

State Opera of South Australia

Financial report
for the year ended
30 June 2021



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

To the Chair State Opera of South Australia

Opinion

I have audited the financial report of the State Opera of South Australia 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 State Opera of South Australia 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 consolidated 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 Cash Flows for the year ended 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chair, Board of Management, Executive Director and Head of Finance.

Basis for opinion

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Executive Director and the Board for the financial report

The Executive Director is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Executive Director is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Executive Director is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

The Board is responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 18(3) of the *State Opera of South Australia Act 1976*, I have audited the financial report of the State Opera of South Australia for the financial year ended 30 June 2021.

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the State Opera of South Australia's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Director
- conclude on the appropriateness of the Executive Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

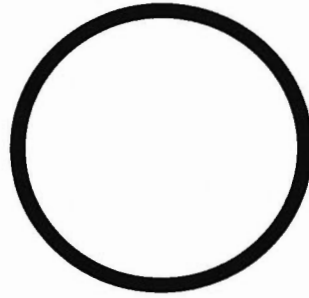
My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Executive Director and the Chair, Board of Management 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 2021

OFFICIAL



STATE OPERA
SOUTH AUSTRALIA

ABN 31 382 679 566

THE STATE OPERA OF SOUTH AUSTRALIA

**Financial Statements
for the year ended
30 June 2021**

OFFICIAL

STATE OPERA OF SOUTH AUSTRALIA
CONTENTS

	Page No.
Certification of the Financial Statements	3
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8

OFFICIAL

STATE OPERA OF SOUTH AUSTRALIA
CERTIFICATION OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

We certify that the financial statements for the State Opera of South Australia :

- are in accordance with the accounts and records of the Company;
- comply with relevant Treasurer's Instructions issued,
- comply with relevant accounting standards; and
- present a true and fair view of the financial position of the Company at the end of the financial year and the result of its operations and cash flows for the financial year.

We certify that the internal controls employed by the State Opera of South Australia for the financial year over its financial reporting and its preparation of financial statements have been effective.

Date 24 September 2021



Yarmila Alfonzetti
Executive Director



John Irving
Chair Board of Management



Nicole Mathee
Head of Finance

STATE OPERA OF SOUTH AUSTRALIA

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Income			
Revenues from SA Government	2.1	1,537	1,553
Commonwealth-sourced grants and funding	2.2	1,607	1,582
SA Government grants, subsidies and transfers	2.3	2	-
Sales of goods and services	2.4	874	989
Interest and dividends	2.5	19	44
Net changes in fair value of investments (FVTPL)		97	(60)
Resources received free of charge	2.6	5	39
Other income	2.7	409	401
Total income		4,550	4,548
Expenses			
Employee benefits expenses	3.3	1,452	1,646
Supplies and services	4.1	2,288	2,898
Depreciation and amortisation	4.2	29	29
Other expenses	4.3	1	-
Total expenses		3,770	4,573
Net result from operations		780	(25)
Share of results of associates	4.4	(76)	(333)
Net result for the period		704	(363)
Total comprehensive result		704	(363)

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

STATE OPERA OF SOUTH AUSTRALIA

STATEMENT OF FINANCIAL POSITION

as at 30 June 2021

	Note	2021 \$'000	2020 \$'000
Current assets			
Cash and cash equivalents	6.1	2,783	2,248
Receivables	6.2	534	273
Total current assets		3,317	2,521
Non-current assets			
Other financial assets	6.3	454	356
Investments in associates	6.4	142	219
Property, plant and equipment	5.1	86	68
Intangible assets	5.2	22	32
Total non-current assets		704	675
Total assets		4,021	3,196
Current liabilities			
Payables	7.1	301	111
Contract liabilities	7.2	1,091	1,218
Employee benefits liabilities	3.4	105	71
Provisions	7.3	3	-
Total current liabilities		1,500	1,400
Non-current liabilities			
Employee benefits liabilities	3.4	14	-
Provisions	7.3	7	-
Total non-current liabilities		21	-
Total liabilities		1,521	1,400
Net Assets		2,500	1,796
Equity			
Reserves	8.1	1,353	1,239
Retained earnings	8.1	1,147	557
Total Equity		2,500	1,796

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

STATE OPERA OF SOUTH AUSTRALIA

STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

	Note No.	2021 \$'000	2020 \$'000
Cash inflows			
Revenues from SA Government		1,537	1,553
Commonwealth-sourced grants and funding		1,782	1,727
SA Government grants, subsidies and transfers		2	-
Box office and production		626	948
Sponsorship and donations		359	284
Interest received		4	21
Dividends received		15	23
GST recovered from the ATO	8.2	62	8
Other receipts		96	156
Cash generated from operations		4,483	4,720
Cash outflows			
Employee benefits payments		(1,395)	(1,727)
Payments for supplies and services		(2,511)	(3,706)
Other payments		-	-
Cash used in operations		(3,906)	(5,433)
Net cash provided by/(used in) operating activities		577	(713)
Cash outflows			
Purchase of property, plant and equipment		(42)	(2)
Contribution towards The Opera Conference		-	(296)
Cash used in investing activities		(42)	(298)
Net cash provided by/(used in) investing activities		(42)	(298)
Net increase/(decrease) in cash and cash equivalents		535	(1,011)
Cash and cash equivalents at the beginning of the period		2,248	3,259
Cash and cash equivalents at the end of the period	6.1	2,783	2,248

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

STATE OPERA OF SOUTH AUSTRALIA

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021

	Note	Future Productions Reserve	Reserves Incentive Scheme Funds Reserve	Trust Funds Reserves	Accumulated Surplus	Total
	No.	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2019		808	237	1,034	(181)	1,898
Error correction	9	-	-	-	261	261
Restated balance at 30 June 2019		808	237	1,034	80	2,159
Total comprehensive result for 2019-20		-	-	-	(363)	(363)
Transfer between equity components		(808)	-	(32)	840	-
Balance at 30 June 2020		-	237	1,002	557	1,796
Total comprehensive result for 2020-21		-	-	-	704	704
Transfer between equity components		-	-	114	(114)	-
Balance at 30 June 2021		-	237	1,116	1,147	2,500

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

STATE OPERA OF SOUTH AUSTRALIA

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 June 2021

1 About the State Opera of South Australia

The State Opera of South Australia (the Company) is a not-for-profit entity in the State of South Australia. The Company is a statutory authority established pursuant to the *State Opera of South Australia Act 1976* and acts on behalf of the Crown.

The Company 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 Company.

1.1 Basis of preparation

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

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

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, 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.

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

The objective of the Company is to serve the Government and the people of South Australia by achieving excellence in the provision of operatic productions to the general public. The Company's main objectives are to:

- Present, produce, manage and conduct theatrical and operatic performances of any kind as may in its opinion tend to promote the art of the opera and related theatrical arts;
- Promote the training of all persons concerned in the production, presentation or performance of operatic or other related theatrical presentations;
- Assist financially or otherwise in the presentation, production, management or conduct of any theatrical or operatic production in this State;
- Promote public interest and participation in the art of the opera and related theatrical arts;
- Promote or commission the scoring and writing of operas and other theatrical works for operatic or theatrical performance; and
- Establish and conduct schools, courses, lectures, seminars and discussions on the art of the opera and related theatrical arts.

STATE OPERA OF SOUTH AUSTRALIA

**NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 June 2021**

1.3 Impact of COVID-19 pandemic on the Company

The COVID-19 pandemic has impacted on the operations of the Company and the impacts are included under the relevant disclosure notes. The key impacts in 2020-21 were:

- In Q1 and Q2 of FY21 the Company experienced a continuation of the challenges wrought by the COVID-19 pandemic on the entire performing arts industry, including further cancellations, postponements, and a general halting of standard business operations.
- Ongoing uncertainty meant the end of an annual subscription series delivering significant advance box office sales income, as well as an inability to confidently program large-scale productions which require venues to operate at full capacity in order to become viable.
- The attempt to program and deliver a production in November 2020 at Her Majesty's Theatre – Summer of the 17th Doll – was lauded nationally, however an emergency lockdown resulted in the cancellation of performances following the opening night, and a subsequent insurance claim for additional costs incurred.
- Q3 and Q4 saw a return to aspirational programming, however the reduced capacity of venues (operating at either 50% or 75%) has meant that very successful productions (especially sold-out performances of Carousel and Sweeney Todd) were unable to reach their full potential at the box office.
- In addition, restrictions on travel, social distancing rules and the ongoing economic impact to individual patrons mean that the viability of the Company to deliver successful performances to the market remains at risk throughout 2021 and beyond.

1.4 Going concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

In June 2021, the Company entered into a Tripartite Funding Agreement 2021 to 2024 with Federal and State Governments, via the Australia Council for the Arts and Arts SA, confirming funding to the end of the 2024 calendar year. Due to the outbreak of COVID-19, the Australia Council for the Arts and Arts SA provided reporting and other grant condition relief, including removing requirements on meeting audience KPIs, varying the purposes and outcomes of funding and allowing funding to be repurposed to pay essential bills including salaries and wages, rent and utilities, which allowed funding to be retained to date.

The Company notes that uncertainty remains for the 2021 season and the 2022 financial year, including any potential further outbreaks of COVID-19, and fluctuating audience numbers allowed at performances. However, management and the board are confident that the dynamic management operating policies, business review measures implemented, and available cash are adequate to enable the Company to meet operating and financial commitments for at least the next 12 months should the operations be impacted by further COVID-19 disruptions.

For the above reasons, the directors have prepared the financial report on a going concern basis.

1.5 Significant accounting judgments and estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

STATE OPERA OF SOUTH AUSTRALIA

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 June 2021**1.6 Significant transactions with government related entities**

Significant transactions with the SA Government are identifiable throughout this financial report. In addition:

- all accommodation service payments relate to arrangements with the Department for Infrastructure and Transport. Expenses for these items are listed in note 4.1.

2 Income

The Company is jointly funded through the Multi-Partite Funding Agreement with the SA Government (Arts South Australia) and the Australian Federal Government (Australia Council for the Arts). In addition, the Company raises income from its performances, sponsorship, donations and investments.

Where there is an enforceable agreement with sufficiently specific performance obligations, revenue is recognised under AASB 15 which requires recognition when control of a promised good or service is passed to the customer at an amount which reflects the expected consideration.

AASB 1058 establishes principles for not-for-profit entities that apply to revenue streams which are either not enforceable or do not have sufficiently specific performance obligations to fall within AASB 15. AASB 1058 also applies to:

- transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives; and
- the receipt of volunteer services.

If the consideration provided to acquire an asset, including cash, is significantly less than the fair value of that asset, or if no consideration was provided, and the difference is principally to enable the entity to further its objectives, such a transaction is within the scope of AASB 1058.

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability. Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed are net of goods and services tax (GST).

2.1 Revenues from SA Government

	2021	2020
	\$'000	\$'000
Revenues from SA Government	1,537	1,553
Total Revenues from SA Government	1,537	1,553

Total revenues from SA Government consist of \$1,537,000 (\$1,553,000) allocated to the Company, is for operational funding.

Accounted for under AASB 1058

The revenue received from the State Government of South Australia, through Arts SA, is allocated and paid within a financial year and recognised upon receipt.

STATE OPERA OF SOUTH AUSTRALIA

**NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 June 2021**

2.2 Commonwealth-sourced grants and funding

	2021	2020
	\$'000	\$'000
Grants	1,607	1,582
Total Commonwealth-sourced grants and funding	1,607	1,582

Accounted for under AASB 15

Commonwealth funding is generally received from Australia Council for the Arts in the same calendar year that the funding was intended to relate to under the terms of the agreement. The funding bodies have the right to request unspent funds to be returned until such time as they are spent in accordance with the agreement. Where funding payments are received in advance, a financial liability will be recognised, representing the Company's contractual obligation to deliver cash in the event the funding bodies request it. The financial liability is derecognised and revenue is recognised as the funds are subsequently spent. The artistic program delivered by the Company is evenly spread throughout the season and funding is recognised in alignment with the delivery of the program.

2.3 SA Government grants, subsidies and transfers

	2021	2020
	\$'000	\$'000
Grant for Confident Conductor Workshop	2	-
Total SA Government grants, subsidies and transfers	2	-

Accounted for under AASB 15

Grant revenue is allocated to each specific performance obligation in an amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for completing each specific performance, program or activity.

Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

2.4 Sales of goods and services

	2021	2020
	\$'000	\$'000
Summer of the Seventeenth Doll	32	-
Carousel	210	-
Sweeney Todd	594	-
Love Burns	38	-
2019-20 Productions	-	989
Total Sales of goods and services	874	989

Accounted for under AASB 15

The Company fulfils its performance obligation in relation to sales of goods and services at the point in time that the relevant production is performed. The transaction price is equal to the ticket sale price and is allocated entirely to the single performance obligation of completing the production. In most cases the ticket price is paid by the customer at the time of purchase.

2.5 Interest and dividends

	2021	2020
	\$'000	\$'000
Investment with SAFA	3	14
Cash and cash equivalents	1	7
Dividends	15	23
Total Interest and dividends	19	44

STATE OPERA OF SOUTH AUSTRALIA

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 June 2021

2.6 Resources received free of charge	2021 \$'000	2020 \$'000
Goods received free of charge – Private enterprises	-	24
Services received free of charge – Private enterprises	-	15
Services received free of charge – Shared Services SA	5	-
Total Resources received free of charge	5	39

Resources received free of charge were subsequently expensed as supplies and services in Note 4.1, at fair value when consumed/used.

2.7 Other income	2021 \$'000	2020 \$'000
Sponsorship	10	53
Donations	267	254
Foundations	38	79
Insurance recovery	39	-
Sundry income	55	15
Total Other income	409	401

Accounted for under AASB 15 - Sponsorship

Typically, sponsorship agreements require the Company to provide specific benefits to the sponsor, such as the provision of concert tickets or acknowledgement of the sponsor in season materials, over a specified time period. This will be allocated to each specific performance obligation in an amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for completing each specific performance, program or activity. The transaction price is considered to be the value of the sponsorship as specified in the agreement.

Accounted for under AASB 15 - Foundations

Foundation revenue is received from the James and Diana Ramsay Foundation and the Thora & Frank Pearce Opera Foundation, and relates to expenditure incurred for specific agreed program deliverables. The revenue is recognised as income over the periods necessary to match the foundation revenue to the costs for which they are compensating.

Accounted for under AASB 1058 - Donations/Bequests

Revenue from donations are generally recognised under AASB 1058 as cash payments or assets are received. An exception to this is where the Group receives a restricted legacy which is enforceable and sufficiently specific. In these cases, revenue is recognised under AASB 15 as the conditions are satisfied.

STATE OPERA OF SOUTH AUSTRALIA

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 June 2021**3 Board, committees and employees****3.1 Key management personnel**

Key management personnel of the Company include the Premier, the Executive Director, the Artistic Director, and the Board. 2019-20 included a Chief Operations Officer, which is not a position in the current 2020-21 organisational structure.

Total compensation for key management personnel was \$349k in 2020-21 and \$454k in 2019-20.

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

Transactions with key management personnel and other related parties

Other than the remuneration paid in 2020-21, there were no other transactions with key management personnel and other related parties during the year.

3.2 Board and committee members

Members during the 2021 financial year were:

The State Opera of South Australia Board

Mr John Irving (Chair)	Professor Brenda Wilson (dep. Oct 2020)
Master Elizabeth Olsson	Ms Imelda Alexopoulos
Mr Peter Michell	Dr Thomas Millhouse
Dr Christine Rothauser (dep. Aug 2020)	Mrs Polly Tembel (joined Jun 2021)
Dr Beata Byok	

Risk and Performance Committee

Master Elizabeth Olsson (Chair)	Dr Beata Byok (joined Dec 2020)
Mr John Irving	Ms Imelda Alexopoulos
Mr Peter Michell	Dr Thomas Millhouse (joined May 2020)

Fundraising Committee

The Fundraising Committee was disbanded in November 2019, with all fundraising matters being incorporated into the general business of The State Opera of South Australia Board.

Board and committee remuneration

The board and committee members stated they would not accept a stipend for sitting on the Company's board.

STATE OPERA OF SOUTH AUSTRALIA

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 June 2021

3.3 Employee benefits expenses	2021	2020
	\$'000	\$'000
Salaries and wages	1,248	1,332
Long service leave	14	(3)
Annual leave	12	2
Employment on-costs - superannuation	167	196
Employment on-costs - other	-	48
Workers compensation	10	71
Other employee related expenses	1	-
Total Employee benefits expenses	1,452	1,646

Employment on-costs - superannuation

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

Employment on-costs - other

The other employment on-cost charge represents the Company's payroll tax expense. Due to reduced productions and corresponding lower levels of casual staff employed, the Company's payroll was below the payment threshold in 2020-21.

Executive remuneration

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

\$154 001 to \$174 000

\$174 001 to \$194 000

Total

	2021	2020
	No.	No.
	1	1
	1	1
Total	2	2

The total remuneration received by those employees for the year was \$349k in 2020-21 and \$350k in 2019-20.

The table includes all employees whose normal remuneration was equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits as well as any termination benefits for employees who have left the Company.

STATE OPERA OF SOUTH AUSTRALIA

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 June 2021

3.4 Employee benefits liabilities	2021	2020
	\$'000	\$'000
Current		
Accrued salaries and wages	50	29
Annual leave	55	42
Total Current Employee benefits liabilities	105	71
Non-current		
Long service leave	14	-
Total Non-current Employee benefits liabilities	14	-
Total Employee benefits liabilities	119	71

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

Salaries and wages, annual leave, and sick leave

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at the reporting date.

The annual leave liability 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 special leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided as note 11.1.

STATE OPERA OF SOUTH AUSTRALIA

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 June 2021

4 Expenses

Employee benefits expenses are disclosed in note 3.3

4.1 Supplies and services

	2021 \$'000	2020 \$'000
Accommodation	223	238
Advertising and marketing	225	320
Consultants	111	31
Contractors - performers, creatives, technical	531	778
External accounting and bookkeeping	4	4
Foreign Currency	-	3
General administration and consumables	247	267
Information technology expenses	88	44
Legal costs	6	43
Minor works, maintenance and equipment	4	2
Production expense	495	668
Telecommunications	10	10
Travel	59	151
Venue hire and expenses	285	330
Total Supplies and services	2,288	2,898

Accommodation

The Company's accommodation is provided by the Department for Infrastructure and Transport, 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 in AASB 16.

Consultants

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

	No	2021 \$'000	No	2020 \$'000
Below \$10 000	5	20	-	-
\$10 000 or above	6	91	2	31
Total	11	111	2	31

General administration and consumables

Audit fees paid / payable to the Auditor-General's Department relating to work performed under the Public Finance and Audit Act 1987 were \$31k (\$30k). No other services were provided by the Auditor General's Department.

STATE OPERA OF SOUTH AUSTRALIA

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 June 2021**4.2 Depreciation and amortisation**

	2021	2020
	\$'000	\$'000
Production equipment	10	11
Furniture and equipment	3	4
Computer equipment	6	4
Intangible assets	10	10
Total Depreciation and amortisation	29	29

All non-current assets not held for sale with a limited useful life are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

Useful life

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

Class of asset	Useful life (years)
Production equipment	5-20
Furniture and equipment	5-10
Computer equipment	3
Intangible assets	5

Depreciation and amortisation methods are reviewed annually.

Review of accounting estimates

Assets' residual values, useful lives and 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.

4.3 Other expenses

	2021	2020
	\$'000	\$'000
Property, plant and equipment write-offs	1	-
Total Other expenses	1	-

4.4 Share of results of associates

	2021	2020
	\$'000	\$'000
Share of The Opera Conference losses	76	338
Total Share of results of associates	76	338

The loss represents the Company's 20% interest in The Opera Conference Partnership. For further information refer to Note 6.4 Investments in associates.

STATE OPERA OF SOUTH AUSTRALIA

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 June 2021**5 Non-financial assets**

The Company holds sufficient assets to deliver and administer its program of performances.

5.1 Property, plant and equipment

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

	2021 \$'000	2020 \$'000
Production equipment		
Production equipment at cost (deemed fair value)	217	243
Accumulated depreciation at the end of the period	(175)	(191)
Total Production equipment	42	52
Furniture and equipment		
Furniture and equipment at cost (deemed fair value)	49	48
Accumulated depreciation at the end of the period	(39)	(37)
Total Furniture and equipment	10	11
Computer equipment		
Computer equipment at cost (deemed fair value)	112	77
Accumulated depreciation at the end of the period	(78)	(72)
Total Computer equipment	34	5
Total Property, plant and equipment	86	68

Plant and equipment with a value equal to or in excess of \$1k is capitalised, otherwise it is expensed. Plant and equipment owned by the Company is recorded at fair value.

Impairment

There are no indicators of impairment at 30 June 2021.

Reconciliation 2020-21

	Production equipment \$'000	Furniture and equipment \$'000	Computer equipment \$'000	Total \$'000
Carrying amount at the beginning of year	52	11	5	68
Additions	-	3	35	38
Disposals (sales, write off's etc)	-	(1)	-	(1)
Depreciation expense	(10)	(3)	(6)	(19)
Carrying amount at the end of the year	42	10	34	86

STATE OPERA OF SOUTH AUSTRALIA

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 June 2021**5.2 Intangible assets**

	2021 \$'000	2020 \$'000
Purchased computer software		
Purchased computer software at cost (deemed fair value)	51	51
Accumulated amortisation at the end of the period	(29)	(19)
Total Intangible assets	22	32

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 \$5k.

Reconciliation 2020-21

	Purchased computer software \$'000	Total \$'000
Carrying amount at the beginning of year	32	32
Additions	-	-
Amortisation expense	(10)	(10)
Carrying amount at the end of the year	22	22

6 Financial assets**6.1 Cash and cash equivalents**

	2021 \$'000	2020 \$'000
Short term deposits	2,516	1,930
Cash at bank	265	318
Cash on hand	2	-
Total Cash and cash equivalents	2,783	2,248

Short-term deposits are made for varying periods of between one day and three months. The deposits are lodged with the South Australian Government Financing Authority and private sector financial institutions and earn interest at the respective short-term deposit rates. The deposits include \$2.4m (\$1.8m) deposited with SAFA. All other accounts are deposited with private sector financial institutions.

STATE OPERA OF SOUTH AUSTRALIA

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 June 2021**6.2 Receivables**

	2021	2020
	\$'000	\$'000
Current		
Trade receivables		
From government entities	-	-
From non-government entities	10	18
Less impairment loss on receivables	-	-
Total Trade receivables	10	18
Prepayments	450	255
Accrued revenues	74	-
Total Current Receivables	534	273

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.

The net amount of GST recoverable from the ATO is included as part of receivables.

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

Due to the minimal level of receivables held and timely basis in which they are settled, it has been determined that there is no impairment of receivables. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

6.3 Other financial assets

	2021	2020
	\$'000	\$'000
Non-current		
Shares and units held in listed entities	454	356
Total Non-current Other financial assets	454	356

For further information on risk management and the impact of AASB 9 refer to note 11.4.

STATE OPERA OF SOUTH AUSTRALIA

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 June 2021

6.4 Investments in associates

	2021	2020
	\$'000	\$'000
Non-current		
Investments in associates	142	219
Total Non-current investments	142	219

Investments in associates

Under the Multi-Partite Funding Agreement with Australia Council for the Arts, the Company is awarded additional funding to be invested in an arrangement with Opera Australia, Opera Queensland and Western Australian Opera (known as The Opera Conference) to contribute towards local artist development. This funding is treated as partners' capital in the partnership financial statements and the losses are allocated to each partner.

The Company has a 20% financial interest in The Opera Conference Partnership and is considered to have significant influence over its operations.

In prior years, this investment was not recognised and accounted for using the equity method and the Company classified the cash distribution as a recurrent grant expense. This expense has been reclassified, both in the current and comparative year, as an Investment in an Associates with the corresponding loss classified as other expenses (Refer to Note 4.3).

In accordance with AASB 128, this investment has been accounted for using the equity method and has been tested for indications of impairment at the reporting date.

The audited financial statements of The Opera Conference Partnership have been relied upon to account for this investment in associates. Due to the impacts of COVID-19, the partnership ceased the majority of operations and therefore have no significant transaction or events to record.

Summarised financial information for The Opera Conference is set out below:

	2021	2020
	\$'000	\$'000
Cash and cash equivalents	376	956
Receivables ^a	366	14
Total assets	742	970
Payables ^b	30	621
Total net assets	712	349
Equity partner share (20%)	142	70
Cash contribution (between partnership and company reporting dates)	-	149
Investment in associate	142	219

a Includes \$365k receivable from Opera Australia for tranche of funding in 2020-21.

b Payable to Opera Australia in 2019-20.

STATE OPERA OF SOUTH AUSTRALIA

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 June 2021**7 Liabilities**

Employee benefits liabilities are disclosed in note 3.4.

7.1 Payables

Current Payables	2021	2020
	\$'000	\$'000
Trade payables	96	15
Credit cards payable	24	3
Accrued expenses	66	24
Total Payables	186	42
Statutory Payables		
Accrued expenses	31	32
GST payable	43	(5)
Employment on-costs	41	42
Total Statutory Payables	115	69
Total Current Payables	301	111

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.

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

Employment on-costs

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

The Company 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 or other superannuation schemes.

The Company has no staff who are entitled to long-service leave or pro-rata thereof, and the only provision in relation to long service leave takes into account the probability of payment in these particular circumstances. The average factor for the calculation of employer superannuation cost on-costs has changed from the 2020 rate (9.8%) to 10.5%. These rates are used in the employment on-costs calculation. The net financial effect of the changes in the current financial year is immaterial.

STATE OPERA OF SOUTH AUSTRALIA

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 June 2021

7.2 Contract liabilities

	2021	2020
	\$'000	\$'000
Current		
Advance box office	81	256
Advance sponsorship	37	27
Advance grants	885	872
Advance others	88	63
Total Current Contract liabilities	1,091	1,218

Box office income \$81k (\$256k) was deferred until the future periods in which the productions occur.

Sponsorship income \$37 (\$27k) was deferred until the following financial year to the period of the production per the sponsorship agreement.

Grant income \$885k (\$872k) that was received at the end of 2020-21 from the Australian Council for the Arts was provided to fund the Company's future programs.

Other unearned income of \$88k (\$63k) includes funding for the Helpmann Academy Fellowship, Artist Development Program, and other minor future program funds.

7.3 Provisions

	2021	2020
	\$'000	\$'000
Current		
Provision for workers compensation	3	
Total Current Provisions	3	
Non-current		
Provision for workers compensation	7	
Total Non-current Provisions	7	
Total Provisions	10	
Employment on-costs		
Carrying amount at the beginning of year	-	00
Movement in provisions	10	(00)
Carrying amount at the end of year	10	-

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2021 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

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

STATE OPERA OF SOUTH AUSTRALIA

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 June 2021

8 Other disclosures

8.1 Equity

Equity consists of accumulated surpluses from the ordinary business operations of the Company and restricted reserves.

Future productions reserve

In line with the Company's Reserves and Investment Policy, the future productions reserve ringfences surpluses over and above 20% unrestricted reserves which are to be maintained in accordance with the Multi-Partite Funding Agreement with the SA Government (Arts South Australia) and the Australian Federal Government (Australia Council for the Arts).

These funds are allocated at the end of each financial year, based on the greater of actual expenses in the current year and budgeted expenses for the year ahead, and are to be used on the commissioning, creation and/or delivery of an operatic production in subsequent years, rather than for general use.

In applying prudence principles, no transfer has been made into the Future productions reserve as at 30 June 2021.

Reserves Incentive Scheme funds reserve

The Company entered into an agreement, known as the *Reserves Incentive Scheme Funding Agreement*, with the Australia Council and Arts SA during 2009-10. The Scheme is designed to encourage and assist the Major Performing Arts companies to strengthen their Statement of Financial Position by building reserves to a level that is sufficient to underpin their financial health.

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

These funds are short term deposits which are held with the South Australian Government Financing Authority (SAFA).

Trust funds reserve

Diana Ramsay Fund and the *Thora and Frank Pearce Opera Foundation* reflect Trust funds held and controlled by the Company.

Trust funds

The State Opera of South Australia holds funds in a trustee capacity. These funds are included in the financial statements as cash and investments as they are effectively controlled by the Company.

The State Opera administers the *Thora and Frank Pearce Opera Foundation*, established in August 1999, and the *Diana Ramsay Fund*, established in November 2001. The Foundation and the Fund are both financed by public donations. All funds are to be used exclusively for cultural purposes associated with opera.

STATE OPERA OF SOUTH AUSTRALIA

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 June 2021

	2021 \$'000	2020 \$'000
<i>Thora and Frank Pearce Opera Foundation</i>		
Balance at the beginning of year	205	203
Interest revenue	-	2
Total Thora and Frank Pearce Opera Foundation	205	205
<i>Represented by:</i>		
Cash and cash equivalents	205	205
Total Thora and Frank Pearce Opera Foundation	205	205
<i>Diana Ramsay Fund</i>		
Balance at the beginning of year	797	831
Dividend income	15	23
Interest revenue	1	3
Changes in market value of investments	98	(60)
Total Diana Ramsay Fund	911	797
<i>Represented by:</i>		
Cash and cash equivalents	457	441
Other financial assets	454	356
Total Diana Ramsay Fund	911	797
Total Trust funds	1,116	1,002

8.2 Cash flow

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

STATE OPERA OF SOUTH AUSTRALIA

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 June 2021

9 Restatement of comparative balances

AASB 128 Investments in associates using the equity method

The Company has a 20% financial interest in The Opera Conference Partnership and is considered to have significant influence over its operations.

In prior years, this investment was not recognised and accounted for using the equity method and the Company classified the cash distribution as a recurrent grant expense. This prior period error resulted in misstatements in the Company's financial statements, arising from failure to use reliable information that could reasonably be expected to have been obtained and taken into account in the preparation and presentation of the financial statements.

This expense has been reclassified, both in the current and comparative year, as an Investment in an Associates with the corresponding loss classified as other expenses (Refer to Note 4.3).

In accordance with AASB 128, this investment has been accounted for using the equity method and has been tested for indications of impairment at the reporting date (Refer to Note 6.4).

AASB 15 Revenue from contracts with customers

The Company has determined which individual revenue streams are recognised in terms of AASB 15. Where the timing of satisfaction of the performance obligations differs from the revenue received under AASB 15, a contract liability is recognised. In prior years, this was inadvertently reported as other liabilities. The liability has been reallocated in the current and comparative year as a contract liability.

	2020 Previously reported \$'000	Adjustment s \$'000	2020 Restated \$'000
Statement of Comprehensive Income			
Expenses			
Other expenses *	296	42	338
Total comprehensive result	(321)	(42)	(363)

* Previously presented as Grants and Subsidies

	2020 Previously reported \$'000	Adjustment s \$'000	2020 Restated \$'000
Statement of Financial Position			
Non-current assets			
Investments in associates	-	219	219
Total non-current assets	456	219	675
Total assets	2,977	219	3,196
Current liabilities			
Contract liabilities	-	1,218	1,218
Other current liabilities	1,218	(1,218)	-
Total current liabilities	1,400	-	1,400
Net Assets	1,577	219	1,796

STATE OPERA OF SOUTH AUSTRALIA

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 June 2021

10 Outlook

10.1 Unrecognised commitments

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

Expenditure commitments

	2021	2020
	\$'000	\$'000
Within one year	220	211
Later than one year but not longer than five years	455	650
Total unrecognised Expenditure commitments	675	861

The Company's expenditure commitments are for agreements for:

- memoranda of administrative arrangements with the Department for Infrastructure and Transport for accommodation at the Netley Opera Studio, which is used primarily as the business centre and rehearsal studio, as well as occasional performances and storage. This lease terminates on 11 June 2024.
- storage facilities to store its production sets, costumes and effects. As at July 2021, the storage facility lease terminates on 15 September 2021. Management are currently seeking alternative options.

Production related commitments

	2021	2020
	\$'000	\$'000
Within one year	443	102
Total unrecognised Production related commitments	443	102

The Company, by the nature of its operations, has entered into contracts with artists for performances scheduled to take place subsequent to the year end. The terms and conditions of the contracts may also place a liability on the Company to pay some or all of these amounts should the artist not be engaged, hired scenery, or costumes not used.

Due to the Covid pandemic, contracts are only entered into with theatre proprietors when the performances go on sale.

These commitments have been made on the basis that ongoing funding will continue from the State and Federal Governments at an appropriate level.

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

STATE OPERA OF SOUTH AUSTRALIA

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 June 2021**10.3 COVID-19 pandemic outlook for the Company**

The COVID-19 pandemic will continue to impact the operations of the Company in 2021-22. The key expected impacts are:

- Sponsorship, philanthropy, trust and grant have been, and will continue to be, adversely affected as these sources of income are intrinsically linked to the public-facing activity of the Company. The Company is responding to this with an organisational restructure and further investment in our development team.
- In addition, restrictions on travel, social distancing rules and the ongoing economic impact to individual patrons mean that the viability of the Company to deliver successful performances to the market remains at risk.
- State Opera continues to operate in a flexible manner with additional artistic contingency and safety measures in place, ultimately allowing the Company to deliver programming and activity at accelerating levels, similar to those pre-COVID-19. While the past 6 months should not in any way be seen as an ongoing inevitability while COVID-19 continues to cause dramatic difficulties for the Company, there has been heightened interest and support of our operatic offerings with enthusiastic ticket sales closer to the performance dates.

10.4 Events after the reporting period

The Company has been notified of a bequest of \$200k, which will be received at the end of July 2021. There is an expectation that a further final distribution will be received later in the year, but the amount cannot be quantified at the time of reporting.

11 Measurement and risk**11.1 Long Service Leave Liability - Measurement**

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability and 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 increased from 2020 (0.75%) to 2021 (1.25%).

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

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

The probability of payments are based on the realistic expectation of staff reaching entitlement date based on current staff turnover, age and other commercial factors as advised by an external consultant in Public Practice.

The Company has no current unconditional portion of long service leave provision as it relates to an unconditional legal entitlement to payment arising after 10 years of service.

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.

STATE OPERA OF SOUTH AUSTRALIA

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 June 2021**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, other than right-of-use assets, is subsequently measured at fair value after allowing for accumulated depreciation.

The revaluation process is reviewed by the Head of Finance, Executive Director and Risk and Performance committee each year.

11.3 Financial instruments**Financial risk management**

Risk management is managed by the Company's Head of Finance, Executive Director and Risk and Performance committee. The Company'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 Company's exposure to financial risk (liquidity risk, credit risk and market risk) is low due to the nature of the financial instruments held.

Liquidity risk

The Company is funded principally from revenues from the SA Government and grants from the Commonwealth Government as determined by the Multi-Partite Funding Agreement covering years 2021-2024 inclusive. The Company works with the Department of Treasury and Finance to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

Credit risk

The Company has low levels of receivables as the majority of revenue is received in advance, but does have policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

No collateral is held as security and no credit enhancements relate to financial assets held by the Company.

Impairment of financial assets

Due to the Company's low levels and frequency of receivables, collections are prompt and exposure to risk is minimal. Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to enter into a payment plan with the Company and a failure to make contractual payments for a period of greater than 90 days past due. No impairment losses were recognised in relation to contract assets and accrued revenue during the year.

STATE OPERA OF SOUTH AUSTRALIA

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 June 2021**Cash and debt investments**

The Company 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.

The shares held by the Company as investments are in publicly listed entities, which are considered to have a low risk of default.

Market risk

The Company does not trade in foreign currency, nor enter into transactions for speculative purposes, nor for hedging. The Company does not undertake any hedging in relation to interest or foreign currency risk and manages its risk as per the government's risk management strategy articulated in TI 23 *Management of Foreign Currency Exposures*.

The Company has no interest bearing liabilities, therefore has no associated exposure risks. There is no exposure to foreign currency or other price risks.

There have been no changes in risk exposure since the last reporting period.

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 Company measures all financial instruments at fair value through profit or loss.

Other financial assets represent equity holdings in publicly listed companies. These holdings are valued at market value with the movement in the market value of the investments being recognised in the Statement of Comprehensive Income during the period in which the movement occurs.

Category of financial asset and financial liability	Note	2021	2021 Contractual maturities		
			Carrying amount / Fair value	Within 1 year	1-5 years
			\$'000	\$'000	\$'000
Financial assets					
Cash and cash equivalents	6.1	2,783	2,783	-	
Other financial assets	6.3	454	-	454	
Receivables	6.2	84	84	-	
Total financial assets		3,321	2,867	454	
Financial liabilities					
Payables	7.1	186	186	-	
Total financial liabilities		186	186	-	

STATE OPERA OF SOUTH AUSTRALIA

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 June 2021

Category of financial asset and financial liability	2020	2020 Contractual maturities	
	Carrying amount / Fair value	Within 1 year	1-5 years
	\$'000	\$'000	\$'000
Financial assets			
Cash and cash equivalents	2,248	2,248	-
Other financial assets	356	-	356
Receivables	18	18	-
Total financial assets	2,622	2,266	356
Financial liabilities			
Payables	35	35	-
Total financial liabilities	35	35	-

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 ReturnToWorkSA 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.

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