



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 Chairman and Presiding Officer Adelaide Festival Centre Trust

Opinion

I have audited the financial report of the Adelaide Festival Centre Trust for the financial year ended 30 June 2022.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Adelaide Festival Centre Trust as at 30 June 2022, 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 2022
- a Statement of Financial Position as at 30 June 2022
- a Statement of Changes in Equity for the year ended 30 June 2022
- a Statement of Cash Flows for the year ended 30 June 2022
- notes, comprising material accounting policies and other explanatory information
- a Certificate from the Chairman and Presiding Officer, the Chief Executive Officer and Artistic Director, and the Chief Financial Officer/Chief Operating Officer.

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

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

Responsibilities of the Chief Executive Officer and members of the Trust for the financial report

The Chief Executive Officer 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 Chief Executive Officer 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 Chief Executive Officer is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, section 24(3) of the *Adelaide Festival Centre Trust Act 1971* and section 32(4) of the *Public Corporations Act 1993*, I have audited the financial report of Adelaide Festival Centre Trust for the financial year ended 30 June 2022.

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 Adelaide Festival Centre Trust's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive Officer
- conclude on the appropriateness of the Chief Executive Officer'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 Chief Executive Officer and members of the Trust about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



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

23 September 2022

Adelaide Festival Centre Trust

Certification of the Financial Statements

We certify that the:

- financial statements of the Adelaide Festival Centre Trust:
 - are in accordance with the accounts and records of the trust; 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 the trust at the end of the financial year and the result of its operations and cash flows for the financial year.
- internal controls employed by the Adelaide Festival Centre Trust for the financial year over its financial reporting and its preparation of financial statements have been effective.



.....
Douglas Gautier AM
Chief Executive Officer and Artistic Director
16 September 2022



.....
Carlo D'Ortenzio
Chief Financial Officer/Chief Operating Officer
16 September 2022



.....
The Honourable Hieu Van Le AC
Chairman and Presiding Officer
16 September 2022

Adelaide Festival Centre Trust

Statement of Comprehensive Income
for the year ended 30 June 2022

	<i>Note</i>	2022	2021
		\$'000	\$'000
Income			
SA Government grants, subsidies and transfers	2.1	30,855	21,018
Sales of goods and services	2.2	11,853	12,024
Other income	2.3	4,923	6,317
Total income		47,631	39,359
Expenses			
Employee benefits expenses	3.3	16,857	15,253
Supplies and services	4.1	16,747	12,559
Depreciation and amortisation	5.3,5.6	6,679	6,684
Borrowing costs	4.2	3,617	3,726
Other expenses	4.3	935	821
Total expenses		44,835	39,043
Net result		2,796	316
Total comprehensive result		2,796	316

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

Adelaide Festival Centre Trust

Statement of Financial Position
as at 30 June 2022

	Note	2022 \$'000	2021 \$'000
Current assets			
Cash and cash equivalents	6.2	126,038	19,205
Receivables	6.3	1,376	1,877
Inventories	5.7	186	127
Total current assets		127,600	21,209
Non-current assets			
Property, plant and equipment	5.1	148,781	153,479
Works of art	5.5	9,590	9,589
Intangible assets	5.6	63	218
Total non-current assets		158,434	163,286
Total assets		286,034	184,495
Current liabilities			
Payables	7.2	4,349	7,633
Financial liabilities	7.3	3,149	2,926
Employee benefits	3.4	1,643	1,448
Provisions	7.4	153	38
Other liabilities	7.5	4,441	1,961
Total current liabilities		13,735	14,006
Non-current liabilities			
Payables	7.2	165	136
Financial liabilities	7.3	142,773	145,331
Employee benefits	3.4	1,716	2,518
Provisions	7.4	475	87
Total non-current liabilities		145,129	148,072
Total liabilities		158,864	162,078
Net assets		127,170	22,417
Equity			
Asset revaluation surplus		13,337	13,337
Contributed capital	8.1	110,179	8,222
Retained earnings		3,654	858
Total Equity		127,170	22,417

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

Adelaide Festival Centre Trust

Statement of Changes in Equity
for the year ended 30 June 2022

	Contributed capital \$ '000	Asset revaluation \$ '000	Retained Earnings \$ '000	Total Equity \$ '000
Balance at 1 July 2020	8,222	13,337	542	22,101
Net result for 2020-2021	-	-	316	316
Total comprehensive result for 2020-2021	-	-	316	316
Balance at 30 June 2021	8,222	13,337	858	22,417
Net result for 2021-2022	-	-	2,796	2,796
Total comprehensive result for 2021-2022	-	-	2,796	2,796
Equity contribution received	101,957	-	-	101,957
Balance at 30 June 2022	110,179	13,337	3,654	127,170

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

Adelaide Festival Centre Trust

Statement of Cashflows
for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Cash flows from operating activities			
Cash inflows			
Receipts from SA Government grants, subsidies and transfers	2.1	30,855	21,018
Receipts from patrons and customers	2.2	21,195	23,915
Increase in funds held on behalf of promoters	7.2	-	2,758
Interest received	2.3	13	39
GST recovered from the ATO		2,931	3,412
Cash generated from operations		54,994	51,142
Cash outflows			
Employee benefit payments	3.3	(16,849)	(15,880)
Payments for supplies and services	4.1	(18,054)	(14,938)
Interest paid	4.2	(3,617)	(3,726)
Decrease in funds held on behalf of promoters	7.2	(3,820)	-
Cash used in operations		(42,340)	(34,544)
Net cash provided by operating activities		12,654	16,598
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment	5.3	(2,172)	(1,823)
Net cash used in investing activities		(2,172)	(1,823)
Cash flows from financing activities			
Cash inflows			
Equity Contribution from SA Government as owner	9.3	101,957	-
Cash generated in financing activities		101,957	-
Cash outflows			
Repayment of lease liability	4.2	(5,606)	(5,617)
Cash used in financing activities		(5,606)	(5,617)
Net cash provided by financing activities		96,351	(5,617)
Net increase in cash and cash equivalents		106,833	9,158
Cash and cash equivalents at the beginning of the period		19,205	10,047
Cash and cash equivalents at the end of the period	6.2	126,038	19,205

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements

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1. About the Adelaide Festival Centre Trust

The Adelaide Festival Centre Trust (the trust) is a not-for-profit South Australian Government Statutory Authority established under the Adelaide Festival Centre trust Act 1971.

On 21 October 1999 the Adelaide Festival Centre Foundation (the foundation) was incorporated under the Associations Incorporation Act 1985. The foundation is controlled by the trust by virtue of clauses in the foundation's constitution which requires its Board appointments to be approved by the trust and also require the foundation to act in accordance with directions from the trust.

The financial statements and accompanying notes comprise the activities of the trust and the foundation. The activities of the foundation are not material and therefore a full consolidated presentation has not been adopted. Consistent accounting policies have been applied and all inter-entity balances and transactions arising with the foundation have been eliminated in full. The financial results of the foundation are summarised in note 8.

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.

For the purposes of preparing the financial statements, trust is a not-for-profit entity. 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.

The trust provides services on behalf of event promoters under exclusive agency arrangements. The trust charges a fee for these services that is recognised as revenue. The trust does not control the revenue (net of fees charged) generated from promoter events and as such only recognises the changes in cash held in trust on behalf of promoters (refer to note 6.2) and the requisite amount payable to those promoters (refer to note 7.2) together with the net change in cash held in the Statement of Cash Flows as at 30 June.

1.2 Objectives and programs

The objectives of the trust are to:

- a) encourage and facilitate artistic, cultural and performing arts activities throughout the State;
- b) be responsible for the care, management, maintenance and improvement of the Adelaide Festival Centre and Her Majesty's Theatre and their facilities;
- c) provide expert advisory, consultative, managerial or support services to persons associated with artistic, cultural or performing arts activities; and
- d) promote the involvement of young people and their families and extend activities into the school sector.

1.3 Impact of COVID-19 pandemic

The COVID-19 pandemic required the closure of the trust's theatres under a public health directive on 19 March 2020. The theatres gradually began to reopen in October 2020 with various levels of occupancy allowed and not resuming to full occupancy until April 2021. There have been ongoing impacts to business due to covid and a high number of show and ticket cancellations. The impact of the COVID-19 restrictions was a loss of revenue offset by a reduction in expenses and resulting in an insurance claim for \$2.77m (\$4.7m) under the trust's business disruption insurance policy (refer to note 2.3).

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1.4 Changes to the trust

In July 2021, the trust entered into a contract with Ticketek for ticketing services to its theatres. This operation has traditionally been performed inhouse by the trust's BASS ticketing operation. 9 permanent staff accepted separation packages and 8 casual staff accepted positions with Ticketek. Refer to note 3.3 for details regarding separation payments.

The trust ceased its operation of the set build workshop as of 31 July 2021. A \$71,000 gain on the sale of workshop plant and equipment was recognised. Several employees accepted employment with the set building organisation that purchased the workshop assets. 5 staff accepted separation packages. Refer to note 3.3 for details regarding separation payments.

2. Income

The trust's income is derived principally from fees and charges for rental of its theatres, production recoveries for theatre staff, revenue from ticket sales and for ticketing services, sponsorship and income from bar sales and functions.

2.1 SA Government grants, subsidies and transfers	2022	2021
	\$'000	\$'000
Operating base grant	25,881	15,496
HMT redevelopment funding	3,425	3,785
AFC redevelopment supplementation	1,420	1,385
Other SA Government revenue	129	352
Total SA Government grants, subsidies and transfers	30,855	21,018

Revenue from the SA Government is received in the form of grants. The operating base and redevelopment funding are granted through a memorandum of administrative arrangement between the Department of the Premier and Cabinet and the trust. Other SA Government revenue is received through individual grant agreements with various SA Government agencies. Where money is appropriated in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of the trust and the appropriation is recorded as contributed equity.

The trust recognises any festival/event specific revenue in the period the festival/event occurs and when the relating performance obligations are satisfied. All other grant revenue is recognised on receipt.

2.2 Sales of goods and services	2022	2021
	\$'000	\$'000
Theatre services	6,852	6,127
Ticketing	1,567	2,409
Box office	1,557	2,001
Sponsorship	332	520
Catering and functions	1,545	967
Total sales of goods and services	11,853	12,024

The trust recognises income from the sales of goods and services in the period the goods or service have been provided. The majority of sales for goods and services are derived under contract.

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2.3 Other income	2022	2021
	\$'000	\$'000
Insurance recoveries	2,773	4,747
Donations	1,249	814
Fundraising income	-	98
Grants - Non SA Government	365	54
Sub lease rent	91	173
Interest	15	39
Sundry income	430	392
Total other income	4,923	6,317

Insurance recoveries relates to a claim for business interruption due to the closure of the theatres in response to a State Government directive relating to the COVID-19 pandemic. Insurance recoveries are recognised when a claim has been approved by SAICORP.

Fundraising income relate to activities undertaken by the foundation. Funds raised through raffles and events are used to support the redevelopment of Her Majesty's theatre and to make the performing arts more accessible for the public of South Australia.

Cash donations to support the redevelopment of Her Majesty's Theatre, children's and education programs, prizes and internships are received from the public through the foundation. Fundraising income and donations are recognised on receipt.

Sub lease rent relates to income received from rental of retail spaces in the Adelaide Festival Centre to external parties. Rebates for lease rental were extended due to COVID-19 trading restrictions impacting on leasees ability to trade. Rent is recognised in advance.

3. Boards, committees, and employees

3.1 Key management personnel

Key management personnel of the trust include the trustees, the Chief Executive Officer/Artistic Director and the three members of the Executive Team.

Total compensation for the trust's key management personnel was \$1.15m (\$1.3m).

Transactions with key management personnel and other related parties

Related parties of the trust include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government. The Trust leases storage warehouse space from a related party of a KMP member for \$212,000 per annum.

As a part of the duties of office, from time to time, trustees receive complimentary tickets to shows and events conducted by or through the trust. These benefits serve to involve the trustees in the product and business that is being managed and/or involve the execution of office in liaison with external parties.

3.2 Boards and committees

Trustees during the 2022 financial year were:

The Honourable Hieu Van Le AC (Chair) (appointed January 2022)
 Ms Jacqui McGill AO (Deputy Chair)
 Ms Julia Knight
 Mr Mitchell Butel*
 Ms Maggie Zhou

The Right Hon Sandra Verschoor
 Mr Steven Woolhouse*
 Mr Bruce Carter (appointed January 2022)
 Mr Anthony Smith (retired August 2021)
 Mr James Hazel (retired January 2022)

* In accordance with Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board/committee duties during the financial year.

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

Board and committee remuneration

	2022	2021
\$0 - \$19,999	10	10
Total number of members	10	10

The total remuneration received or receivable by members was \$20,000 (\$28,000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

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3.3 Employee benefits expenses	2022	2021
	\$'000	\$'000
Salaries and wages	12,402	12,304
Targeted voluntary separation packages	1,032	-
Long service leave	(269)	(394)
Annual Leave	669	856
Employment on-costs - superannuation	1,272	1,194
Employment on-costs - other	1,309	1,107
Board fees	19	20
Other employee related expenses	423	166
Total employee benefits expenses	16,857	15,253

Employment on-costs - superannuation

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

<i>(a) Employee remuneration</i>	2022	2021
	Number	Number
The number of staff whose remuneration received or receivable falls within the following bands:		
\$157,001 to \$177,000	2	-
\$207,001 to \$227,000	1	2
\$287,001 to \$307,000	1	1
\$427,001 to \$447,000	1	-
\$547,001 to \$567,000	-	1
Total	5	4

<i>(b) Performance bonus remuneration of staff (included in table (a) above)</i>	2022	2021
	Number	Number
The number of staff who received performance bonus remuneration		
\$107,001 to \$127,000 *	-	1
Total	-	1

*Includes payout of cumulative long term bonus due to end of contract.

Table (a) 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 trust. Total remuneration received for the year, included in table (a) was \$1.29m (\$1.27m).

Targeted voluntary separation packages (TVSPs) and Redundancy payments

The number of employees who received a TVSP and Redundancy payments during the reporting period was 14 (Nil).

	2022	2021
	\$'000	\$'000
Amount paid to separated employees:		
TVSPs and Redundancy payments	678	-
Leave paid to separated employees	354	-
Net cost to the trust	1,032	-

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3.4 Employee Benefits Liability

	2022	2021
	\$'000	\$'000
Current		
Annual leave	914	1,056
Long service leave	326	89
Accrued salaries and wages	325	222
Skills and experience retention leave	78	81
Total current employee benefits	1,643	1,448
Non-current		
Long service leave	1,716	2,518
Total non-current employee benefits	1,716	2,518
Total employee benefits	3,359	3,966

Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

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. The expected timing and amount of long service leave payments is determined through whole-of-government actuarial calculations, which is then applied to the trust's employee details. Key assumptions include whether the characteristics of employee remuneration, terms of service with the public sector, and expectations as to when employees take long service leave, as established by the actuary, are applicable to employees of the trust. These assumptions affect both the expected amount to be paid that has been factored into the calculation of the liability. The discount rate used in measuring the liability is another key assumption. The discount rate is reflective of long-term Commonwealth Government bonds. The yield on long-term Commonwealth Government bonds has increased from 2021 (1.25%) to 2022 (3.50%).

This increase in the bond yield results in a \$333,000 decrease in the reported long service leave liability.

The trust classifies a portion of long service leave as current, based on the past 12-months history of settlements.

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4. Expenses

Employee benefits expenses are disclosed in note 3.3.

4.1 Supplies and services

	2022 \$'000	2021 \$'000
Accommodation	4,412	4,072
Artistic production	5,933	2,684
Advertising and marketing	1,054	697
Supplies	1,520	1,563
Communications and IT	1,812	1,489
Professional expenses	1,392	1,471
Repairs and maintenance	418	209
Travel and entertainment	133	206
Sponsorship	40	38
Bank and credit charges	33	130
Total supplies and services	16,747	12,559

Accommodation costs are principally made up of the costs of utilities, cleaning and maintenance and repairs.

Advertising and marketing and Artistic production expenses relate to the costs involved in the direct provision of performances, festivals and other artistic offerings presented by the trust.

Supplies include cost of goods sold, including food and beverages sold at functions and through the bars.

Audit fees paid/payable to the Auditor-General's Department relating to work performed under the Public Finance and Audit Act 1987 were \$72,000 (\$76,000). No other services were provided by the Auditor-General's Department.

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:

	2022		2021	
	No.	\$'000	No.	\$'000
Below \$10,000	2	4	1	9
\$10,000 or above	1	24	-	-
Total	3	28	1	9

4.2 Borrowing Costs

	2022 \$'000	2021 \$'000
Interest paid/payable on financial liabilities measured at amortised cost	789	815
Interest expense on lease liabilities	2,828	2,911
Total borrowing costs	3,617	3,726

The trust does not capitalise borrowing costs.

4.3 Other expenses

	2022 \$'000	2021 \$'000
Net loss from disposal of property plant and equipment	316	-
Donated assets	-	295
Other	619	526
Total other expenses	935	821

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5. Non-financial assets

5.1 Property, plant and equipment by asset class

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

	2022	2021
	\$'000	\$'000
Land and buildings		
Land at cost	3,240	3,240
Buildings at cost	64,434	62,778
Accumulated depreciation at the end of the period	(1,580)	(776)
Total land and buildings	66,094	65,242
Capital works in progress		
Capital works in progress at cost	-	672
Leasehold improvements		
Leasehold improvements at cost	90	90
Accumulated depreciation at the end of the period	(18)	(9)
Total leasehold improvements	72	81
Plant and equipment		
Plant and equipment at fair value	3,149	3,050
Accumulated depreciation at the end of the period	(910)	(376)
Plant and equipment at cost	2,770	2,770
Accumulated depreciation at the end of the period	(247)	(247)
Total plant and equipment	4,762	5,197
Right-of-use assets		
Right-of-use assets at cost	91,892	92,034
Accumulated depreciation at the end of the period	(14,455)	(10,202)
Total right-of-use assets	77,437	81,832
Furniture and fittings		
Furniture and fittings at fair value	164	164
Accumulated depreciation at the end of the period	(57)	(18)
Furniture and fittings at cost	331	331
Accumulated depreciation at the end of the period	(22)	(22)
Total furniture and fittings	416	455
Total property, plant and equipment	148,781	153,479

5.2 Useful life and depreciation

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

Class of asset	Useful life (years)
Buildings	80
Leasehold improvements	5-15
Plant and equipment	5-25
Furniture and fittings	15

The useful lives of right-of-use assets is the lease term.

The trust holds works of art and land on which depreciation is not applied because these items are considered to have an indeterminable useful life.

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5.3 Property, plant and equipment owned by the trust

Property, plant and equipment with a value equal to or in excess of \$15,000 is capitalised, otherwise it is expensed. Owned property, plant and equipment is subsequently measured at fair value. At least every 6 years, AFCT re-values its non-current assets via a Certified Practising Valuer or internal estimates based on indices or recent transactions. However, if at any time, management considers 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. No revaluations were undertaken in the 2021-22 financial year.

Land and buildings

Land is measured at cost and is deemed to be fair value. The land and buildings relate to Her Majesty's theatre.

Plant and equipment

An independent valuation of plant and equipment was carried out at 30 June 2020 by using the market approach under AASB 13 and also considering the 'highest and best use' of each item. The market approach requires the valuer to observe the market for similar or identical assets to reach an opinion of value.

Impairment

Property, plant and equipment have been assessed for impairment as part of the stocktake process. There was no indication of impairment.

Reconciliation 2021-22

	Land & Buildings	Capital works in progress	Plant and equipment	Furniture and fittings	Right-of-use buildings	Leasehold improvements	Total
	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000
Carrying amount at 1 July 2021	65,242	672	5,197	455	81,833	81	153,480
Acquisitions	-	1,449	118	-	603	-	2,170
Depreciation	(804)	-	(672)	(39)	(4,999)	(9)	(6,523)
Disposals	-	(8)	(338)	-	-	-	(346)
Transfers between asset classes	1,656	(2,113)	457	-	-	-	-
Carrying amount at 30 June 2022	66,094	-	4,762	416	77,437	72	148,781

5.4 Property, plant and equipment leased by the trust

Right-of-use assets for property, plant and equipment leased by the trust as lessee are measured at cost.

Short-term leases of 12-months or less and low value leases where the underlying asset value is less than \$15,000 are not recognised as right-of-use assets.

The trust has the following leases:

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

- Lease of the Adelaide Festival Centre complex encompassing the Festival, Dunstan Playhouse and Space theatres, banquet room, function spaces and bars. The lessor is Minister for the Arts and the term of the lease is 20 years concluding 30 June 2028 with a right of renewal for a further 10 years to 30 June 2038. Rental is indexed annually at 2.5% and the rent for 2021-22 was \$5.52m (\$5.38m). Refer to Note 9.3 for details on future transfer of this asset to the Trust.

- 1 commercial lease with a private landlord for a storage facility at Kilburn with a term of 5 years (expiring 31 January 2027 with a right of renewal for two further 2 year terms on 1 February 2027 and 1 February 2029 respectively) and annual lease payment of \$211,000. The Regency Park lease was terminated on 31 July 2021 when operations of the set building workshop ceased.

The lease liabilities related to the right-of-use assets are disclosed in note 7.2. Expenses related to leases, including interest expenses, are disclosed in note 4.

Impairment

Property, plant and equipment leased by the trust has been assessed for impairment. There was no indication of impairment.

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5.5 Works of art

	2022	2021
	\$'000	\$'000
Works of art at fair value	9,590	9,589
Total works of art	9,590	9,589

Reconciliation 2021-22

	\$'000
Carrying amount at 1 July 2021	9,589
Acquisitions	2
Disposals	(1)
Carrying amount at 30 June 2022	9,590

5.6 Intangible assets

	2022	2021
	\$'000	\$'000
Computer software		
Purchased computer software	2,173	2,173
Accumulated amortisation	(2,110)	(1,955)
Total computer software	63	218

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 \$15 000.

Reconciliation 2021-22

	Purchased computer software
	\$'000
Carrying amount at 1 July 2021	218
Amortisation	(155)
Carrying amount at 30 June 2022	63

5.7 Inventories

	2022	2021
	\$'000	\$'000
Materials at cost	186	127
Total inventories	186	127

Cost of inventories

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

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6. Financial assets

6.1 Categorisation of financial assets

	2022 Carrying amount \$'000	2021 Carrying amount \$'000
Financial assets		
Cash and equivalents		
Cash and cash equivalents	126,038	19,205
Financial assets at amortised cost		
Receivables	666	1,015
Total financial assets	126,704	20,220

6.2 Cash and cash equivalents

	2022 \$'000	2021 \$'000
Cash at bank and on hand	122,566	8,273
Cash held in trust for promoters	527	5,779
Cash held in donations from foundation	2,945	5,153
Total cash and cash equivalents	126,038	19,205

Cash at Bank includes a \$102 million equity contribution received in 2021-22 for transfer of the Adelaide Festival Centre asset expected to occur in 2022-23. At that time the lease with Department of Premier and Cabinet will be cancelled and the right of use asset and lease liability will be removed.

Interest rate risk

Cash on hand is non-interest bearing.

Cash at bank earns a floating interest rate, based on daily bank deposit rates.

The carrying amount of cash and cash equivalents represents fair value.

The trust operates a trust account where box office sales on behalf of promoters is held until the shows have been completed. As an incorporated association and deductible gift recipient, the foundation operates its own bank accounts. Cash is measured at nominal amounts and all bank deposits are interest bearing.

6.3 Receivables

	2022 \$'000	2021 \$'000
Current		
Trade receivables		
From government entities	29	542
From non-government entities	757	483
Less impairment loss on receivables	(120)	(10)
Total trade receivables	666	1,015
Statutory receivables		
GST input tax recoverable	234	221
Total statutory receivables	234	221
Prepayments	474	641
Accrued revenues	2	-
Total current receivables	1,376	1,877

Trade receivables arise in the normal course of selling goods and services to other government agencies and to the public. Trade receivables are generally settled within 20 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

Statutory receivables do not arise from contracts with customers. The net amount of GST receivable 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 are measured at amortised cost.

Impairment losses relate to contracts with customers external to SA Government. No impairment loss was recognised in relation to statutory receivables.

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7. Liabilities

Employee benefits liabilities are disclosed in note 3.4.

7.1 Categorisation of financial liabilities

	2022 Carrying amount \$'000	2021 Carrying amount \$'000
Financial liabilities		
Financial liabilities at amortised cost		
Payables	3,824	7,701
Borrowings from SA Government	61,598	61,598
Lease liabilities	84,324	86,659
Total financial liabilities	149,746	155,958

Payables as disclosed in this note does not include accrued expenses or statutory amounts as these are not financial instruments.

7.2 Payables

	2022 \$'000	2021 \$'000
Current		
Trade payables	157	57
Accrued expenses	3,395	3,042
Amounts payable to promoters	527	4,347
Statutory payables		
Employment on-costs	270	187
Total current payables	4,349	7,633
Non-current		
Statutory payables		
Employment on-costs	165	136
Total non-current payables	165	136
Total payables	4,514	7,769

Payables and accruals are raised for all amounts owing but unpaid. Trade 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.

Statutory payables do not arise from contracts.

The decrease in amounts payable to promoters is due to the outsourcing of ticketing services to Ticketek which now holds amounts payable to promoters and passes these on to the trust to organise payment to promoters. Payables result when there is a timing difference between receipt of monies from Ticketek and payment to the promoter.

Employment on-costs

Employment on-costs include payroll tax, ReturnToWork SA levies and superannuation contributions and are settled when the respective employee benefits that they relate to is discharged. These on-costs primarily relate to the balance of leave owing to employees. Estimates as to the proportion of long service leave estimated to be taken as leave, rather than paid on termination, affects whether certain on-costs are recognised as a consequence of long service leave liabilities.

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7.3 Financial liabilities

	2022	2021
	\$'000	\$'000
Current		
Lease Liabilities	3,149	2,926
Total current borrowings	3,149	2,926
Non-current		
Borrowings from SA Government	61,598	61,598
Lease Liabilities	81,175	83,733
Total non-current borrowings	142,773	145,331
Total borrowings	145,922	148,257

The trust measures financial liabilities, including borrowings, at amortised cost.

Non current lease liabilities include the lease of Adelaide Festival Centre from the Minister for the Arts, refer to Note 5.4 and Note 9.3 for details on future transfer of this asset to the Trust.

Borrowings

In 2017-18 the trust entered into a funding agreement to finance the redevelopment of HMT. Funds are drawn down as required and the term of the agreement is 10 years. The interest rate is determined by the Treasurer and the rate was 1.15% in June 2022 (0.35% in 2021).

7.4 Provisions

	2022	2021
	\$'000	\$'000
Current		
Provision for workers compensation	153	38
Total current provisions	153	38
Non-current		
Provision for workers compensation	475	87
Total non-current current provisions	475	87
Total provisions	628	125

Movement in provisions

	2022
	\$'000
Carrying amount at the beginning of the period	125
Additional provisions recognised	507
Reductions arising from payments	(4)
Carrying amount at the end of the period	628

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 2022 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector Employment. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

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

7.5 Other liabilities

	2022	2021
	\$'000	\$'000
Venue hire deposits	1,219	638
Other deposits	-	8
Income in advance	3,215	1,308
Unclaimed monies	7	7
Total other liabilities	4,441	1,961

Income in advance

Income received for the programming, marketing and sponsorship of performances and deposits on functions, where the performance, function or event is being held after balance date.

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8. Other disclosures

8.1 Equity

In 2021-22, the trust received an equity contribution of \$102m to fund the purchase of the Adelaide Festival Centre complex which is currently leased by the trust. As at the date of these statements, the transfer had not been completed. Refer to the Statement of Changes in Equity for the equity contribution and note 9.3 for details of the asset purchase.

8.2 Controlled Entity

The consolidated financial statements at 30 June 2022 include the transactions of the Adelaide Festival Centre Foundation Incorporated.

Significant items in the financial report of the Foundation are:	2022 \$'000	2021 \$'000
Revenue	1,793	1,056
Expenses	3,979	325
Surplus (Loss)	(2,186)	731
Cash at bank	2,945	5,153

All gifts and money received by the Adelaide Festival Centre Foundation Incorporated (the foundation) are used to support artistic programs for children and youth, scholarships and regional programs.

9. Outlook

9.1 Unrecognised commitments

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

Expenditure commitments

	2022 \$'000	2021 \$'000
Within one year	2,318	632
Later than one year but not longer than five years	335	128
Total expenditure commitments	2,653	760

The trust's expenditure commitments are for agreements for maintenance of computer systems, provision of artistic services and provision of festival related services.

9.2 Expected rental income

Operating lease maturity analysis

	2022 \$'000	2021 \$'000
Commitments in relation to operating leases contracted for at the		
Within one year	191	184
Later than one year but not longer than five years	833	805
Later than five years	226	446
Total operating lease commitments receivable	1,250	1,435

The above table sets out a maturity analysis of operating lease payments receivable, showing the undiscounted lease payments to be received after the reporting date. These amounts are not recognised as assets.

The trust has a 10 year agreement that commenced 1 January 2018 to sub-lease retail spaces in the Adelaide Festival Centre. The rent receivable is determined by the annual rent charge including any set levies, and subject to an annual rent increase of 2%.

Refer to note 5.4 for information about equipment the trust leases out under operating lease.

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9.3 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.

Contingent Assets

The transfer of property for the Adelaide Festival Centre located at King William Road Adelaide and comprising the Festival Theatre, Dunstan Playhouse and Space Theatre is in progress and contingent on the finalisation of the sales contract. As at 30 June 2022, the State Government had provided \$102m as an equity contribution, to fund the transfer of the property to the trust.

The insurance recoveries relating to business interruption, due to COVID-19 impact on theatre activity, for 2021-22 is outstanding. Insurance recoveries are recognised when approved by SAICORP.

Contingent liabilities

The trust is not aware of any contingent liabilities.

9.4 Events after the reporting period

There were no events between 30 June 2022 and the date the financial statements are authorised for issue where the events may have a material impact on the results of subsequent years.