

TechInSA

Financial report
for the year
ended 30 June
2021



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To the Chief Executive Department for Innovation and Skills

Opinion

I have audited the financial report of TechInSA 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 TechInSA as at 30 June 2021, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2021
- a Statement of Financial Position as at 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- a Statement of Cash Flows for the year ended 30 June 2021
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chief Executive, Department for Innovation and Skills and the Director, Small Business, Department for Innovation and Skills.

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 TechInSA. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

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

Responsibilities of the Chief Executive, Department for Innovation and Skills for the financial report

The Chief Executive, Department for Innovation and Skills 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.

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 13(3) of the Schedule to the *Public Corporations Act 1993*, I have audited the financial report of TechInSA 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 TechInSA's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive, Department for Innovation and Skills
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

I communicate with the Chief Executive, Department for Innovation and Skills 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.

A handwritten signature in black ink, appearing to read 'Andrew Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson

Auditor-General

29 September 2021

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Audited Financial Statements

For the Year Ended 30 June 2021



**Government
of South Australia**

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Certification of the Financial Statements

We certify that the:

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



Adam Reid
Chief Executive
Department for Innovation and Skills

Dated 28 September 2021



Nikki Becker
Director, Small Business
Department for Innovation and Skills

Dated 20 September 2021

Statement of Comprehensive Income

For the Year Ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Income			
SA Government grants, subsidies and transfers	4.1	496	1 736
Fees and charges	4.2	764	733
Interest	4.3	19	21
Other income	4.4	723	708
Total income		2 002	3 198
Expenses			
Supplies and services	3.1	1 382	1 377
Depreciation and amortisation	3.2	1 238	1 365
Grants, subsidies and sponsorships	3.3	20	170
Other expenses	3.4	218	207
Borrowing Costs	3.5	220	251
Total expenses		3 078	3 370
Net result		(1 076)	(172)
Total comprehensive result		(1 076)	(172)

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

Statement of Financial Position

As at 30 June 2021

	Note	2021 \$'000	2020 \$'000
Current assets			
Cash	6.1	-	1 242
Receivables	6.2	-	135
Non-current assets classified as held for sale	5.4	-	2 800
Other assets	6.3	-	968
Total current assets		-	5 145
Non-current assets			
Other assets	6.3	-	674
Property, plant and equipment	5.1	-	16 768
Total non-current assets		-	17 442
Total assets		-	22 587
Current liabilities			
Payables	7.1	-	136
Lease liabilities	7.2	-	1 477
Other current liabilities	7.3	-	19
Total current liabilities		-	1 632
Non-current liabilities			
Lease Liabilities	7.2	-	10 865
Other non-current liabilities	7.3	-	98
Total non-current liabilities		-	10 963
Total liabilities		-	12 595
NET ASSETS		-	9 992
EQUITY			
Retained earnings		-	9 992
TOTAL EQUITY		-	9 992

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

Statement of Changes in Equity

For the Year Ended 30 June 2021

	Note	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2019		10 164	10 164
Net result for 2019-20		(48)	(48)
Total comprehensive result for 2019-20		(48)	(48)
Balance at 30 June 2020		10 116	10 116
Prior period adjustments	8.1	(124)	(124)
Restated Balance at 1 July 2020		9 992	9 992
Net result for 2020-21		(1 076)	(1 076)
Total comprehensive result for 2020-21		(1 076)	(1 076)
Net assets transferred due to administrative restructure	1.4	(8 916)	(8 916)
Balance at 30 June 2021		-	-

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

Statement of Cash Flows

For the Year Ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Cash inflows			
Receipts from Intra-Government Transfers		496	1 736
Fees and charges		1 392	2 299
Interest received		19	22
GST recovered from the ATO		132	189
Cash generated from operations		2 039	4 246
Cash outflows			
Payments for supplies and services		(1 436)	(1 870)
Payments of grants and subsidies		(20)	(187)
Cash (used in) operations		(1 456)	(2 057)
Net cash provided by operating activities		583	2 189
Cash flows from investing activities			
Cash Inflows			
Repayment received from tenants		826	168
Cash generated from investing activities		826	168
Net cash provided by investing activities		826	168
Cash flows from financing activities			
Cash inflows			
Bonds received from Incubator tenants		-	2
Cash generated from financing activities		-	2
Cash outflows			
Repayment of leases		(1 477)	(1 417)
Bonds refunded to Incubator tenants		(12)	(7)
Interest expenses on lease liabilities		(220)	(251)
Cash transferred due to restructuring activities		(942)	-
Cash (used in) financing activities		(2 651)	(1 675)
Net cash (used in) financing activities		(2 651)	(1 673)
Net (decrease)/increase in cash and cash equivalents		(1 242)	684
Cash and cash equivalents at the beginning of the period		1 242	558
Cash and cash equivalents at the end of the period	6.1	-	1 242

The accompanying notes form part of these financial statements.

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1. About TechInSA

TechInSA reports to the Minister for Innovation and Skills and became a separate entity on 14 June 2001 when it was incorporated under the *Public Corporations Act 1993*. Until 4 August 2016, TechInSA was known as Bio Innovation SA and operated only within the bioscience industry. The Regulations were renewed on 4 August 2016 and allowed TechInSA to operate with an expanded high-tech remit.

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

On 18 August 2018 the Minister for Industry and Skills announced the wind-up of TechInSA. TechInSA was dissolved on 1 July 2021 under the *Public Corporations (TechInSA) (Dissolution and Revocation) Regulations 2021*. Immediately prior to its dissolution all assets and liabilities were transferred to the Department for Innovation and Skills (DIS) on 30 June 2021 (refer note 1.4).

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.

1.2 Objectives and programs

The objective of TechInSA, up to the date of dissolution, was to develop a highly visible start-up ecosystem with critical mass to support early stage technology commercialisation.

TechInSA undertakes the following programs:

- **Grants** – to support the early commercialisation of technologies (program ceased May 2018, however existing grants continue to have payments made until the completion of these agreements).
- **Premises and Facilities** – to provide access to specialised infrastructure.

1.3 Impact of COVID-19 pandemic on TechInSA

The COVID-19 pandemic has had limited impact on the operations of TechInSA.

1.4 Changes to TechInSA

The *Public Corporations (TechInSA) (Dissolution and Revocation) Regulations 2021* (dated 17 June 2021) proclaimed that effective from 1 July 2021, TechInSA is dissolved and immediately before its dissolution all assets and liabilities are transferred to DIS on 30 June 2021.

The following assets and liabilities for TechInSA were transferred to DIS:

	\$'000
Cash	942
Receivables	76
Non-current assets classified as held for sale	2 800
Property, plant and equipment	15 448
Other Assets	730
Total assets	19 996
<hr/>	
Payables	129
Lease liabilities	10 865
Other liabilities	86
Total liabilities	11 080
<hr/>	
Total net assets transferred	8 916

Net assets transferred to DIS as a result of the dissolution of TechInSA were recognised at their carrying amount. Net assets transferred were treated as a contribution by the government as owner.

2. Board, committees and employees

2.1 Key management personnel

Key management personnel of TechInSA comprise the Minister for Innovation and Skills and the Directors. Total compensation for key management personnel was \$nil (\$nil).

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

No transactions with key management personnel or related parties have occurred during 2020-21.

Useful Life

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

Class of asset	Useful life (Years)
Plant and equipment	1 to 2
Leasehold improvements	Life of lease
Right of use assets	Life of lease

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.

3.3 Grants and subsidies

	2021 \$'000	2020 \$'000
Grants and subsidies	20	170
Total grants and subsidies	20	170

Grants of \$20 000 (\$170 000) were paid to 1 (6) organisation(s) during the year. The decrease in grants and subsidies reflects the winding down of TechInSA activity.

3.4 Other expenses

	2021 \$'000	2020 \$'000
Loss on sublease re-measurement	190	183
Other	28	24
Total other expenses	218	207

3.5 Borrowing Costs

	2021 \$'000	2020 \$'000
Interest expense on lease liabilities	220	251
Total borrowing costs	220	251

TechInSA does not capitalise borrowing costs.

4. Income**4.1 SA Government grants, subsidies and transfers**

Revenue from SA Government grants, subsidies and transfers is recognised when TechInSA obtains control of the asset, which is on receipt.

Total revenues from SA Government grants, subsidies and transfers is \$496 000 (\$1 736 000) including \$211 000 (\$1 499 000) of operational funding from DIS and \$285 000 (\$237 000) of rent relief reimbursement from the Department of Treasury and Finance during the financial year.

4.2 Fees and charges

	2021	2020
	\$'000	\$'000
Rental income from operating leases	712	667
Conference centre and meeting room hire	52	66
Total fees and charges	764	733

Rental income is recognised as revenue when the performance obligation is satisfied.

All other fees and charges amounts are recognised as revenue on receipt.

4.3 Interest

	2021	2020
	\$'000	\$'000
Interest - Subleases	19	17
Interest - Deposits with Treasurer	-	4
Total interest	19	21

4.4 Other income

	2021	2020
	\$'000	\$'000
Recoveries of goods and services	656	655
Grant recoveries	49	53
Gain on sublease re-measurement	18	-
Total other income	723	708

Other income includes revenue generated through the recovery of property related expenses incurred by TechInSA on behalf of its tenants and the recovery of grant payments when performance indicators have not been met. All revenue received from grant recoveries and recoveries from goods and services is revenue from contracts with customers. This revenue is recognised when the good or service has been provided to the customer.

5. Non-financial assets

TechInSA manages on behalf of the Minister for Innovation and Skills the Thebarton Hi-Tech Precinct, consisting of the Incubator, Tech Hub and 8 West Thebarton Road. The buildings house specialised facilities for hi-tech companies. On 30 June 2021, all non-financial assets were transferred to DIS, refer note 1.4.

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.

	2021	2020
	\$'000	\$'000
Land		
Land at fair value	-	6 000
Total land	-	6 000

Accommodation and leasehold improvements	
Accommodation and leasehold improvements at fair value	- 387
Accumulated depreciation at the end of the period	- (378)
Total accommodation and leasehold improvements	- 9
Right-of-use buildings	
Right-of-use buildings at cost (deemed fair value)	- 12 115
Accumulated depreciation at the end of the period	- (1 356)
Total right-of-use buildings	- 10 759
Plant and equipment	
Plant and equipment at cost (deemed fair value)	- 154
Accumulated depreciation at the end of the period	- (154)
Total plant and equipment	- -
Total property, plant and equipment	- 16 768

5.2 Property, plant and equipment owned by TechInSA

Property, plant and equipment with a value equal to or in excess of \$5 000 is capitalised, otherwise it is expensed. Property, plant and equipment owned by TechInSA is recorded at fair value. Details about TechInSA's approach to fair value is set out in Note 10.1.

Impairment

There were no indications of impairment of property, plant and equipment at 30 June 2021.

Reconciliation of property, plant and equipment during 2020-21

	Land \$'000	Plant and equipment \$'000	Leasehold improvements \$'000	Total \$'000
Carrying amount at 1 July 2020	6 000	-	9	6 009
Depreciation and amortisation	-	-	(9)	(9)
Assets transferred out on dissolution	(6 000)	-	-	(6 000)
Carrying amount at 30 June 2021	-	-	-	-

5.3 Property, plant and equipment leased by TechInSA

Property, plant and equipment leased by TechInSA is recorded at cost. There were no additions to leased property, plant and equipment during 2020-21.

TechInSA have two leases, both for accommodation. One lease is held with Renewal SA and is due to expire on 30 June 2023. TechInSA do not intend to take up any renewal options contained within this lease. The second lease is held with a private sector entity and is due to expire in June 2033. TechInSA do not intend to take up any renewal options contained within this lease.

The lease liabilities related to the right-of-use assets are disclosed in note 7.2. Expenses related to leases, including depreciation and interest expenses, are disclosed in note 3.2 and 3.5 respectively.

5.4 Non-current assets classified as held for sale

	2021	2020
	\$'000	\$'000
Land	-	2 800
Total non-current assets classified as held for sale	-	2 800

On 29 July 2020 the Minister for Innovation and Skills entered into a contract of sale with Leasecorp Group Pty Ltd for the purchase of Lot 2000 located in the Thebarton Hi-Tech Precinct. The sale settled on 2 August 2021.

Land held for sale is measured at fair value less costs to sell. Details about TechInSA's approach to fair value is set out in note 10.1.

6. Financial Assets

On 30 June 2021, all financial assets were transferred to DIS, refer note 1.4.

6.1 Cash

	2021	2020
	\$'000	\$'000
Deposits with the Treasurer	-	1 144
Bond Account held in Trust for Tenants	-	98
Total cash	-	1 242

6.2 Receivables

	2021	2020
	\$'000	\$'000
Trade Receivables		
From non-government entities	-	130
Total trade receivables	-	130
GST input tax recoverable	-	5
Total current receivables	-	135
Total receivables	-	135

Receivables arise in the normal course of providing services to the public. Receivables are normally settled within 30 days after the issue of an invoice or the services have been provided under a contractual arrangement. Receivables are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

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

6.3 Other assets

	2021	2020
	\$'000	\$'000
Current		
Sublease receivable	-	912
Prepayments	-	56
Total current other assets	-	968
Non-current		
Sublease receivable	-	674
Total non-current other assets	-	674
Total other assets	-	1 642

7. Liabilities

On 30 June 2021, all liabilities were transferred to DIS, refer note 1.4.

7.1 Payables

	2021	2020
	\$'000	\$'000
Creditors	-	23
Accrued expenses	-	113
Total current payables	-	136
Total payables	-	136

Payables and accruals are raised for all amount 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 amounts represents fair value due to their short-term nature.

7.2 Lease liabilities

	2021	2020
	\$'000	\$'000
Current		
Lease liabilities	-	1 477
Total current financial liabilities	-	1 477
Non-current		
Lease liabilities	-	10 865
Total non-current financial liabilities	-	10 865
Total other liabilities	-	12 342

7.3 Other liabilities

	2021 \$'000	2020 \$'000
Current		
Income billed in advance	-	19
Total current other liabilities	-	19
Non-current		
Rental bonds from tenants held in trust	-	98
Total non-current other liabilities	-	98
Total other liabilities	-	117

8. Other disclosures

8.1 Prior period adjustments

During the financial year adjustments were made to prior year balances. The impact of these adjustments is detailed in the table below:

	Note	2020 Original Balance \$'000	2020 Restated Balance \$'000	Change \$'000
Statement of Comprehensive Income				
Depreciation and amortisation	3.2	1 394	1 365	29
Other expenses	3.4	137	207	(70)
Other income	4.4	791	708	83
Prior period adjustments relating to net result		740	864	(124)
Statement of Financial Position				
Property, plant and equipment	5.1	16 892	16 768	124
Total prior period adjustments		16 892	16 768	124
Prior period adjustments reflected in equity				
Retained earnings				(124)

Prior period adjustments relate to the re-measurement of right-of-use buildings following adjustments to finance sub-lease calculations, impacting on the value of the right-of-use buildings and gains and losses on re-measurement of sub-leases.

9. Outlook

9.1 Unrecognised contractual commitments

Commitments arising from contractual sources are disclosed at their nominal value.

Expenditure commitments

TechInSA's expenditure commitments are for approved grants and funding as scheduled in grant deeds as follows:

	2021 \$'000	2020 \$'000
Within one year	-	63
Total expenditure commitments	-	63

There are no commitments at 30 June 2021.

9.2 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.

TechInSA is not aware of any contingent assets or any contingent liabilities at 30 June 2021.

10. Measurement and risk

10.1 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.

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 re-valuation of non-current assets or a group of assets is only performed when the fair value at the time of acquisition is greater than \$1.5 million and estimated useful life is greater than three years.

Revaluation is undertaken on a regular cycle 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.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

Land

A valuation appraisal by a Certified Practising Valuer is performed at least every six years.

An internal revaluation of land was performed in June 2018 by TechInSA, as at 30 June 2018.

Fair value of land has been determined using the market approach. The valuation was based on recent market transactions for similar land in the area and includes adjustments for factors specific to the land such as size and location.

Plant and equipment

All items of plant and equipment had a fair value at the time of acquisition less than \$1.5 million and had an estimated useful life less than three years. Plant and equipment has not been revalued in accordance with AASB 116.D. The carrying value of these items are deemed to approximate fair value.

10.2 Financial instruments

Financial risk management

Risk management is managed by the TechInSA Board and the Board's 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*.

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

Liquidity risk

TechInSA is funded principally from grants from the SA Government. TechInSA works with the Department for Innovation and Skills to determine the cash flows associated with its Government approved programs and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.