
	\$'000	\$'000
Artlab conservation services	52	97
Insurance	62	56
Cost of goods sold	16	4
Contractors	7	49
Administration	20	13
Business services charge	23	19
Audit fees	20	19
Marketing	8	13
Motor vehicle expenses	7	9
Minor equipment	47	98
Consultants	-	8
Maintenance	125	30
Information technology and communication charges	9	13
Projects	9	4
Bad and doubtful debts	-	(4)
Exhibitions	103	2
Other supplies and services	17	26
Total supplies and services	525	456

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:

	2021	2021	2020	2020
	No.	\$'000	No.	\$'000
Below \$10 000	-	-	2	8
\$10 000 or above	-	-	-	-
Total	-	-	2	8

Carrick Hill Trust
Notes to and forming part of the financial statements
For the year ended 30 June 2021

4.2. Accommodation and facilities

	2021	2020
	\$'000	\$'000
Facilities	88	88
Electricity and gas	40	25
Accommodation	71	52
Total accommodation and facilities	199	165

5. Non-financial assets

5.1. Property, plant and equipment

Property, plant and equipment comprises owned and right-of-use (leased) tangible assets that do not meet the definition of investment property.

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

Property, plant and equipment is recorded at fair value. Detail about the Trust's approach to fair value is set out more in note 10.2.

Impairment

Property, plant and equipment owned by the Trust have not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continual use of their service capacity.

Revaluation of property, plant and equipment is undertaken on a regular cycle as detailed in Note 10.2. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

Reconciliation 2020-21

	Land	Buildings & improvements	Work in progress	Plant and equipment	ROU Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	16 500	4 942	2 181	-	27	23 650
Acquisitions	-	-	1 546	37	25	1 608
Disposals	-	-	-	-	(39)	(39)
Depreciation	-	(210)	-	-	(9)	(219)
Transfer between asset classes	-	3 242	(3 242)	-	-	-
Carrying amount at the end of the period	16 500	7 974	485	37	4	25 000
Gross carrying amount						
Gross carrying amount	16 500	12 491	485	127	8	29 611
Accumulated depreciation	-	(4 517)	-	(90)	(4)	(4 611)
Carrying amount at the end of the period	16 500	7 974	485	37	4	25 000

Carrick Hill Trust
Notes to and forming part of the financial statements
For the year ended 30 June 2021

5.1. Property, plant and equipment (continued)

Useful life

Depreciation and amortisation are 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)
Buildings and improvements	10 to 100
Plant and equipment	3 to 10
Intangible assets	3 to 10
Right-of-use vehicles	3 to 5

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.

There were no changes to accounting estimates in 2020-21.

5.2. Leased Vehicles

Right-of-use assets leased by the Trust as lessee are measured at cost and there were no indications of impairment. Additions during 2020-21 were \$25 000 (\$34 000).

Short-term leases of 12 months or less and low-value leases, where the underlying asset value is less than \$15 000, are not recognised as right-of-use assets. The associated lease payments are recognised as supplies and services expenses and are disclosed in note 4.1 under other supplies and services.

The Trust has a limited number of leases:

- 2 motor vehicle leases with the South Australian Government Financing Authority (SAFA). Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. Motor vehicle lease terms can range from 3 years (60,000km) up to 5 years (100,000km). No contingent rental provisions exist within the lease agreements and no options exist to renew the leases at the end of their term.

The lease liabilities related to the right-of-use assets are disclosed in note 7.3. The Trust's maturity analysis of its lease liabilities is disclosed in note 10.3. Cash outflows related to leases are disclosed in note 8.2.

Impairment

Property, plant and equipment leased by the Trust has been assessed for impairment. There was no indication of impairment. No impairment loss or reversal of impairment loss was recognised.

Carrick Hill Trust
Notes to and forming part of the financial statements
For the year ended 30 June 2021

5.3. Intangible assets

	2021 \$'000	2020 \$'000
Computer software	13	13
Accumulated amortisation	(13)	(13)
Total intangible assets	-	-

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 Carrick Hill website is still in use.

5.4. Heritage collections

	2021			2020		
	At valuation \$'000	At cost \$'000	Total \$'000	At valuation \$'000	At cost \$'000	Total \$'000
Paintings, works on paper and sculptures	35 725	308	36 033	35 725	285	36 010
Furniture and artefacts	1 170	20	1 190	1 170	20	1 190
Books	334	-	334	334	-	334
Total heritage collections	37 229	328	37 557	37 229	305	37 534

Heritage collections are kept under special conditions so that there is no physical deterioration and they are anticipated to have very long and indeterminate useful lives. No amount for depreciation has been recognised, as their service potential has not, in any material sense, been consumed during the reporting period.

Valuation of heritage collections

The Trust's collections have been valued at fair value using a market approach.

Reconciliation 2020-21

2021	Paintings, works on paper and sculptures \$'000	Furniture and artefacts \$'000	Books \$'000	Total \$'000
Carrying amount at the beginning of the period	36 010	1 190	334	37 534
Additions	23	-	-	23
Carrying amount at the end of the period	36 033	1 190	334	37 557

Carrick Hill Trust
Notes to and forming part of the financial statements
For the year ended 30 June 2021

5.5. Inventories

	2021	2020
	\$'000	\$'000
Inventories held for distribution		
Inventories held for distribution - at cost	18	12
Total inventories	18	12

Inventories held for distribution at no or nominal consideration are measured at cost and adjusted when applicable for any loss of service potential. Inventories held for sale are measured at the lower of cost or their net realisable value.

6. Financial assets

6.1. Cash and cash equivalents

	2021	2020
	\$'000	\$'000
Deposits with the Treasurer	2 661	1 450
Cash on hand	3	3
Total cash and cash equivalents	2 664	1 453

Deposits with the Treasurer

Deposits with the Treasurer are a combination of funds held in the "Carrick Hill Trust", an account held with the Treasurer of South Australia pursuant to section 21 of the *Public Finance and Audit Act 1987*, and funds held in the Arts South Australia Operating Account, an account held with the Treasurer of South Australia pursuant to section 8 of the *Public Finance and Audit Act 1987*.

Cash on hand

Cash on hand includes petty cash and an advance account.

Carrick Hill Trust
Notes to and forming part of the financial statements
For the year ended 30 June 2021

6.2. Receivables

	2021	2020
	\$'000	\$'000
Current		
Trade receivables		
From government entities	15	100
From non-government entities	24	4
Prepayments	1	1
Total trade receivables	<u>40</u>	<u>105</u>
Total current receivables	<u>40</u>	<u>105</u>
Total receivables	<u>40</u>	<u>105</u>

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

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

Allowance for impairment loss on receivables

	2021	2020
	\$'000	\$'000
Carrying amount at the beginning of the period	-	4
Increase/(decrease) in the allowance	-	(4)
Carrying amount at the end of the period	<u>-</u>	<u>-</u>

Impairment losses relate to contracts with customers external to SA Government.

Refer to note 10.3 for details regarding credit risk and the methodology for determining impairment.

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7. Liabilities

Staff benefits liabilities are in note 3.4.

7.1. Payables

	2021 \$'000	2020 \$'000
Current		
Trade payables	147	436
Accrued expenses	26	19
Statutory payables		
Employment on-costs	18	15
Total statutory payables	<u>18</u>	<u>15</u>
Total current payables	<u>191</u>	<u>470</u>
Non-current:		
Statutory payables		
Employment on-costs	6	4
Total non-current payables	<u>6</u>	<u>4</u>
Total payables	<u>197</u>	<u>474</u>

Payables are measured at nominal amounts.

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

Employment on-costs

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

The Trust contributes 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. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

As a result of an actuarial assessment performed by the Department of Treasury and Finance (DTF), the proportion of long service leave taken as leave has remained at 42% and the average factor for the calculation of employer superannuation on-costs has increased from the 2020 rate (9.8%) to 10.1%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is immaterial.

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7.2. Provisions

	2021 \$'000	2020 \$'000
Current		
Provision for workers compensation	2	1
Total current provisions	<u>2</u>	<u>1</u>
Non-current		
Provision for workers compensation	4	3
Total non-current provisions	<u>4</u>	<u>3</u>
Total provisions	<u><u>6</u></u>	<u><u>4</u></u>
Movement in provision		
Carrying amount at the beginning of the period	4	5
Increase / (decrease) in provision recognised	2	(1)
Carrying amount at the end of the period	<u><u>6</u></u>	<u><u>4</u></u>

A liability 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 2021 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. The liability was calculated in accordance with AASB 137 as at the present value of the expenditures expected to be required to settle obligations incurred as at 30 June. No risk margin is included in this estimate.

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

7.3. Financial liabilities

		2021 \$'000	2020 \$'000
Current			
Lease liabilities	5.2	4	9
Total current financial liabilities		<u>4</u>	<u>9</u>
Non-current			
Lease liabilities	5.2	-	18
Total non-current financial liabilities		<u>-</u>	<u>18</u>
Total financial liabilities		<u><u>4</u></u>	<u><u>27</u></u>

The Trust measures lease liabilities via discounting lease payments using either the interest rate implicit in the lease (where it is readily determined) or Treasury's incremental borrowing rate. There were no defaults or breaches on any of the above liabilities throughout the year.

All material cash outflows are reflected in the lease liabilities disclosed above.

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8. Other disclosures

8.1. Equity

Asset revaluation surplus

The asset revaluation surplus is used to record increments and decrements in the fair value of property and plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

8.2. Cash flow

Total cash outflows for leases was \$9 000 (2020: \$8 000).

9. Outlook

9.1. Unrecognised commitments

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

Capital commitments	2021	2020
	\$'000	\$'000
Within one year	66	1 121
Total capital commitments	66	1 121

The Trust's capital commitments are for the Pavilion Project.

9.2. Contingent assets and liabilities

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

9.3. Events after the reporting date

The Trust is not aware of any events after the reporting date.

10. Measurement and risk

10.1. Long service leave liability - measurement

AASB 119 Employee Benefits (AASB119) contains the calculation methodology for long service leave liability.

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

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has changed from 0.75% (2020) to 1.25% (2021).

This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$14 000 and employee benefits expense of \$14 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The actuarial assessment performed by the DTF left the salary inflation rate at 2.5% for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

The current portion of long service leave reflects the expected amount of long service leave to be taken in the next 12 months based on historical data. The remaining portion is classified as non-current.

10.2. Fair value

AASB 13 Fair Value Measurement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

Initial recognition

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

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructure of administrative arrangements, then the assets are recognised at book value (i.e. the amount recorded by the transferor public authority immediately prior to the restructure).

Revaluation

All non-current tangible assets are valued at fair value and revaluation of non-current assets or a group of assets is only performed when its fair value at the time of acquisition is greater than \$1.5 million and estimated useful life is greater than three years.

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10.2 Fair value (continued)

Land and buildings and heritage collections are revalued at least every six years via Certified Practising Valuer or internal estimates based on indices or recent transactions. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset. Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

Land and buildings

An independent valuation of land and buildings owned by the Trust was performed as at 30 June 2020 by a Certified Practising Valuer from Liquid Pacific Holdings Pty. Ltd.

Fair value of land has been determined using the market approach. The valuation was based on recent market transactions for similar land in the area and includes adjustment for factors specific to the land such as size and location. For land classified as restricted in use, fair value was determined by applying an adjustment to reflect the restriction.

The fair value of buildings was determined using current replacement cost, due to there not being an active market. The current replacement cost considered the need for ongoing provision of government services, specialised nature and restricted use of the assets, their size, condition and location.

The valuation used estimates about construction materials that would be required to replace the buildings, information about current construction costs were derived from building costs guides / internal records such as recent tender documents, construction invoices etc. and the estimated useful life due to age and condition of the building.

Plant and equipment

All items of plant and equipment owned by the Trust had a fair value at the time of acquisition less than \$1.5 million and had an estimated useful life of no less than three years. Plant and equipment has not been revalued in accordance with *Accounting Policy Statement 116.D*. The carrying value of these items is deemed to approximate fair value.

Heritage assets

An independent valuation of heritage assets was performed in June 2016 by a Certified Practising Valuer from RHAS, an operating division of Aon Risk Services as at 30 June 2016. Fair value was determined by estimating the current replacement cost based on the limited market information available for similar heritage assets and reproduction materials.

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10.3. Financial instruments

Financial risk management

Risk management is managed by the Trust and the Department of the Premier and Cabinet's Corporate Services section. The Trust's risk management policies are in accordance with the *SA Government Risk Management Guide* and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

The Trust's exposure to financial risk (liquidity risk, credit risk and market risk) is low due to the nature of the financial instruments held.

Impairment of financial assets

Loss allowances for receivables are measured at an amount equal to lifetime expected credit loss using the simplified approach in AASB 9. The Trust uses an allowance matrix to measure the expected credit loss of receivables from non-government debtors which comprise a large number of small balances.

To measure the expected credit losses, receivables are grouped based on shared risks characteristics and the days past due. When estimating expected credit loss, the Trust considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Trust's historical experience and informed credit assessment, including forward-looking information.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Trust is exposed to credit risk.

The expected credit loss of government debtors is considered to be nil based on the external credit ratings and nature of the counterparties.

Loss rates are calculated based on the probability of a receivable progressing through stages to write off based on the common risk characteristics of the transaction and debtor.

Loss rates are based on actual history of credit loss, these rates have been adjusted to reflect differences between previous economic conditions, current conditions and the Trust's view of the forecast economic conditions over the expected life of the receivables.

Impairment losses are presented as net impairment losses within net result, subsequent recoveries of amounts previously written off are credited against the same line item.

Cash and cash equivalents

The Trust considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties and therefore the expected credit loss is nil.

Categorisation of financial instruments

Details of the 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

The Trust measures all financial instruments at amortised cost.

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10.3. Financial instruments (continued)

Maturity analysis of financial instruments

Category of financial asset and financial liability	Note	2021 Carrying amount / fair value \$'000	2021 Contractual maturities*		2020 Carrying amount / fair value \$'000
			Within 1 year \$'000	1 - 5 years \$'000	
Financial assets					
Cash and cash equivalents					
Cash and cash equivalents	6.1	2 664	2 664	-	1 453
Financial assets at amortised cost					
Receivables**	6.2	39	39	-	104
Total financial assets		2 703	2 703	-	1 557
Financial liabilities					
Financial liabilities at amortised cost					
Payables**	7.1	153	153	-	436
Lease liabilities	7.3	4	4	-	27
Total financial liabilities		157	157	-	463

*Maturities analysis is presented using the undiscounted cash flows and therefore may not total to equal the carrying amount/fair value of the financial instrument.

** Total amounts disclosed here exclude statutory amounts. Receivables do not include prepayments as these are not financial instruments. Prepayments are presented in note 6.2.

Statutory receivables and payables

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. This includes Commonwealth, State and Local Government taxes and equivalents, fees and charges; Auditor-General's Department audit fees. This is in addition to employee related payables, such as payroll tax, Fringe Benefits Tax, Pay As You Go Withholding and Return To Work SA levies. In government, certain rights to receive or pay cash may not be contractual but have their source in legislation and therefore, in these situations, the disclosure requirements of AASB 7 will not apply. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).