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## To the Chief Executive SACE Board of South Australia

### Opinion

I have audited the financial report of SACE Board of South Australia (the SACE Board) for the financial year ended 31 December 2021.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the SACE Board of South Australia as at 31 December 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 31 December 2021
- a Statement of Financial Position as at 31 December 2021
- a Statement of Changes in Equity for the year ended 31 December 2021
- a Statement of Cash Flows for the year ended 31 December 2021
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Acting Presiding Member, Chief Executive and the Chief People and Financial 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 the SACE Board. 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 and the SACE Board for the financial report**

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

In preparing the financial report, the Chief Executive 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 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 SACE Board are responsible for overseeing the entity's financial reporting process.

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

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 19A of the *SACE Board of South Australia Act 1983*, I have audited the financial report of SACE Board of South Australia for the financial year ended 31 December 2021.

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

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

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

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the SACE Board's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- conclude on the appropriateness of the Chief Executive'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 and the SACE Board about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson  
**Auditor-General**  
22 March 2022

**SACE Board of South Australia**  
**Annual Financial Statements for the year ended 31 December 2021**

**SACE Board of South Australia**  
**Statement of Comprehensive Income**  
for the year ended 31 December 2021

	Note	2021 \$'000	2020 \$'000
<b>Income</b>			
SA Government grants, subsidies and transfers	2.1	20 618	21 653
Sales of goods and services	2.2	4 550	4 175
Resources received free of charge	2.3	96	126
Replacement teachers' write-back	2.4	70	300
Other income	2.5	327	356
<b>Total income</b>		<b>25 661</b>	<b>26 610</b>
<b>Expenses</b>			
Employee benefits expenses	3.3	14 498	14 908
Supplies and services	4.1	6 459	7 499
Useful life and depreciation	5.1	1 185	903
Replacement teachers' expense	4.2	194	169
<b>Total expenses</b>		<b>22 336</b>	<b>23 479</b>
<b>Net result</b>		<b>3 325</b>	<b>3 131</b>
Other comprehensive income		-	-
<b>Total comprehensive result</b>		<b>3 325</b>	<b>3 131</b>

The accompanying notes form part of these financial statements.

The net result and total comprehensive result are attributable to the SA Government as owner.

SACE Board of South Australia  
Annual Financial Statements for the year ended 31 December 2021

SACE Board of South Australia  
Statement of Financial Position  
as at 31 December 2021

	Note	2021 \$'000	2020 \$'000
<b>Current Assets</b>			
Cash and cash equivalents	6.2	16 246	15 903
Receivables	6.3	932	871
<b>Total current assets</b>		<b>17 178</b>	<b>16 774</b>
<b>Non-current Assets</b>			
Receivables	6.3	8	21
Plant and equipment	5.2	1 371	45
Intangible assets	5.3	6 482	6 147
<b>Total non-current assets</b>		<b>7 861</b>	<b>6 213</b>
<b>Total assets</b>		<b>25 039</b>	<b>22 987</b>
<b>Current Liabilities</b>			
Payables	7.2	915	780
Contract liabilities	2.2	335	363
Employee benefits liability	3.4	1 145	1 175
Replacement teachers	7.3	118	105
Provisions	7.4	20	325
<b>Total current liabilities</b>		<b>2 533</b>	<b>2 748</b>
<b>Non-current Liabilities</b>			
Payables	7.2	169	259
Employee benefits liability	3.4	1 802	2 786
Provisions	7.4	52	36
<b>Total non-current liabilities</b>		<b>2 023</b>	<b>3 081</b>
<b>Total liabilities</b>		<b>4 556</b>	<b>5 829</b>
<b>Net assets</b>		<b>20 483</b>	<b>17 158</b>
<b>Equity</b>			
Retained earnings		20 483	17 158
<b>Total equity</b>		<b>20 483</b>	<b>17 158</b>

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



SACE Board of South Australia  
Annual Financial Statements for the year ended 31 December 2021

SACE Board of South Australia  
 Statement of Changes in Equity  
 for the year ended 31 December 2021

	Note	Retained Earnings \$'000	Total Equity \$'000
Balance at 1 January 2020		14 027	14 027
Net result for 2020		3 131	3 131
Total comprehensive result for 2020		3 131	3 131
Balance at 1 January 2021		<b>17 158</b>	<b>17 158</b>
Net result for 2021		3 325	3 325
Total comprehensive result for 2021		3 325	3 325
<b>Balance at 31 December 2021</b>		<b>20 483</b>	<b>20 483</b>

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

SACE Board of South Australia  
Annual Financial Statements for the year ended 31 December 2021

SACE Board of South Australia  
**Statement of Cash Flows**  
 for the year ended 31 December 2021

	Note	2021 \$'000	2020 \$'000
<b><u>Cash Flows from Operating Activities</u></b>			
<b><i>Cash Inflows</i></b>			
SA Government grants, subsidies and transfers		20 618	21 653
Sales of goods and services		4 419	4 587
Interest received		29	85
GST recovered from the ATO		349	533
Other receipts		332	310
<b>Cash generated from operations</b>		<b>25 747</b>	<b>27 168</b>
<b><i>Cash Outflows</i></b>			
Employee benefit payments		(15 653)	(14 756)
Payments for supplies and services		(6 794)	(9 169)
Replacement teachers		( 111)	( 227)
<b>Cash used in operations</b>		<b>(22 558)</b>	<b>(24 152)</b>
<b>Net cash provided by (used in) operating activities</b>		<b>3 189</b>	<b>3 016</b>
<b><u>Cash Flows from Investing Activities</u></b>			
<b><i>Cash Outflows</i></b>			
Purchases of intangible assets		(1 323)	(1 888)
Purchases of leasehold improvements		(1 523)	-
<b>Net cash provided by (used in) investing activities</b>		<b>(2 846)</b>	<b>(1 888)</b>
<b><u>Cash Flows from Financing Activities</u></b>			
<b><i>Cash Outflows</i></b>			
Repayment of leases		-	( 4)
<b>Net cash provided by (used in) financing activities</b>		<b>-</b>	<b>( 4)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>343</b>	<b>1 124</b>
Cash and cash equivalents at the beginning of the calendar year		15 903	14 779
<b>Cash and cash equivalents at the end of the calendar year</b>	6.2	<b>16 246</b>	<b>15 903</b>

The accompanying notes form part of these financial statements.

SACE Board of South Australia  
 Annual Financial Statements for the year ended 31 December 2021

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**SACE Board of South Australia**  
**Annual Financial Statements for the year ended 31 December 2021**

**1. About the SACE Board of South Australia**

The SACE Board of South Australia is a statutory authority established under the *SACE Board of South Australia Act 1983* (the Act). The SACE Board does not control any other entity and has no interests in unconsolidated structured entities. The SACE Board has not entered into any contractual arrangements that involve the sharing of control or significant influence over another entity. The financial statements and accompanying notes include all the controlled activities of the authority.

**1.1 Basis of preparation**

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

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

For the purposes of preparing the financial statements, the SACE Board 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 identified in the notes to the financial statements.

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 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 include GST in the Statement of Cash Flows.

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

**1.2 Objectives and programs**

The SACE Board aims to achieve student success through the South Australian Certificate of Education (the SACE), by providing a locally and internationally respected qualification that gives all students the capabilities to move successfully into further learning and work as confident and responsible citizens.

The SACE Board is actively pursuing three key strategic priorities:

1. Bold Leader - further develop the SACE Board as a leader in education and as an exemplary public service agency.
2. Connected Qualification - further develop a qualification through which students can thrive and provide evidence of their knowledge, skills, capabilities and other attributes that will connect them to industry sectors and other pathways.
3. Thriving Learner - lead the development of learners who, with the six elements of thrive, can develop with vigour in whatever context they find themselves.

The main programs of the SACE Board, prescribed by the *SACE Board of South Australia Act 1983*, are to:

- establish a qualification to be called the South Australian Certificate of Education (SACE);
- determine the requirements for the achievement of the SACE;
- accredit subjects and courses that will be recognised by the SACE Board as being suitable for the purposes of the SACE;
- assess achievements in or satisfactory completion of subjects or courses;
- assure the quality and suitability of processes and standards used to assess the achievements of students for the purposes of the SACE; and
- prepare and publish information and guidelines in relation to the requirements of the SACE.

The SACE Board is predominantly funded from grants provided by the State Government.

**1.3 Impact of COVID-19 pandemic on the SACE Board of South Australia**

The COVID-19 pandemic has impacted on the operations of the SACE Board. The key impacts in 2021 were:

- SACE Board staff using a remote working model where required to continue operational service delivery, whilst minimising the risk of COVID-19 in the workplace.
- Scenario planning and operational changes to ensure the delivery of SACE Board objectives and annual programs (note 1.2) in a changing environment.
- Suspension of overseas travel to SACE International regions with electronic engagement to service international customers.

**SACE Board of South Australia**  
**Annual Financial Statements for the year ended 31 December 2021**

**2. Income**

**2.1 SA Government grants, subsidies and transfers**

	2021	2020
	\$'000	\$'000
Transfers from the Department for Education	18 983	21 653
Transfers from the Department for Innovation and Skills	1 635	-
<b>Total SA Government grants, subsidies and transfers</b>	<b>20 618</b>	<b>21 653</b>

The transfer of funds is recognised as revenue when the SACE Board obtains control over the funding. Control over the funds is normally obtained upon receipt.

Total revenues consist of \$17 294 000 (2020: \$19 179 000) for operational funding and \$3 324 000 (2020: \$2 474 000) for capital projects.

\$1 635 000 was received from the Department for Innovation and Skills for reimbursement of the fitout of the Waymouth Street office.

**2.2 Sales of goods and services**

All revenue from the sales of goods and services is revenue recognised from contracts with customers and therefore AASB 15 has been applied.

	2021	2020
	\$'000	\$'000
Northern Territory Government	2 415	2 278
SACE International Program	1 349	1 198
Overseas students studying in South Australia	635	617
Prescient	116	63
Other	35	19
<b>Total sales of goods and services</b>	<b>4 550</b>	<b>4 175</b>

**Northern Territory arrangement**

The SACE Board has an exclusive agreement with the Northern Territory Government to have the SACE delivered through all Northern Territory government schools.

This contract includes a number of performance obligations with related transaction prices allocated against each obligation. The majority of the performance obligations are recognised over the academic year as services are provided. The provision of results, being one of the performance obligations, is recognised at a point in time at the end of the academic year.

**SACE Board of South Australia**  
**Annual Financial Statements for the year ended 31 December 2021**

**SACE International program**

SACE International program provides services to schools in China, Vietnam, Vanuatu, Malaysia and New Caledonia to support the provision of the SACE to students who select to undertake it.

Contracts with each school include performance obligations. In such cases, the transaction price is allocated to each obligation to determine when revenue is recognised based on expected work effort. Two components of the transaction price are outlined below:

- a cycle fee annually charged to the school represents the provision of services to enable the school to offer the courses of study in accredited subjects. This is recognised over the academic year.
- student fee charged per student recognised at a point in time at completion of the academic year when results are released.

**Overseas students studying in SA**

The SACE Board charges fees to international students who hold a sub-class visa 500 under the *SACE Board of South Australia Regulations 2008*.

The SACE Board has assessed that there is an implied contract between the SACE Board and each student with the performance obligation being the release of results and certificate. The revenue is recognised when the performance obligation is met at the end of the academic year.

**Prescient**

*Prescient* provides professional learning for teachers who are seeking to strengthen their expertise in the quality assessment of student achievement in accordance with the SACE Board's standards.

The learning program consists of the delivery of courses which are separately identifiable and can be sold separately. Therefore revenue is recognised at a point in time on completion of the delivery of each individual course being considered the satisfaction of the performance obligation.

**Contract balances**

	2021	2020
	\$'000	\$'000
Receivables from contracts with customers included in 'Receivables'	87	53
Contract assets	-	-
Contract liabilities	335	363
<b>Total revenue from contracts with customers</b>	<b>422</b>	<b>416</b>

Under revenue standard AASB15 *Revenue from Contracts with Customers*, receivables relate to the sales of goods and services from contracts with customers and contract liabilities relate to cash received from SACE International schools who have prepaid their fees. These revenues will be earned within the next 12 months.

**SACE Board of South Australia**  
**Annual Financial Statements for the year ended 31 December 2021**

**2.3 Resources received free of charge**

	2021	2020
	\$'000	\$'000
Services received free of charge - Shared Services SA	96	126
<b>Total resources received free of charge</b>	<b>96</b>	<b>126</b>

**2.4 Replacement teachers' write-back**

	2021	2020
	\$'000	\$'000
Replacement teachers' write-back income	70	300
<b>Total Replacement teacher's write-back income</b>	<b>70</b>	<b>300</b>

The write-back relates to outstanding amounts, recorded as expenses, raised up to semester 2 of the previous year, for which schools have not sought reimbursement within the allowable claim time. This write-back is recorded as revenue in the statement of comprehensive income in accordance with accounting standards. Refer to Note 7.3 for additional explanation of the liability for replacement teachers.

**2.5 Other income**

	2021	2020
	\$'000	\$'000
Miscellaneous income	299	282
Interest on cash and cash equivalents	28	74
<b>Total other income</b>	<b>327</b>	<b>356</b>

Miscellaneous income includes the scaling grant, provided by the South Australian Tertiary Admissions Centre (SATAC) for the SACE Board to provide services on their behalf. This revenue has been recognised under AASB15 over the academic year. This fee is charged annually.

**3. Board, committees and employees**

**3.1 Key management personnel**

Key management personnel of the SACE Board include the Minister, the Chief Executive Officer, Board Members, the Deputy Chief Executive Officer, the Chief People and Financial Officer and Director, Education Services.

Total compensation for the SACE Board's key management personnel was \$981 000 (2020: \$790 000). Salaries and other benefits the Minister for Education receives are excluded from this total. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*.

The SACE Board has not identified any material transactions with key management personnel and other related parties during 2021.

**3.2 Board and committee members**

Members during the 2021 calendar year were:

**SACE Board of South Australia**

**Presiding Member**

Ms Jane Danvers

**Deputy Presiding Member**

Ms Kerrie Campbell (Member to 30 June, appointed Deputy Presiding Member from 1 July)

Ms Ann Doolette (to 30 June)

**Members**

Mr Andrew Balkwill

Mr Alistair Brown\* (to 30 June)

Mr Timothy Browning (from 1 July)

Ms Eliza Chui (from 1 July)

Mr Iain Hay (from 1 July)

Mr Kim Hebenstreit (to 30 June)

Mr Andy Keough

Ms Kristen Masters\* (from 1 July)

Mr Roy Page\* (from 1 July)

Mr Peter Prest

Mr Trevor Read\* (to 30 June)

Ms Pamela Ronan

Ms Shannon Warren (to 30 June)

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



SACE Board of South Australia  
Annual Financial Statements for the year ended 31 December 2021

**Board and committee remuneration**

The number of Board and committee members whose remuneration received or receivable falls within the following bands:	2021 No.	2020 No.
\$1 to \$19 999	11	8
\$20 000 to \$39 999	1	1
<b>Total number of Board and committee members</b>	<b>12</b>	<b>9</b>

The total remuneration received or receivable by members was \$129 000 (2020: \$130 000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and any related fringe benefits tax.

**3.3 Employee benefits expenses**

	2021 \$'000	2020 \$'000
Salaries and wages	9 368	9 373
Casual salaries external assessment	1 937	1 840
Casual salaries moderation	660	584
Casual salaries other	140	106
Long service leave (LSL)	(452)	(95)
Annual leave	750	861
SERL	54	56
Employment on-costs - superannuation*	1 252	1 392
Employment on-costs - other	658	674
Fringe benefits tax	13	(2)
Board and committee fees	118	119
<b>Total employee benefits expenses</b>	<b>14 498</b>	<b>14 908</b>

**\*Employment on-costs - superannuation**

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

**Executive remuneration**

	2021 No.	2020 No.
The number of employees whose remuneration received or receivable falls within the following bands:		
\$167 001 to \$187 000	1	2
\$207 001 to \$227 000	1	1
\$227 001 to \$247 000	1	-
\$267 001 to \$287 000	-	1
\$307 001 to \$327 000	1	-
\$327 001 to \$347 000	-	1
<b>Total</b>	<b>4</b>	<b>5</b>

The total remuneration received by those employees for the year was \$961 000 (2020: \$1.185 million).

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

**3.4 Employee benefits liability**

	2021 \$'000	2020 \$'000
<b>Current</b>		
Accrued salaries and wages	83	9
Annual leave	771	953
Long service leave	250	149
Skills and experience retention leave	41	64
<b>Total current employee benefits</b>	<b>1 145</b>	<b>1 175</b>
<b>Non-current</b>		
Long service leave	1 802	2 786
<b>Total non-current employee benefits</b>	<b>1 802</b>	<b>2 786</b>
<b>Total employee benefits</b>	<b>2 947</b>	<b>3 961</b>

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



**SACE Board of South Australia**  
**Annual Financial Statements for the year ended 31 December 2021**

**Long service leave**

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided at note 7.2. The expected timing and amount of long service leave payments is determined through whole-of-government actuarial calculations, which is then applied to the SACE Board'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 department. 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 2020 (0.75%) to 2021 (1.5%).

This increase in the bond yield results in a decrease in the reported long service leave liability.

**4. Expenses**

Employee benefits expenses are disclosed in note 3.3.

**4.1 Supplies and services**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Office accommodation	1 270	1 311
Computing and communication	883	884
Fleet management costs	7	9
Shared Services SA charges	121	138
Consultants	189	146
Contractors	1 784	2 350
Printing	116	139
Travel and accommodation	40	40
Postage, courier, and freight	316	264
Motor vehicle transport	17	16
Software	1 038	950
Venue hire	78	1
Hospitality	35	27
Stationery and office supplies	29	41
Equipment hire	86	72
Repairs and maintenance	( 208)	348
Security	10	2
Staff development	72	117
Impairment loss on receivables	40	18
Other	536	626
<b>Total supplies and services</b>	<b>6 459</b>	<b>7 499</b>

**Accommodation**

The SACE Board's accommodation is provided by the Department for Infrastructure and Transport under Memoranda of Administrative Arrangement (MoAAs) issued in accordance with Government-wide accommodation policies. MoAAs do not meet the definition of a lease set out in AASB 16.

**Consultants**

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

	<b>No.</b>	<b>2021</b>	<b>No.</b>	<b>2020</b>
		<b>\$'000</b>		<b>\$'000</b>
Below \$10 000	-	-	1	7
\$10 000 or above	4	189	1	139
<b>Total</b>	<b>4</b>	<b>189</b>	<b>2</b>	<b>146</b>

**Other**

Other expenses include audit fees payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* were \$58,000 (2020: \$60,000). No other services were provided by the Auditor-General's Department.

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**4.2 Replacement teachers' expense**

	2021	2020
	\$'000	\$'000
Temporary replacement teachers	194	169
<b>Total replacement teachers' expense</b>	<b>194</b>	<b>169</b>

This expense relates to costs incurred by schools for the release of teachers to undertake duties for the SACE Board. The SACE Board issues schools with vouchers entitling them to make a claim for reimbursement of their costs. The expense comprises a total of the amount of claims paid by the SACE Board plus an estimate of the cost of outstanding claims not yet received. The estimate of the cost of claims not yet received is equal to the number of unclaimed vouchers issued to schools at a value per voucher of the average cost per claim in 2021, plus indexation.

See also Note 7.3 for details of the unclaimed funds as at 31 December 2021.

**5. Non-financial assets**

The SACE Board is required to manage a large range of information, including students' results over many years. Bespoke IT systems deliver the required functionality to manage the information, as well as maintain the integrity of the authority. Software is under constant development and enhancement to support the SACE Board's functions, with much of this effort capitalised in accordance with Australian Accounting Standards. The SACE Board does not require significant physical assets to perform its functions.

**5.1 Useful life and depreciation**

<b>Depreciation and amortisation</b>	<b>2021</b>	<b>2020</b>
	\$'000	\$'000
Motor Vehicles - Leased	-	4
Equipment	13	21
Computer equipment	7	9
Leasehold improvements	177	-
Intangible assets	988	869
<b>Total depreciation and amortisation</b>	<b>1 185</b>	<b>903</b>

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

**Useful life**

Depreciation and amortisation are calculated on a straight-line basis.

Leasehold improvements are depreciated over the lease term. Owned plant and equipment and intangible assets are depreciated and amortised over the estimated useful life as follows:

<b>Class of asset</b>	<b>Useful Life (Years)</b>
Equipment	3 - 10 years
Computer Equipment	3 - 8 years
Off the Shelf Software	5 - 10 years
Internally Developed Software	5 - 10 years
Leasehold improvements	Lease term

The useful lives of intangible assets are assessed to be either finite or indefinite. The SACE Board only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

**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.

In 2021, the SACE Board reviewed the useful life of internally developed computer software and did not make any adjustments.

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5.2 Plant and equipment

Equipment comprises owned and leased tangible assets.

	2021 \$'000	2020 \$'000
<b>Leasehold improvements</b>		
Leasehold improvements at fair value	1 523	196
Accumulated depreciation at the end of the period	( 177)	( 196)
<b>Total leasehold improvements</b>	<b>1346</b>	<b>-</b>
<b>Equipment</b>		
Equipment at cost (deemed fair value)	127	127
Accumulated depreciation at the end of the period	( 114)	( 101)
<b>Total equipment</b>	<b>13</b>	<b>26</b>
<b>Computer equipment</b>		
Computer equipment at cost (deemed fair value)	475	490
Accumulated depreciation at the end of the period	( 463)	( 471)
<b>Total computer equipment</b>	<b>12</b>	<b>19</b>
<b>Total plant and equipment</b>	<b>1 371</b>	<b>45</b>

Owned equipment with a value equal to or in excess of \$10 000 is capitalised, otherwise it is expensed.

Owned equipment is recorded at fair value. 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.

Impairment

There were no indications of impairment of equipment assets as at 31 December 2021.

Reconciliation 2021

	Leasehold improvements \$'000	Equipment \$'000	Computer equipment \$'000	Total \$'000
<b>Carrying amount at 1 January 2021</b>	-	26	19	45
Additions	1 523	-	-	1 523
Depreciation	( 177)	( 13)	( 7)	( 197)
<b>Carrying amount at 31 December 2021</b>	<b>1 346</b>	<b>13</b>	<b>12</b>	<b>1 371</b>

5.3 Intangible assets

	2021 \$'000	2020 \$'000
<b>Internally developed computer software</b>		
Internally developed computer software	12 573	11 506
Accumulated amortisation	(6 631)	(5 692)
<b>Total Internally developed computer software</b>	<b>5 942</b>	<b>5 814</b>
<b>Purchased computer software</b>		
Purchased computer software	346	323
Accumulated amortisation	( 163)	( 114)
<b>Total Purchased computer software</b>	<b>183</b>	<b>209</b>
<b>Work in progress</b>		
Internally developed computer software	357	124
<b>Total Work in progress</b>	<b>357</b>	<b>124</b>
<b>Total intangible assets</b>	<b>6 482</b>	<b>6 147</b>

Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$10 000.

The internally developed computer software relates to the SACE Board's *Schools Online* and *Students Online* systems. These systems are recorded in the SACE Board's asset register as a consolidated asset with a remaining useful life of 10 years and carrying amount of \$5 942 000.

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## Reconciliation 2021

	Internally developed computer software \$'000	Other computer software \$'000	WIP	Total \$'000
Carrying amount at 1 January 2021	5 814	209	124	6 147
Additions	263	13	1046	1 322
Transfers (Work in progress)	804	10	( 813)	1
Amortisation	( 939)	( 49)	-	( 988)
<b>Carrying amount at 31 December 2021</b>	<b>5 942</b>	<b>183</b>	<b>357</b>	<b>6 482</b>

## 6. Financial assets

## 6.1 Categorisation of financial assets

	Notes	2021 Carrying amount \$'000	2020 Carrying amount \$'000
<b>Financial assets</b>			
<b>Cash and equivalents</b>			
- Cash and cash equivalents	6.2	16 246	15 903
<b>Financial assets at amortised cost</b>			
- Receivables	6.3	165	193
<b>Total financial assets</b>		<b>16 411</b>	<b>16 096</b>

Receivables as disclosed in this note does not include statutory amounts, overpayment recoveries and prepayments as these are not financial instruments.

## 6.2 Cash and cash equivalents

	2021 \$'000	2020 \$'000
Operating account	6 056	5 720
Deposit with SAFA	10 190	10 183
<b>Total cash and cash equivalents</b>	<b>16 246</b>	<b>15 903</b>

## 6.3 Receivables

	2021 \$'000	2020 \$'000
<b>Current</b>		
<b>Contractual receivables</b>		
From government entities	87	152
From non-government entities	100	54
Less impairment loss on receivables	( 24)	( 16)
<b>Total contractual receivables</b>	<b>163</b>	<b>190</b>
Overpayment recoveries	235	7
Prepayments	295	564
Accrued revenues	2	3
GST receivable	237	107
<b>Total current receivables</b>	<b>932</b>	<b>871</b>
<b>Non-current</b>		
Overpayment recoveries	-	6
Prepayments	8	15
<b>Total non-current receivables</b>	<b>8</b>	<b>21</b>
<b>Total receivables</b>	<b>940</b>	<b>892</b>



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

Overpayment recoveries include assessment panellist members who were overpaid in December 2021. Recoveries are ongoing and are expected to be resolved within the next twelve months.

Statutory receivables do not arise from contracts with customers. They are recognised and measured similarly to contractual receivables (except impairment) but are not classified as financial instruments for disclosure purposes.

Receivables, prepayments and accrued revenues are non-interest bearing. Contractual receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost. The GST included as part of the receivables, is the net amount recoverable from the ATO.

Impairment losses relate to contracts with customers external to SA Government.

**Allowance for impairment loss on receivables**

	2021	2020
	\$'000	\$'000
<b>Carrying amount at 1 January 2021</b>	17	15
Amounts written off	( 33)	( 16)
Increase/(decrease) in the allowance	40	18
<b>Carrying amount at 31 December 2021</b>	<b>24</b>	<b>17</b>

**7. Liabilities**

Employee benefits liabilities are disclosed in note 3.4.

**7.1 Categorisation of financial liabilities**

	Notes	2021	2020
		Carrying amount	Carrying amount
		\$'000	\$'000
<b>Financial liabilities</b>			
<b>Financial liabilities at amortised cost</b>			
- Payables	7.2	288	335
- Other financial liabilities (Replacement Teachers)	7.3	118	105
<b>Total financial liabilities</b>		<b>406</b>	<b>440</b>

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

**7.2 Payables**

	2021	2020
	\$'000	\$'000
<b>Current</b>		
Contractual payables	82	59
Accrued expenses	459	293
Statutory payables	58	60
Employment on-costs	316	368
<b>Total current payables</b>	<b>915</b>	<b>780</b>
<b>Non-current</b>		
Employment on-costs	169	259
<b>Total non-current payables</b>	<b>169</b>	<b>259</b>
<b>Total payables</b>	<b>1 084</b>	<b>1 039</b>

Payables and accruals are raised for all amounts owing but unpaid. Sundry payables are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short term nature.

Statutory payables do not arise from contracts with customers. They are recognised and measured similarly to contractual/trade payables but are not classified as financial instruments for disclosure purposes.

The net amount of GST recoverable from the ATO is included as part of receivables. However, if a net GST payable arises then this amount would be disclosed in this Payables note.



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**Employment on-costs**

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

The SACE Board makes contributions to several South Australian Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries, as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to either the South Australian Superannuation Board, or non-SA Government funds.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has remained the same as 2020 (42%) and the average factor for the calculation of employer superannuation on-cost has increased in 2021 (10.1%) from 2020 (9.8%). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current year is not material. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions. A key assumption is the proportion of Long Service Leave taken as leave instead of a lump sum, a result determined by the actuary based on current period data.

**7.3 Replacement teachers**

	2021 \$'000	2020 \$'000
<b>Current</b>		
Temporary replacement teachers	118	105
<b>Total replacement teachers' liability</b>	<b>118</b>	<b>105</b>

The liability for replacement teachers represents the estimated cost of amounts owing to schools but not yet claimed as at 31 December 2021.

**7.4 Provisions**

	2021 \$'000	2020 \$'000
<b>Current</b>		
Provision for workers' compensation	20	25
Make Good Provision	-	300
<b>Total current provisions</b>	<b>20</b>	<b>325</b>
<b>Non-current</b>		
Provision for workers' compensation	52	36
<b>Total non-current provisions</b>	<b>52</b>	<b>36</b>
<b>Total provisions</b>	<b>72</b>	<b>361</b>
<b>Movement in provisions</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Carrying amount at the beginning of the period	361	-
Amount of provision expensed	75	-
Derecognition	( 375)	-
Additional provisions recognised	11	361
<b>Carrying amount at the end of the period</b>	<b>72</b>	<b>361</b>

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

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

During the reporting year, there was a reduction in the decommissioning costs to make good the tenancy at Greenhill Road that were provided for last year. The prior year make good provision estimate was advised by the Department for Infrastructure and Transport (DIT) in accordance with the Memoranda of Administrative Arrangement.

**8. Outlook**

**8.1 Unrecognised contractual commitments**

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

**Capital commitments**

	2021 \$'000	2020 \$'000
Within one year	111	90
Later than one year but not longer than five years	-	-
<b>Total other commitments</b>	<b>111</b>	<b>90</b>

The SACE Board's capital commitments are for the final fitout works to the Waymouth Street office.

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**Expenditure commitments**

	<b>2021</b>	2020
	\$'000	\$'000
Within one year	2 520	1 738
Later than one year but not longer than five years	5 241	270
<b>Total other commitments</b>	<b>7 761</b>	<b>2 008</b>

The SACE Board's expenditure commitments are for a range of outsourcing services and contracts including printing and distribution of SACE results, ICT services, and facility maintenance.

Office accommodation is provided for via Memoranda of Administrative Arrangements with the Department for Infrastructure and Transport.

**8.2 Contingent assets and liabilities**

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

The SACE Board is not aware of any contingent assets and liabilities.

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Certification of the Financial Statements

We certify that the attached draft general purpose financial statements for the SACE Board of South Australia:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987* and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the SACE Board of South Australia; and
- present a true and fair view of the financial position of the SACE Board of South Australia as at 31 December 2021 and the results of its operations and cash flows for the calendar year.

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

Kerrie Campbell  
Acting Presiding Member



Date: 15<sup>th</sup> March 2022

Prof. Martin Westwell  
Chief Executive



Date: 15<sup>th</sup> March 2022

Michelle Cox (FCPA)  
Chief People and Financial Officer



Date: 15<sup>th</sup> March 2022