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To the Small Business Commissioner

Opinion

I have audited the financial report of the Retail Shop Leases Fund for the financial year ended 30 June 2023.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Retail Shop Leases Fund as at 30 June 2023, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards – Simplified Reporting Requirements.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2023
- a Statement of Financial Position as at 30 June 2023
- a Statement of Changes in Equity for the year ended 30 June 2023
- a Statement of Cash Flows for the year ended 30 June 2023
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Small Business Commissioner and the Manager, Corporate Operations.

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 Retail Shop Leases Fund. 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 Small Business Commissioner for the financial report

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

In preparing the financial report, the Small Business Commissioner 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 Small Business Commissioner 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.

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 72(2) of the *Retail and Commercial Leases Act 1995*, I have audited the financial report of Retail Shop Leases Fund for the financial year ended 30 June 2023.

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

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

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

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Small Business Commissioner
- conclude on the appropriateness of the Small Business Commissioner'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 Small Business Commissioner about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Daniel O'Donohue
Assistant Auditor-General (Financial Audit)

28 September 2023y

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Retail Shop Leases Fund

Financial Statements

For the year ended 30 June 2023

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Retail Shop Leases Fund
Certification of the Financial Statements
for the year ended 30 June 2023

We certify that the:

- financial statements of the Retail Shop Leases Fund:
 - are in accordance with the accounts and records of the Retail Shop Leases Fund;
 - comply with relevant Treasurer's Instructions;
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the Retail Shop Leases Fund at the end of the financial year and the result of its operation and cash flows for the financial year.

- internal controls employed by the Retail Shop Leases Fund for the financial year over its financial reporting and its preparation of financial statements have been effective.



Nerissa Kilvert
Small Business Commissioner

27 September 2023



Ashlee King
Manager, Corporate Operations

27 September 2023

Retail Shop Leases Fund
Statement of Comprehensive Income
for the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Income			
Interest and investment income	2.1	512	429
Gain on revaluation of investments		291	-
Total income		803	429
Expenses			
Administration	3.1	194	196
Loss on revaluation of investments		-	1 115
Other expenses	3.2	9	8
Total expenses		203	1 319
Net result		600	(890)
Total comprehensive result		600	(890)

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

Retail Shop Leases Fund
Statement of Financial Position
as at 30 June 2023

	Note	2023 \$'000	2022 \$'000
Current assets			
Investments	4.3	3 493	2 251
Cash and cash equivalents	4.1	469	610
Receivables	4.2	300	308
Total current assets		4 262	3 169
Non-current assets			
Investments	4.3	17 281	14 723
Total non-current assets		17 281	14 723
Total assets		21 543	17 892
Current liabilities			
Security bonds lodged	5.1	2 973	2 124
Payables	5.2	20	203
Total current liabilities		2 993	2 327
Non-current liabilities			
Security bonds lodged	5.1	15 783	13 398
Total non-current liabilities		15 783	13 398
Total liabilities		18 776	15 725
Net assets		2 767	2 167
Equity			
Retained earnings		2 767	2 167
Total equity		2 767	2 167

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

Retail Shop Leases Fund
Statement of Changes in Equity
for the year ended 30 June 2023

	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2021	3 057	3 057
Net result for 2021-22	(890)	(890)
Total comprehensive result for 2021-22	(890)	(890)
Balance at 30 June 2022	2 167	2 167
Net result for 2022-23	600	600
Total comprehensive result for 2022-23	600	600
Balance at 30 June 2023	<u>2 767</u>	<u>2 767</u>

Retail Shop Leases Fund
Statement of Cash Flows
for the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Cash inflows			
Bonds lodged		4 925	4 917
Interest received		12	-
Cash generated from operating activities		<u>4 937</u>	<u>4 917</u>
Cash outflows			
Bond refunds		(1 688)	(1 086)
Administration		(381)	6
Other expenses		(9)	(6)
Cash used in operating activities		<u>(2 078)</u>	<u>(1 086)</u>
Net cash provided by (used in) operating activities		<u>2 859</u>	<u>3 831</u>
Cash flows from investing activities			
Cash outflows			
Purchase of investments		(3 000)	(3 630)
Cash used in investing activities		<u>(3 000)</u>	<u>(3 630)</u>
Net cash used in investing activities		<u>(3 000)</u>	<u>(3 630)</u>
Net increase / (decrease) in cash and cash equivalents		<u>(141)</u>	<u>201</u>
Cash and cash equivalents at the beginning of the reporting period		610	409
Cash and cash equivalents at the end of the reporting period	4.1	<u>469</u>	<u>610</u>

The accompanying notes form part of these financial statements.

Retail Shop Leases Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2023

1. About the Retail Shop Leases Fund

The Retail Shop Leases Fund (RSLF) is established under the *Retail and Commercial Leases Act 1995* (the Act). The financial statements are required by section 72(1) of the Act and include income, expenses, assets and liabilities which the Small Business Commissioner (the Commissioner) manages on behalf of the SA Government.

The RSLF does not control any other entity and has no interest in unconsolidated structured entities.

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 applying simplified disclosures.

The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000). The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Significant accounting policies are set out throughout the notes.

Income, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

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

Cash Flows 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.

The net amount of the GST receivable/payable to the ATO is not recognised as a receivable/payable in the Statement of Financial Position as the RSLF is a member of an approved GST group of which the Attorney-General's Department is responsible for the remittance and collection of GST.

Retail Shop Leases Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2023

1.2. Objectives and activities

The RSLF consists of amounts received by the Commissioner by way of security bonds, and other amounts paid into the RSLF under the Act. Income derived from the investment of the RSLF may be applied towards the costs of administering the Act, enforcing the Act and education of lessors and lessees about their statutory and contractual rights and obligations as approved by the responsible Minister.

The RSLF's main source of income is interest derived and distributions from the investment of RSLF assets in accordance with subsection 100(4) of the Act. RSLF assets mainly represent the investment of security bonds received in accordance with subsection 19(5)(b) of the Act.

2. Income

2.1. Interest and investment

	2023	2022
	\$'000	\$'000
Interest and investment	512	429
Total interest and investment	512	429

Interest and investment income is recognised as it accrues and includes interest and distributions from RSLF's bank accounts and investments held with the Public Trustee.

3. Expenses

3.1. Administration

	2023	2022
	\$'000	\$'000
Administration	194	196
Total administration	194	196

Reimbursements to the Commissioner for part of the cost of administering Part 10 of the Act.

3.2. Other expenses

	2023	2022
	\$'000	\$'000
Audit fee*	9	8
Total other expenses	9	8

*Includes Audit fees paid / payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987*. No other services were provided by the Auditor-General's Department.

Retail Shop Leases Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2023

4. Financial assets

4.1. Cash and cash equivalents

	2023	2022
	\$'000	\$'000
Cash at bank	469	610
Total cash and cash equivalents	469	610

Operating account held with the Commonwealth Bank.

4.2. Receivables

	2023	2022
	\$'000	\$'000
Accrued interest and investment income	300	308
Total receivables	300	308

4.3. Investments

	2023	2022
	\$'000	\$'000
Current		
Investments	3 493	2 251
Total current investments	3 493	2 251
Non-current		
Investments	17 281	14 723
Total non-current investments	17 281	14 723
Total investments	20 774	16 974

Investments represent funds deposited with the Public Trustee. These investments have been designated as fair value through the Statement of Comprehensive Income as they are held with the intention to dispose of the asset if required to ensure sufficient cash flow to meet bond repayments. Investments are made by way of unit holdings in a selection of common funds managed by the Public Trustee. The proportion of unit holdings is dependent upon the investment strategy adopted.

As at 30 June 2023 the RSLF held investments in common funds in the following proportions:

Cash Common Fund	16.59 % (2022: 13.03%)
Net Liabilities / Receivables	1.37 % (2022: 1.77%)
Balanced	4.81 % (2022: 22.14%)
Capital Stable	77.27 % (2022: 63.07%)

Investments are measured at fair value in accordance with unit prices at balance date as advised by the applicable fund manager. Investments are classified as either current or non-current. Those to be rolled over within 12 months are classified as a current investment.

Retail Shop Leases Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2023

5. Liabilities

5.1. Security bonds lodged

	2023	2022
	\$'000	\$'000
Current		
Bonds lodged	2 973	2 124
Total current security bonds lodged	<u>2 973</u>	<u>2 124</u>
Non-current		
Bonds lodged	15 783	13 398
Total non-current security bonds lodged	<u>15 783</u>	<u>13 398</u>
Total security bonds lodged	<u>18 756</u>	<u>15 522</u>

Security bonds are received to ensure a lessee on cessation of a retail shop lease complies with all statutory compliance under the Act. Bonds lodged are recognised as a liability on receipt.

5.2. Payables

	2023	2022
	\$'000	\$'000
Creditors	16	202
Unclaimed bonds	4	1
Total payables	<u>20</u>	<u>203</u>

Unclaimed security bonds consist of bonds that have been refunded to the bond holder and remain unrepresented for greater than three months. Security bonds which are unclaimed for longer than 6 years are transferred to the Department of Treasury and Finance Unclaimed Monies account.

6. Outlook

6.1. Unrecognised contractual commitments

The RSLF has no commitments contracted for at the reporting date but not recognised as liabilities.

6.2. Contingent assets and liabilities

The Commissioner is not aware of any contingent assets or liabilities at reporting date.

6.3. Events after the reporting period

The Commissioner is not aware of any events occurring after the balance date that would affect these financial statements.

Retail Shop Leases Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2023

7. Measurement and risk

7.1. Financial instruments

Financial risk management

Risk management is managed by the Commissioner and the RSLF'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 RSLF is invested as approved by the Minister in accordance with section 70(4) of the Act.

All cash balances and cash common funds held with the Public Trustee are available at call. Investments held with the Public Trustee are classified as 'fair value through the profit and loss' financial assets. Net gains or losses resulting from movements in fair value of investments are recognised through the profit and loss.

Investments represent funds held with the Public Trustee. The Public Trustee has invested in collective investment vehicles for the purpose of gaining exposure to Australian and international equities. The managers of such vehicles have invested in a variety of financial instruments which expose the fund to investment risks including market, credit, interest and currency risks. At reporting date funds totalling \$20.77 million were invested with the Public Trustee. Pooled investment funds are not rated for credit risk. The Public Trustee considers the credit risk for individual fund managers prior to investing funds and reviews these assessments quarterly.

Impairment of financial assets

The RSLF considers that its financial assets have low credit risk based on the external credit ratings of the counter parties and therefore the expected credit risk is nil.

Categorisation of financial instruments

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

Classification of financial instruments

With the exception of investments with the Public Trustee, all financial instruments are measured at amortised cost and have a contract maturity within one year.