

# Libraries Board of South Australia

Financial report  
for the year ended  
30 June 2020



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## To the Chair Libraries Board of South Australia

### Opinion

I have audited the financial report of the Libraries Board of South Australia for the financial year ended 30 June 2020.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Libraries Board of South Australia as at 30 June 2020, 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 2020
- a Statement of Financial Position as at 30 June 2020
- a Statement of Changes in Equity for the year ended 30 June 2020
- a Statement of Cash Flows for the year ended 30 June 2020
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chair, Libraries Board of South Australia, Director, State Library of South Australia and the Acting Associate Director, Public Library Services.

### Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Libraries 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 Director, State Library of South Australia and the Libraries Board of South Australia for the financial report**

The Director, State Library of South Australia 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.

The Libraries Board of South Australia are responsible for overseeing the entity's financial reporting process.

## **Auditor's responsibilities for the audit of the financial report**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 19(3) of the *Libraries Act 1982*, I have audited the financial report of the Libraries Board of South Australia for the financial year ended 30 June 2020.

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.

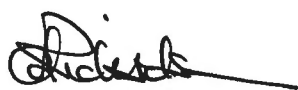
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- 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 Libraries 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 Director, State Library of South Australia

- 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 Director, State Library of South Australia and the Chair, Libraries Board of South Australia 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**

28 September 2020

# **Libraries Board of South Australia**

## **Financial Statements**

For the year ended 30 June 2020

**Libraries Board of South Australia**  
**Certification of Financial Statements**  
*for the year ended 30 June 2020*

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We certify that the attached general purpose financial statements for the Libraries 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 Libraries Board of South Australia; and
- present a true and fair view of the financial position of the Libraries Board of South Australia as at 30 June 2020 and the results of its operations and cash flows for the financial year.

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



Bruce Linn AM  
**Chair**  
Libraries Board of South Australia  
28 September 2020



Geoff Stempel  
**Director**  
State Library of South Australia  
28 September 2020



Jo Rivers  
**Acting Associate Director**  
Public Library Services  
28 September 2020

**Libraries Board of South Australia**  
**Statement of Comprehensive Income**  
*for the year ended 30 June 2020*

	Note	2020 \$'000	2019 \$'000
<b>Income</b>			
Recurrent operating grants	2.1	36 153	36 076
Fees and charges	2.2	278	283
Investment income	2.5	503	732
Resources received free of charge	2.4	333	356
Gain on market value movement of investments		-	69
Bequests and donations		45	74
Council contributions		98	90
Rent and facilities hire	2.3	158	122
Recoveries		86	366
Other		82	209
<b>Total income</b>		<b>37 736</b>	<b>38 377</b>
<b>Expenses</b>			
Staff benefits expenses	3.3	12 489	12 425
Supplies and services	4.1	8 192	9 985
Accommodation and facilities	4.2	2 833	3 272
Depreciation and amortisation	4.3	2 320	2 218
Subsidies to public libraries	4.4	12 454	12 085
Loss on market value movement of investments		64	-
Net loss from the disposal of non-current assets		-	4
<b>Total expenses</b>		<b>38 352</b>	<b>39 989</b>
<b>Net result</b>		<b>(616)</b>	<b>(1 612)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Changes in property, plant and equipment asset revaluation surplus		29 725	-
Changes in fair value of investments classified as fair value through other comprehensive income		(763)	400
<b>Total other comprehensive income</b>		<b>28 962</b>	<b>400</b>
<b>Total comprehensive result</b>		<b>28 346</b>	<b>(1 212)</b>

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

**Libraries Board of South Australia**  
**Statement of Financial Position**  
*as at 30 June 2020*

	Note	2020 \$'000	2019 \$'000
<b>Current assets</b>			
Cash and cash equivalents	6.1	7 778	7 687
Receivables	6.2	1 618	1 519
<b>Total current assets</b>		<b>9 396</b>	<b>9 206</b>
<b>Non-current assets</b>			
Receivables	6.2	8	16
Property, plant and equipment	5.1	86 632	58 364
Intangible assets	5.4	254	291
Research and heritage collections	5.5	143 394	143 036
Investments	6.3	10 050	10 477
<b>Total non-current assets</b>		<b>240 338</b>	<b>212 184</b>
<b>Total assets</b>		<b>249 734</b>	<b>221 390</b>
<b>Current liabilities</b>			
Payables	7.1	1 190	1 703
Staff benefits	3.4	1 776	1 302
Provisions	7.2	18	16
Lease liabilities	7.3	44	-
Other liabilities	7.4	-	11
<b>Total current liabilities</b>		<b>3 028</b>	<b>3 032</b>
<b>Non-current liabilities</b>			
Payables	7.1	245	246
Staff benefits	3.4	2 642	2 679
Provisions	7.2	38	26
Lease liabilities	7.3	28	-
Other liabilities	7.4	10	10
<b>Total non-current liabilities</b>		<b>2 963</b>	<b>2 961</b>
<b>Total liabilities</b>		<b>5 991</b>	<b>5 993</b>
<b>Net Assets</b>		<b>243 743</b>	<b>215 397</b>
<b>Equity</b>			
Retained earnings		86 071	86 687
Asset revaluation surplus		156 863	127 138
Investment Reserve		809	1 572
<b>Total Equity</b>		<b>243 743</b>	<b>215 397</b>

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



**Libraries Board of South Australia**  
**Statement of Changes in Equity**  
*for the year ended 30 June 2020*

	Note	Asset revaluation surplus \$'000	Investment Reserve \$'000	Retained earnings \$'000	Total equity \$'000
<b>Balance at 30 June 2018</b>		<b>127 138</b>	<b>-</b>	<b>87 921</b>	<b>215 059</b>
Adjustments on initial adoption of AASB 9		-	1 172	(62)	1 110
<b>Adjusted balance as at 1 July 2018</b>		<b>127 138</b>	<b>1 172</b>	<b>87 859</b>	<b>216 169</b>
<b>Net result for 2018-19</b>		-	-	(1 612)	(1 612)
Fair value movement of investments classified as fair value through other comprehensive income		-	400	-	400
<b>Total comprehensive result for 2018-19</b>		<b>-</b>	<b>400</b>	<b>(1 612)</b>	<b>(1 212)</b>
<b>Balance at 30 June 2019</b>		<b>127 138</b>	<b>1 572</b>	<b>86 247</b>	<b>214 957</b>
Error correction	5.5	-	-	440	440
<b>Adjusted balance as at 1 July 2019</b>		<b>127 138</b>	<b>1 572</b>	<b>86 687</b>	<b>215 397</b>
<b>Net result for 2019-20</b>		-	-	(616)	(616)
Fair value movement of investments classified as fair value through other comprehensive income			(763)	-	(763)
Gain/(loss) on revaluation of property, plant and equipment		29 725		-	29 725
<b>Total comprehensive result for 2019-20</b>		<b>29 725</b>	<b>(763)</b>	<b>(616)</b>	<b>28 346</b>
<b>Balance at 30 June 2020</b>		<b>156 863</b>	<b>809</b>	<b>86 071</b>	<b>243 743</b>

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

**Libraries Board of South Australia**  
**Statement of Cash Flows**  
*for the year ended 30 June 2020*

	2020 Inflows (Outflows) \$'000	2019 Inflows (Outflows) \$'000
<b><u>Cash flows from operating activities</u></b>		
<b>Cash inflows</b>		
Recurrent operating grant	36 153	36 076
Fees and charges	163	283
Bequests and donations	45	47
Council contributions	98	90
Rent and facilities hire	100	88
Investment income	616	690
Recoveries	78	353
Other	80	223
<b>Cash generated from operations</b>	<b>37 333</b>	<b>37 850</b>
<b>Cash outflows</b>		
Staff benefits payments	(12 048)	(12 332)
Payments for supplies and services	(8 524)	(10 040)
Payments for accommodation and facilities	(2 833)	(3 272)
Subsidies paid to public libraries	(12 454)	(12 085)
<b>Cash used in operations</b>	<b>(35 859)</b>	<b>(37 729)</b>
<b>Net cash provided by operating activities</b>	<b>1 474</b>	<b>121</b>
<b><u>Cash flows from investing activities</u></b>		
<b>Cash inflows</b>		
Proceeds from the sale of / maturity of investments	-	812
<b>Cash generated from investing activities</b>	<b>-</b>	<b>812</b>
<b>Cash outflows</b>		
Purchase of heritage collections	(226)	(255)
Purchase of investments	(400)	(411)
Purchase of property, plant and equipment	(710)	(131)
<b>Cash used in investing activities</b>	<b>(1 336)</b>	<b>(797)</b>
<b>Net cash provided by / (used in) investing activities</b>	<b>(1 336)</b>	<b>15</b>
<b><u>Cash flows from financing activities</u></b>		
<b>Cash outflows</b>		
Repayment of leases	(47)	-
<b>Cash generated from financing activities</b>	<b>(47)</b>	<b>-</b>
<b>Net cash used in financing activities</b>	<b>(47)</b>	<b>-</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>91</b>	<b>136</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>7 687</b>	<b>7 551</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>7 778</b>	<b>7 687</b>

The accompanying notes form part of these financial statements.

**Libraries Board of South Australia**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**Libraries Board of South Australia**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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# **Libraries Board of South Australia**

## **Notes to and forming part of the financial statements**

### *for the year ended 30 June 2020*

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#### **1. About the Libraries Board of South Australia**

The Libraries Board of South Australia (the Board) is constituted pursuant to section 8 of the *Libraries Act 1982* (the Act). The Board is charged with the management of the State Library of South Australia (SLSA) and the Public Library Services (PLS) under the Act.

##### **1.1. Basis of preparation**

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards.

For the 2019-20 financial statements the Board adopted *AASB 15 – Revenue from Contracts with Customers*, *AASB 16 – Leases* and *AASB 1058 – Income of Not-for-Profit Entities*. Further information is provided in note 9.

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

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

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office (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 excluded.

The net GST receivable/payable to the ATO is not recognised as a receivable/payable in the Statement of Financial Position as the Board is a member of a GST group, of which the Libraries Board of 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.

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**

###### **Objectives**

The objectives of the Board as prescribed under the Act are as follows:

- formulate policies and guidelines for the provision of public library services
- establish, maintain and expand collections of library materials
- administer the State Library
- promote, encourage and assist in the establishment, operation and expansion of public libraries and public library services by councils and others.

**Libraries Board of South Australia**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

**1.2. Objectives and programs (continued)**

**Programs**

The Board undertakes the following programs:

- *Provision of State Library Services* - to provide, through the State Library of South Australia, a comprehensive library and information service for the economic, educational, cultural and social benefit of South Australia and its citizens.
- *Support of Public Library Services* - to provide through Public Library Services and the distribution of State subsidies, an equitable and responsible provision of resources, support and services to public libraries and community information agencies.

The disaggregated disclosures schedules present expenses, income, assets and liabilities attributable to each of the programs for the years ended 30 June 2020 and 30 June 2019.

**Expenses and income by program**

	Provision of State Library Services		Support of Public Library Services		Eliminations		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Income</b>								
Recurrent operating grants	15 919	16 330	20 234	19 746	-	-	36 153	36 076
Fees and charges	278	283	-	-	-	-	278	283
Bequests and donations	42	75	3	(1)	-	-	45	74
Council contributions	-	-	98	90	-	-	98	90
Rent and facilities hire	158	122	-	-	-	-	158	122
Resources received free of charge	288	307	45	49	-	-	333	356
Investment revenues	477	723	26	78	-	-	503	801
Recoveries	50	180	36	186	-	-	86	366
Other	136	296	1	29	(55)	(116)	82	209
<b>Total income</b>	<b>17 348</b>	<b>18 316</b>	<b>20 443</b>	<b>20 177</b>	<b>(55)</b>	<b>(116)</b>	<b>37 736</b>	<b>38 377</b>
<b>Expenses</b>								
Staff benefits expenses	9 710	9 780	2 779	2 645	-	-	12 489	12 425
Supplies and services	3 204	3 832	5 043	6 269	(55)	(116)	8 192	9 985
Accommodation and facilities	2 833	3 270	-	2	-	-	2 833	3 272
Depreciation and amortisation	2 250	2 160	70	58	-	-	2 320	2 218
Loss on market value movement of investments	64	-	-	-	-	-	64	-
Net loss on disposal of non-current assets	-	3	-	1	-	-	-	4
Subsidies to public libraries	-	-	12 454	12 085	-	-	12 454	12 085
<b>Total expenses</b>	<b>18 061</b>	<b>19 045</b>	<b>20 346</b>	<b>21 060</b>	<b>(55)</b>	<b>(116)</b>	<b>38 352</b>	<b>39 989</b>
<b>Net result</b>	<b>(713)</b>	<b>(729)</b>	<b>97</b>	<b>(883)</b>	<b>-</b>	<b>-</b>	<b>(616)</b>	<b>(1 612)</b>

**Libraries Board of South Australia**  
**Notes to and forming part of the financial statements**  
for the year ended 30 June 2020

**1.2. Objectives and programs (continued)**

**Assets and liabilities by program**

	Provision of State Library Services		Support of Public Library Services		Eliminations		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Current assets</b>								
Assets	7 567	4 783	1 829	4 423	-	-	9 396	9 206
<b>Total current assets</b>	<b>7 567</b>	<b>4 783</b>	<b>1 829</b>	<b>4 423</b>	<b>-</b>	<b>-</b>	<b>9 396</b>	<b>9 206</b>
<b>Non-current assets</b>								
Assets	240 196	212 029	142	155	-	-	240 338	212 184
<b>Total non-current assets</b>	<b>240 196</b>	<b>212 029</b>	<b>142</b>	<b>155</b>	<b>-</b>	<b>-</b>	<b>240 338</b>	<b>212 184</b>
<b>Current liabilities</b>								
Liabilities	1 598	2 044	1 430	988	-	-	3 028	3 032
<b>Total current liabilities</b>	<b>1 598</b>	<b>2 044</b>	<b>1 430</b>	<b>988</b>	<b>-</b>	<b>-</b>	<b>3 028</b>	<b>3 032</b>
<b>Non-current liabilities</b>								
Liabilities	2 963	2 366	-	595	-	-	2 963	2 961
<b>Total non-current liabilities</b>	<b>2 963</b>	<b>2 366</b>	<b>-</b>	<b>595</b>	<b>-</b>	<b>-</b>	<b>2 963</b>	<b>2 961</b>
<b>Net assets</b>	<b>243 202</b>	<b>212 402</b>	<b>541</b>	<b>2 995</b>	<b>-</b>	<b>-</b>	<b>243 743</b>	<b>215 397</b>

**1.3. Impact of COVID-19 on the Board**

The COVID-19 pandemic has impacted on the operations of the Board and the impacts are included under the relevant disclosure notes. The key impacts in 2019-20 were:

- COVID-19 has had a significant impact on the global economy and the share market. As a result, the Board has experienced a decrease in the market value of investments and associated dividend income.
- The provision for annual leave has increased due to lower rates of leave taken during the stage 3 restrictions.
- Following the closure of the State Library on 26th March, the library modified its service delivery model until early June. This saw the suspension of all face to face contact with customers and the transition to answering enquiries through phone, email and a new "ref chatter" service that enabled real time online engagement with customers. Whilst there were some additional costs involved including for additional cleaning and security, these were met from within the Board's budget and didn't materially impact on the figures included in the 2019-20 financial statements.
- The restrictions also resulted in a loss of income due to reduced rent from corporate tenants including:
  - Writers SA
  - St Raphael's Café

**Libraries Board of South Australia**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**2. Income**

**2.1. Recurrent operating grants**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Recurrent operating grants	36 153	36 076
<b>Total revenues from recurrent operating grants</b>	<b>36 153</b>	<b>36 076</b>

Grants are recognised on receipt.

**2.2. Fees and charges**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Lecturing services	201	185
Photocopying services	40	50
Other fees and charges	31	38
Fees for services	6	10
<b>Total revenues from fees and charges</b>	<b>278</b>	<b>283</b>

Revenue from fees for services are recognised in the period in which the services are provided.

**2.3. Rent and facilities hire**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Rental income	90	88
Facilities hire	68	34
<b>Total revenues from rent and facilities hire</b>	<b>158</b>	<b>122</b>

Revenue from facilities hire are recognised when the services are provided and rental income is recognised on receipt.

**2.4. Resources received free of charge**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Conservation services	98	112
Services received free of charge - Shared Services SA	232	244
Services received free of charge - Valuation services	3	-
<b>Total resources received free of charge</b>	<b>333</b>	<b>356</b>

Resources received free of charge are recorded as income and expenditure in the Statement of Comprehensive Income 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 Board's heritage collections. The value of this work performed is recognised as resources received free of charge in income and a corresponding amount included as preservation activities in note 4.1. Supplies and services.



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**2.5. Investment income**

	2020	2019
	\$'000	\$'000
Dividends	222	260
Interest	130	243
Dividend imputation credits	117	146
Distributions	34	83
<b>Total investment revenues</b>	<b>503</b>	<b>732</b>

Interest revenue is recognised taking into account the interest rates applicable to the financial assets. Dividend income is recognised when the right to receive a dividend has been declared.

**2.6. Net gain / (loss) from the disposal of non-current assets**

	2020	2019
	\$'000	\$'000
<b>Debt instruments mandatorily measured at fair value through profit or loss</b>		
Proceeds from disposal	-	400
Less value of assets disposed	-	(403)
<b>Net gain / (loss) from disposal at FVTPL</b>	<b>-</b>	<b>(3)</b>
<b>Property, plant and equipment</b>		
Proceeds from disposal	-	-
Less value of assets disposed	-	(1)
<b>Net gain from disposal of property, plant and equipment</b>	<b>-</b>	<b>(1)</b>
<b>Non-current assets through profit or loss</b>		
Proceeds from disposal	-	400
Less value of assets disposed	-	(404)
<b>Total net gain / (loss) from disposal of non-current assets seen in net result</b>	<b>-</b>	<b>(4)</b>
<b>Equity instruments designated at fair value through other comprehensive income</b>		
Proceeds from disposal	-	412
Less value of assets disposed	-	(412)
<b>Total net gain / (loss) from disposal of non-current assets seen in total other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total non-current assets</b>		
Proceeds from disposal	-	812
Less value of assets disposed	-	(816)
<b>Total net gain / (loss) from disposal of non-current assets seen in total comprehensive income</b>	<b>-</b>	<b>(4)</b>

**Libraries Board of South Australia**  
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**3. Board, committees and staff**

**3.1. Key management personnel**

Key management personnel of the Board include the Premier of the State of South Australia as responsible for the Arts, the Chair and members of the Board itself and the Director of the State Library of South Australia, the Associate Director, State Library Services, and Associate Director, Public Library Services, all of whom have responsibility for the strategic direction and management of the Board.

Total compensation for the Board's key management personnel was \$621 000 (2019: \$537 000).

The compensation disclosed in this note excludes salaries and other benefits the Premier receives. The Premier'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**

The Board is a statutory authority established pursuant to the *Libraries Act 1982* and is a wholly owned and controlled entity of the Crown.

Related parties of the Board include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

The Board received an annual recurrent operating grant of \$36.153 million (2019: \$36.076 million) from the Department of the Premier and Cabinet. The operating grant is the primary source of revenue for the Board as disclosed under note 2.1.

**Libraries Board of South Australia**  
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**3.2. Board and committee members**

Members during the 2020 financial year were:

BM Linn AM (Chair) (appointed 1 August 2019)

MK Berghuis (appointed 1 August 2019)

JFB Bruce AM (expired 1 July 2019)

V Ciccarello (expired 15 September 2019)

Prof. J Cys (appointed 24 November 2019)

JMH Finlay

SG Hicks

BM Lewis (appointed 1 August 2019)

A Luckhurst-Smith (expired 15 September 2019)

Prof. AE Nettelbeck (appointed 24 November 2019)

LM Spurling (expired 1 August 2019)

JY Whittaker

Dr. JC Wisdom (expired 1 August 2019)

**Board and committee remuneration**

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

	<b>2020</b>	<b>2019</b>
\$0 - \$19 999	13	8
<b>Total number of Board members</b>	<b>13</b>	<b>8</b>

The total remuneration received or receivable by members was \$39 000 (2019: \$57 000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

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**3.3. Staff benefits expenses**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and wages	8 949	8 469
Employment on-costs superannuation	1 065	1 013
Annual leave	871	817
Targeted voluntary separation packages (refer below)	420	682
Payroll tax	570	557
Long service leave	201	539
Skills and experience retention leave	96	96
Board fees	35	48
Workers compensation provision adjustment	22	(3)
Other staff related expenses	260	207
<b>Total staff benefits expenses</b>	<b>12 489</b>	<b>12 425</b>

**Employment on-costs - superannuation**

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

**Executive remuneration**

The number of staff whose remuneration received or receivable falls within the following bands:	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
\$154 001 to \$174 000	2	1
\$214 001 to \$234 000	-	1
\$234 001 to \$254 000	1	-
\$254 001 to \$274 000	-	1
<b>Total</b>	<b>3</b>	<b>3</b>

The total remuneration received or receivable by these staff for the year was \$582 000 (2019: \$643 000).

The table includes all staff who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of staff reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits.

**Targeted voluntary separation packages (TVSP)**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Amounts paid to separated staff:</b>		
Targeted Voluntary Separation Packages	420	682
Leave paid to separated staff	154	186
Recovery from the Department of Treasury and Finance	(242)	(584)
<b>Net cost to the Board</b>	<b>332</b>	<b>284</b>

Number of staff who received a TVSP during the reporting period	5	10
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**Libraries Board of South Australia**  
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**3.4. Staff benefits liability**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Annual leave	739	614
Long service leave	398	434
Skills and experience retention leave	111	100
Accrued salaries and wages	528	154
<b>Total current staff benefits</b>	<b>1 776</b>	<b>1 302</b>
<b>Non-current</b>		
Long service leave	2 642	2 679
<b>Total non-current staff benefits</b>	<b>2 642</b>	<b>2 679</b>
<b>Total staff benefits</b>	<b>4 418</b>	<b>3 981</b>

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 salaries 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 are expected to be payable within 12 months and are 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 of sick leave.

**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 at note 11.1.

**Libraries Board of South Australia**  
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**4. Expenses**

Staff benefits expenses are disclosed in note 3.3.

**4.1. Supplies and services**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Information technology and communication charges	2 634	2 728
Freight, courier, and postage	1 696	1 999
Contractors	543	673
Cataloguing and end processing	527	518
Membership / Subscriptions	163	78
Electronic resources	356	214
Consultants' fees	245	30
Business services charge	232	244
Maintenance	204	82
Insurance and risk management	184	184
Projects	162	731
Marketing and promotion	146	250
Preservation activities	123	254
Minor equipment purchases	66	639
Accommodation	62	85
Exhibitions	33	135
Licences	290	428
Doubtful debts	(10)	14
Other	536	699
<b>Total supplies and services</b>	<b>8 192</b>	<b>9 985</b>

**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:

	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>Number</b>	<b>\$'000</b>	<b>Number</b>	<b>\$'000</b>
\$10 000 or above	1	11	1	30
\$50 000 or above	1	234	-	-
<b>Total</b>	<b>2</b>	<b>245</b>	<b>1</b>	<b>30</b>

**Libraries Board of South Australia**  
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**4.2. Accommodation and facilities**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Accommodation	1 363	1 540
Facilities	864	1 193
Security	606	539
<b>Total accommodation and facilities</b>	<b>2 833</b>	<b>3 272</b>

**4.3. Depreciation and amortisation**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Depreciation</b>		
Buildings and improvements	1 889	1 877
Plant and equipment	150	148
Compactus and lifts	80	80
Computer equipment	81	72
Intangibles	71	41
Right-of-use buildings	22	-
Right-of-use vehicles	27	-
<b>Total depreciation and amortisation</b>	<b>2 320</b>	<b>2 218</b>

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. Land and heritage collections are not depreciated.

**Useful Life**

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

<b>Class of asset</b>	<b>Useful life (years)</b>
Buildings and improvements	10-50
Plant and Equipment	5-20
Computer Equipment	3-10
Compactus and lifts	30
Intangibles	3-10
Right-of-use assets	Lease term

The research and heritage collections are kept under special conditions to minimise deterioration and 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.

**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 useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate.

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**4.4. Subsidies to public libraries**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Library materials contribution	6 613	6 466
Operating contribution	5 148	4 901
Library materials local purchase contribution	639	665
Community information contribution	34	33
Community information access	20	20
<b>Total subsidies to public libraries</b>	<b>12 454</b>	<b>12 085</b>



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**5. Non-financial assets**

**5.1. Property, plant and equipment by asset class**

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

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Land, buildings and improvements</b>		
Land at fair value	12 300	4 530
Buildings and improvements at fair value	144 357	116 762
Accumulated depreciation at the end of the period	<u>(72 492)</u>	<u>(65 000)</u>
<b>Total land, buildings and improvements</b>	<b><u>84 165</u></b>	<b><u>56 292</u></b>
<b>Work in progress</b>		
Work in progress at cost	139	-
<b>Total work in progress</b>	<b><u>139</u></b>	<b><u>-</u></b>
<b>Compactus and lifts</b>		
Compactus and lifts at cost (deemed fair value)	3 072	2 496
Accumulated depreciation at the end of the period	<u>(1 578)</u>	<u>(1 245)</u>
<b>Total compactus and lifts</b>	<b><u>1 494</u></b>	<b><u>1 251</u></b>
<b>Plant and equipment</b>		
Plant and equipment at cost (deemed fair value)	1 780	2 007
Accumulated depreciation at the end of the period	<u>(1 296)</u>	<u>(1 373)</u>
<b>Total plant and equipment</b>	<b><u>484</u></b>	<b><u>634</u></b>
<b>Computer equipment</b>		
Computer equipment at cost (deemed fair value)	1 058	881
Accumulated depreciation at the end of the period	<u>(775)</u>	<u>(694)</u>
<b>Total computer equipment</b>	<b><u>283</u></b>	<b><u>187</u></b>
<b>Right-of-use buildings</b>		
Right-of-use buildings (at cost)	59	-
Accumulated depreciation	<u>(22)</u>	<u>-</u>
<b>Total right-of-use buildings</b>	<b><u>37</u></b>	<b><u>-</u></b>
<b>Right-of-use vehicles</b>		
Right-of-use vehicles (at cost)	57	-
Accumulated depreciation	<u>(27)</u>	<u>-</u>
<b>Total right-of-use vehicles</b>	<b><u>30</u></b>	<b><u>-</u></b>
<b>Total property, plant and equipment</b>	<b><u>86 632</u></b>	<b><u>58 364</u></b>

**Libraries Board of South Australia**  
**Notes to and forming part of the financial statements**  
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**5.2. Property, plant and equipment owned by the Board**

All non-current assets with a value of \$10 000 or greater are capitalised, with the exception of Compactus and lifts category.

Componentisation of complex assets is only performed when the complex asset's fair value at the time of acquisition is equal to or in excess of \$5 million for infrastructure assets and \$1 million for other assets.

Property, plant and equipment is recorded at fair value. Details about the Board's approach to fair value is set out in note 11.2.

**Impairment**

The Board holds its property, plant and equipment and intangible assets for their service potential (value in use).

Specialised assets would rarely be sold and typically any costs of disposal would be negligible, accordingly the recoverable amount will be closer to or greater than fair value and therefore these assets have not been tested for impairment. Where there is an indication of impairment, the recoverable amount is estimated. For revalued assets, fair value is assessed each year.

There were no indications of impairment of property, plant and equipment as at 30 June 2020.

**Reconciliation 2019-20**

	Land	Buildings and improv.	Work in progress	Compactus and lifts	Plant and equip.	Computer equip.	Total tangible assets	Computer Software	Total intangible assets
2020	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2019	4 530	51 762	-	1 251	634	187	58 364	291	291
Additions	-	359	139	1	-	177	676	34	34
Depreciation and amortisation	-	(1 889)	-	(80)	(150)	(81)	(2 200)	(71)	(71)
Net revaluation (decrement)/increment	7 770	21 380	-	575	-	-	29 725	-	-
<b>Carrying amount at the end of period</b>	<b>12 300</b>	<b>71 612</b>	<b>139</b>	<b>1 747</b>	<b>484</b>	<b>283</b>	<b>86 565</b>	<b>254</b>	<b>254</b>

**Libraries Board of South Australia**  
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**5.3. Property, plant and equipment leased by the Board**

Property, plant and equipment leased by the Board are recorded at cost. Additions to leased property, plant and equipment during 2019-20 were \$84 000.

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 an expense and are disclosed in note 4.1 under other expenses.

The Board has a limited number of leases:

- 5 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.
- Part ground floor lease at Collinswood for storage of the State Library of South Australia records.

The lease liabilities related to the right-of-use assets are disclosed in note 7.3. The Board's maturity analysis of its lease liabilities is disclosed in note 11.3. Expenses related to leases, including depreciation and interest expenses, are disclosed in note 4.

**Impairment**

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

**5.4. Intangible assets**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Intangibles</b>		
Computer software	484	451
Accumulated amortisation	(230)	(160)
<b>Total intangibles</b>	<u>254</u>	<u>291</u>

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.

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**5.5. Research and heritage collections**

	2020			2019		
	Opening balance	At cost / additions	Total	Opening balance	At cost / additions	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Monographs	39 614	83	39 697	39 510	104	39 614
Private archives	36 348	16	36 364	35 868	480	36 348
Rare books and named collections	29 384	21	29 405	29 334	50	29 384
Periodicals	12 901	108	13 009	12 606	295	12 901
Mortlock use collections	10 384	7	10 391	10 315	69	10 384
Newspapers purchased	6 764	59	6 823	6 568	196	6 764
Maps	6 377	-	6 377	6 362	15	6 377
Mortlock audio-visual	910	2	912	894	16	910
Family history collection	146	1	147	145	1	146
Microfilm serials	192	61	253	57	135	192
Purchased databases	16	-	16	16	-	16
<b>Total research and heritage collections</b>	<b>143 036</b>	<b>358</b>	<b>143 394</b>	<b>141 675</b>	<b>1 361</b>	<b>143 036</b>

A prior period adjustment of \$440 000 is included in Private archives to recognise donations of the Hicks Collection and the Bromley Painting received in the 2018-19 financial year.

**Valuation basis**

**Public library services collections**

The film collection is valued at zero value on the basis that this collection is not being added to, is rarely used and may not be disposed under the terms of its original acquisition.

**Research and heritage collections**

In accordance with fair value principles adopted under AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*, a revaluation must be completed at least every six years.

The research and heritage collection is independently valued every five years. The collections were valued as at 30 June 2016 by Mr. P Tinslay, NCJV Registered Valuer, of Aon Risk Solutions (Fine Arts Division).

This valuer specialises in the valuation of heritage assets. This valuation has been carried out in accordance with the principles determined by the International Valuation Standards Committee. These international standards have been followed except where they are altered by Australian Law or by local standards as laid out by the Australian Property Institute.

The market approach has been utilised to determine fair value. The market approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. This approach considers the prices of identical or similar assets that are listed or offered for sale and may necessitate adjusting the price information from other transactions to reflect any differences in the terms of the actual transaction and the basis of value and any assumptions adopted in the valuation being undertaken, as well as differences in the legal, economic or physical characteristics of the assets in other transactions and the asset being valued.

In instances where there were sufficient observable transactions of similar assets to the subject asset (generally in second hand markets) level 1 inputs have been used. Where inputs to the fair value measurement are considered level 2 in the fair value hierarchy they have been observed from the market and the valuer has made relatively minor adjustments for differences in asset characteristics.

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**6. Financial assets**

**6.1. Cash and cash equivalents**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Deposits with the Treasurer	7 771	7 680
Cash on hand	7	7
<b>Total cash and cash equivalents</b>	<b>7 778</b>	<b>7 687</b>

**Deposits with the Treasurer**

Deposits with the Treasurer are funds held in the "Libraries Board of South Australia Account", an account held with the Treasurer of South Australia pursuant to section 21 of the *Public Finance and Audit Act 1987* (PFAA), 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 PFAA.

The cash balance includes \$1.59 million (2019: \$1.69 million) of unspent funding allocated to public libraries for the purchase of library materials.

**Trust Accounts**

Public Library Services hold subsidy payments in trust for the Outback Communities Authority and Aboriginal Lands (Anangu Pitjantjatjara, Maralinga Tjarutja, Nepabunna, Gerard and Yalata). These funds are controlled by the Board and are recorded in the cash balance as at 30 June 2020. The total of these trust accounts is \$205 000 (2019: \$205 000).

**6.2. Receivables**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Prepayments	1 154	1 118
Receivables	357	190
Less impairment loss on receivables	(5)	(14)
Accrued income	112	225
<b>Total current receivables</b>	<b>1 618</b>	<b>1 519</b>
<b>Non-current</b>		
Prepayments	7	15
Receivables	1	1
<b>Total non-current receivables</b>	<b>8</b>	<b>16</b>
<b>Total receivables</b>	<b>1 626</b>	<b>1 535</b>

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

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**6.2. Receivables (continued)**

**Allowance for impairment loss on receivables**

	2020 \$'000	2019 \$'000
Carrying amount at the beginning of the period	14	14
Increase/(decrease) in the allowance	(9)	-
<b>Carrying amount at the end of the period</b>	<b>5</b>	<b>14</b>

All of the above impairment losses are from receivables arising from contracts with customers.

Refer to note 11.3 for details regarding credit risk and the methodology for determining impairment.

**6.3. Investments**

	2020 \$'000	2019 \$'000
<b>Non-current</b>		
Shares and other direct investments in companies		
Carrying amount at the beginning of period	10 477	9 302
Investment market value movement from adoption of AASB 9	-	1 110
Additions	400	411
Disposals	-	(815)
Investment market value movement at end of financial year	(827)	469
<b>Total non-current investments</b>	<b>10 050</b>	<b>10 477</b>
<b>Total investments</b>	<b>10 050</b>	<b>10 477</b>

**Reconciliation 2019-20**

	Equity instruments designated at fair value through other comprehensive income \$'000	Debt instruments mandatorily measured at fair value through profit or loss \$'000	Total investments \$'000
Carrying amount at 1 July 2019	8 263	2 214	10 477
Additions	400	-	400
Changes in fair value of investments	(763)	(64)	(827)
<b>Carrying amount at the end of period</b>	<b>7 900</b>	<b>2 150</b>	<b>10 050</b>

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**6.3. Investments (continued)**

The equity instruments are carried at fair value.

During the year, the equity investments were designated at fair value through other comprehensive income with all changes in fair value being taken to the investment reserve. On disposal of these equity investments, any related balance within the investment reserve will be reclassified to retained earnings.

During the year, the debt instruments were designated at fair value through profit or loss with all changes in fair value going through profit or loss. On disposal of these debt instruments, any gains or losses will be recognised in profit and loss.

Dividends arising from all investments are recognised in the statement of comprehensive income.

For further information on risk management refer to note 11.

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## 7. Liabilities

Staff benefits liabilities are disclosed in note 3.4.

### 7.1. Payables

	2020	2019
	\$'000	\$'000
<b>Current</b>		
Trade Payables	1 030	1 528
Employment on-costs	160	175
<b>Total current payables</b>	<u>1 190</u>	<u>1 703</u>
<b>Non-current</b>		
Employment on-costs	245	246
<b>Total non-current payables</b>	<u>245</u>	<u>246</u>
<b>Total payables</b>	<u><u>1 435</u></u>	<u><u>1 949</u></u>

Payables and accruals are raised for all amounts owing but unpaid. Sundry 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, ReturntoWorkSA levies and superannuation contributions and are settled when the respective staff benefits that they relate to are discharged.

The Board 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. The only liability outstanding at reporting date relates to any contributions due but not yet paid to superannuation schemes.

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 changed from the 2019 rate (41%) to 42% and the average factor for the calculation of employer superannuation contribution on-costs has remained the same (9.8%). These rates are used in the employment on-cost calculation. The net financial impact of these changes in the current financial year is immaterial.



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**7.2. Provisions**

	2020 \$'000	2019 \$'000
<b>Current</b>		
Provision for workers' compensation	18	16
<b>Total current provisions</b>	<u>18</u>	<u>16</u>
<b>Non-current</b>		
Provision for workers' compensation	38	26
<b>Total non-current provisions</b>	<u>38</u>	<u>26</u>
<b>Total provisions</b>	<u><u>56</u></u>	<u><u>42</u></u>
<b>Provision movement</b>		
Carrying amount at the beginning of the period	42	45
Increase / (decrease) in provision recognised	14	(3)
<b>Carrying amount at the end of the period</b>	<u>56</u>	<u>42</u>

A provision has been reported to reflect unsettled workers compensation claims. The worker's compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2020 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector. The provision is for the estimated cost of ongoing payments to staff as required under current legislation.

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

**7.3. Lease liabilities**

	2020 \$'000	2019 \$'000
<b>Current</b>		
Lease Liabilities	44	-
<b>Total current lease liabilities</b>	<u>44</u>	<u>-</u>
<b>Non-current</b>		
Lease Liabilities	28	-
<b>Total non-current lease liabilities</b>	<u>28</u>	<u>-</u>
<b>Total lease liabilities</b>	<u><u>72</u></u>	<u><u>-</u></u>

Refer to note 5.3 for a further explanation on leases.

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**7.4. Other liabilities**

	2020 \$'000	2019 \$'000
<b>Current</b>		
Income received in advance	-	11
<b>Total current other liabilities</b>	<u>-</u>	<u>11</u>
<b>Non-current</b>		
Contractual security deposit	10	10
<b>Total non-current other liabilities</b>	<u>10</u>	<u>10</u>
<b>Total other liabilities</b>	<u><u>10</u></u>	<u><u>21</u></u>

**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.

**Investment reserve**

The investment reserve records all changes in fair value of investments classified as fair value through other comprehensive income.

**8.2. Cash flow**

The net amount of GST recoverable/payable to the ATO is not included as a receivable/payable in the Statement of Financial Position as the Board is a member of a GST group of which the Libraries Board of 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 total cash outflow for leases is \$47 000 relating to the repayment of leases.

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**9. Changes in accounting policy**

**9.1. AASB 16 Leases**

AASB 16 sets out a comprehensive model for lessee accounting that addresses recognition, measurement, presentation and disclosure of leases. Lessor accounting is largely unchanged. *AASB 16 Leases* replaces *AASB 117 Leases and related interpretations*.

The adoption of *AASB 16 Leases* from 1 July 2019 resulted adjustments to the amounts recognised from a lessee perspective in the financial statements:

- *AASB 117 Leases* only required the recognition of an asset and lease liability in relation to finance leases. *AASB 16 Leases* applies a comprehensive model to all leases. Applying *AASB 16* will result in leases previously classified as operating leases having right-of-use assets and related lease liabilities being recognised in the Statement of Financial Position
- *AASB 117 Leases* resulted in operating lease payments being recognised as an expense under Supplies and Services. *AASB 16 Leases* largely replaces this with depreciation expenses that represents the use of the right-of-use asset and borrowing costs that represent the cost associated with financing the right-of-use asset.

**Impact on retained earnings**

The total impact on the Board's retained earnings as at 1 July 2019 is as follows:

	<b>as at 1 July 2019 \$'000</b>
<b>Closing retained earnings 30 June 2019 - AASB 117</b>	
<b>Assets</b>	
Property, plant and equipment	46
<b>Liabilities</b>	
Lease liabilities	<u>(46)</u>
<b>Opening retained earnings 1 July 2019 - AASB 16</b>	<u>-</u>

The Board disclosed in its 2018-19 financial report total undiscounted operating lease commitments of \$1.440 million under AASB 117.

The Board has accommodation services provided by the Department of Planning, Transport and Infrastructure (DPTI) under Memoranda of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies.

These MoAA do not meet the definition of lease set out either in AASB 16 or in the former standard AASB 117. Accordingly, the 2018-19 undiscounted operating lease commitments should have been disclosed as \$1.37 million under AASB 117. There is no material difference between the revised operating lease commitments when discounted and the financial liabilities recognised as at 1 July 2019.

Commitments related to accommodation services provided by DPTI are included in Note 10.1.

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**9.1. AASB 16 Leases (continued)**

**Accounting policies on transition**

AASB 16 sets out accounting policies on transition in its transitional provisions. The *Treasurer's Instructions (Accounting Policy Statements)* requires certain choices in those transitional provisions to be taken. The Board has adopted the following accounting policies:

- to apply AASB 16 retrospectively. The cumulative effect of initially applying the Standard was recognised at 1 July 2019. Comparatives have not been restated.
- at 1 July 2019 AASB 16 was applied only to contracts that were previously identified as containing a lease under AASB 117 and related interpretations.
- the initial measurement of lease liability was the present value of the remaining lease payments discounted using the relevant incremental borrowing published by the Department of Treasury and Finance rate as at 1 July 2019 based on the SA Government's cost of borrowing. The average weighted incremental borrowing rate for this purpose was 1.69%.
- the initial measurement of right-of-use assets has been calculated as an amount equal to the lease liability on transition adjusted for prepaid or accrued lease payments and lease incentive liabilities.
- the initial measurement of lease liabilities and right-of-use assets excludes all leases that ended by 30 June 2020, except for vehicles leased from SAFA.

**Ongoing accounting policies**

The *Treasurer's Instructions (Accounting Policy Statements)* specify required accounting policies for public authorities in applying AASB 16. These requirements are reflected in the Board's accounting policies as follows:

- AASB 16 is not applied to leases of intangible assets.
- right-of-use assets and lease liabilities are not recognised for leases of low value assets, being assets which have a value of \$15 000 or less, nor short-term leases, being those with a lease term of 12 months or less.
- the Board, in the capacity of a lessee, does not include non-lease components in lease amounts.
- right-of-use assets are not measured at fair value on initial recognition for leases that have significantly below-market terms and conditions principally to enable the public authority to further its objectives.
- right-of-use assets are subsequently measured applying a cost model.

Significant accounting policies relating to the application of AASB 16 are disclosed under relevant notes and are referenced at note 5.3.

**9.2. AASB 15 Revenue from Contracts with Customers**

The Board has adopted AASB 15 on 1 July 2019. AASB 15 *Revenue from Contracts with Customers* establishes a revenue recognition model for revenue arising from contracts with customers. It requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 supersedes AASB 11 *Construction contracts*, AASB 118 *Revenue* and related Interpretations and applies to all revenue arising from contracts with customers.

The total impact on the Board is immaterial.

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**9.3. Presentation of Financial statements**

*Treasurer's Instructions (Accounting Policy Statements)* issued on 1 June 2020 removed the previous requirement for financial statements to be prepared using the net cost of services format. The net cost of services is the total cost of services less any revenue retained by public authorities involved in the provision of services but does not include items classified as revenues from and payments to the South Australian Government.

Presentation of the Statement of Comprehensive Income on an 'income and expense' basis allows information to be presented in such a way that eliminates potential confusion as to the source of funding for the Board. As well as changes to the format of the Statement of Comprehensive Income, there are presentational changes to remove the net cost of services format from the Statement of Cash Flows. These statements now show income before expenses, and cash receipts before cash payments. Related disclosures also reflect this changed format.

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**10. Outlook**

**10.1. Unrecognised contractual commitments**

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

**Operating lease commitments**

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	-	296
Later than one year but not longer than five years	-	1 144
<b>Total operating lease commitments</b>	<b>-</b>	<b>1 440</b>

Operating lease commitments is provided for the comparative year only as AASB 16 *Leases* does not distinguish between operating and finance leases for the lessee. The comparative amount does not include commitments for memoranda of administrative arrangements with the Department of Planning, Transport and Infrastructure (DPTI). This has been reclassified and included under other commitments. For more detail about the reclassification see note 9.1.

**Capital commitments**

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

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	243	-
<b>Total capital commitments</b>	<b>243</b>	<b>-</b>

The capital commitments relate to the cold store construction and compactus.

**Other commitments**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	3 975	3 039
Later than one year but not longer than five years	2 546	3 800
Later than five years	204	31
<b>Total other commitments</b>	<b>6 725</b>	<b>6 870</b>

Other commitments predominantly comprise the Netley off-site storage and contracts for ICT.

**Public libraries commitments**

Committed orders placed by public libraries through Public Library Services for libraries materials at the reporting date not recognised as liabilities in the financial statements, are payable as follows:

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	1 428	1 584
<b>Total public libraries commitments</b>	<b>1 428</b>	<b>1 584</b>

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**10.2. 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 Board is aware that the Library is negotiating with a potential donor of a large and valuable private archive. Subject to favourable conclusion of these negotiations this archive will be recognized in the 20/21 financial statements.

The Board has received advice that losses from business interruptions resulting from COVID-19 may be claimable through their insurance. This would be conditional on lodging a claim and the insurance company assessing and approving the claim.

**10.3. COVID-19 pandemic outlook for the Board**

The COVID-19 pandemic will continue to impact the operations of the Board in 2020-21. The key expected impacts are:

- Potential ongoing decreases in the market value of investments and dividend payments on these investments.
- The library may need to continue to work under a modified service delivery model if face-to-face contact is suspended or restricted.
- Ongoing restrictions may result in the loss of income from corporate tenants.

**10.4. Events after the reporting period**

There has not arisen in the interval between the end of the financial year and the date of this report, any other item, transaction or event of a material and unusual nature likely, in the opinion of the members of the Board, to affect significantly the operations of the Board, the results of those operations, or the state of affairs of the Board in subsequent financial years.

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**11. Measurement and risk**

**11.1. Long service leave liability – measurement**

*AASB 119 Employee Benefits* contains the calculation methodology for long service leave liability.

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

*AASB 119 Employee Benefits* 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 decreased from 1.25% (2019) to 0.75% (2020).

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

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

The actuarial assessment performed by the Department of Treasury and Finance reduced the salary inflation rate from 4.0% to 2.5% for long service leave liability. As a result the net financial effect is a \$201 000 decrease resulting from changes in the salary inflation rate.

**11.2. 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**

Property, plant and equipment are subsequently measured at fair value after allowing for accumulated depreciation.

Non-current tangible assets are valued at fair value and revaluation of non-current assets or a group of assets is only performed when the fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years.

Revaluation is undertaken as detailed below. 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.



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**11.2. Fair value (continued)**

**Land and buildings**

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

The valuation of land and buildings as at 30 June 2020 was prepared on a fair value basis in accordance with *AASB 116 Property, Plant and Equipment* and *AASB 13 Fair Value Measurement*.

The valuer used depreciated replacement cost for buildings. The depreciated replacement cost considered the need for ongoing provision of government services; specialised nature of the assets, including the restricted use of the assets; the size, condition, location and current use of the assets. The valuation was based on a combination of internal records, specialised knowledge and the acquisition / transfer costs.

The valuation of land was based on recent market transactions for similar land in the area and includes adjustment for factors specific to the land being valued such as size, location and current use.

**Plant and equipment**

Plant and equipment had a fair value at the time of acquisition less than \$1 million or had an estimated useful life that was less than three years. The carrying value of these items are deemed to approximate fair value.

**Heritage assets**

These assets are classified in level 3 as there is no active market. An independent valuation of heritage assets was performed as at 30 June 2016 by Mr. P. Tinslay, NCJV Registered Valuer, of Aon Risk Solutions (Fine Arts Division). Fair value was determined by estimating the current replacement cost based on the limited market information available for similar heritage assets and reproduction materials.

**11.3. Financial instruments**

**Financial risk management**

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

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

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**11.3. Financial instruments (continued)**

**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 Board 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 Board 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 Board'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 Board 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 Board'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.

**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 Board measures all financial instruments at amortised cost or fair value.

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**11.3. Financial instruments (continued)**

Category of financial asset and financial liability	Statement of Financial Position line item	Note	2020	2020 Contractual maturities		2019
			Carrying amount / fair value \$'000	Within 1 year \$'000	1-5 years \$'000	Carrying amount / fair value \$'000
<b>Financial assets</b>						
<b>Cash and cash equivalents</b>						
Cash and cash equivalents	Cash	6.1	7 778	7 778	-	7 687
<b>Financial assets at amortised cost</b>						
Loans and receivables	Receivables	6.2	465	464	1	402
<b>Financial assets classified as fair value</b>						
Investments	Investments	6.3	10 050	-	10 050	10 477
<b>Total financial assets</b>			<b>18 293</b>	<b>8 242</b>	<b>10 051</b>	<b>18 566</b>
<b>Financial liabilities</b>						
<b>Financial liabilities at amortised cost</b>						
Financial liabilities (at cost)	Payables	7.1	976	976	-	1 476
Lease liabilities	Lease liabilities	7.3	72	44	28	-
Other liabilities	Other liabilities	7.4	10	-	10	21
<b>Total financial liabilities</b>			<b>1 058</b>	<b>1 020</b>	<b>38</b>	<b>1 497</b>

For 2018-19 the lease liabilities reflect only finance leases recognised in accordance with AASB 117.

**Receivables and Payables**

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees). 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 levies, tax and equivalents, 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 amortised cost).

The receivables amount disclosed here excludes prepayments as they are not financial assets. Prepayments are presented in note 6.2.