

# Small Business Commissioner

Financial report  
for the year ended  
30 June 2018



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## To the Small Business Commissioner

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Small Business Commissioner for the financial year ended 30 June 2018.

## Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Small Business Commissioner as at 30 June 2018, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2018
- a Statement of Financial Position as at 30 June 2018
- a Statement of Changes in Equity for the year ended 30 June 2018
- a Statement of Cash Flows for the year ended 30 June 2018
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Small Business Commissioner and the Manager, Business Services.

## 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 Small Business Commissioner. 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 have been met.

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

## **Responsibilities of the Small Business Commissioner for the financial report**

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

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

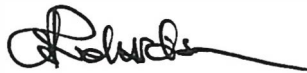
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an 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
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Small Business Commissioner
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

I communicate with the Small Business Commissioner about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

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

Andrew Richardson

**Auditor-General**

27 September 2018

**Small Business Commissioner**  
**Certification of the Financial Statements**  
*for the year ended 30 June 2018*

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We certify that the attached general purpose financial statements for the Small Business Commissioner:

- 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 authority
- present a true and fair view of the financial position of the Small Business Commissioner as at 30 June 2018 and the results of its operations and cash flows for the financial year.

We certify that the internal controls employed by the Small Business Commissioner for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



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John Chapman  
Small Business Commissioner

27<sup>th</sup> September 2018



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Enza Pullino  
Manager, Business Services

27<sup>th</sup> September 2018

**Small Business Commissioner  
(SBC)**

**Financial Statements**

For the year ended 30 June 2018

**Small Business Commissioner**  
**Statement of Comprehensive Income**  
*for the year ended 30 June 2018*

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	Note	2018 \$'000	2017 \$'000
<b><u>Expenses</u></b>			
Employee benefits	3	1 235	1 179
Supplies and services	4	680	461
Depreciation and amortisation	5	163	121
<b>Total expenses</b>		<b>2 078</b>	<b>1 761</b>
<b><u>Income</u></b>			
Recoveries	6	239	195
Resources received free of charge	7	14	-
Mediation income		3	4
<b>Total income</b>		<b>256</b>	<b>199</b>
<b>Net cost of providing services</b>		<b>(1 822)</b>	<b>(1 562)</b>
<b><u>Revenues from SA Government</u></b>			
Revenues from SA Government	8	1 847	1 540
<b>Total net revenues from SA Government</b>		<b>1 847</b>	<b>1 540</b>
<b>Net result</b>		<b>25</b>	<b>(22)</b>
<b>Total comprehensive result</b>		<b>25</b>	<b>(22)</b>

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

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**Small Business Commissioner**  
**Statement of Financial Position**  
*as at 30 June 2018*

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	Note	2018 \$'000	2017 \$'000
<b><u>Current assets</u></b>			
Cash and cash equivalents	9	862	702
Receivables	10	44	24
<b>Total current assets</b>		<b>906</b>	<b>726</b>
<b><u>Non-current assets</u></b>			
Property, plant and equipment	12	302	417
Intangible assets	13	165	146
<b>Total non-current assets</b>		<b>467</b>	<b>563</b>
<b>Total assets</b>		<b>1 373</b>	<b>1 289</b>
<b><u>Current liabilities</u></b>			
Payables	14	70	55
Employee benefits	15	123	126
<b>Total current liabilities</b>		<b>193</b>	<b>181</b>
<b><u>Non-current liabilities</u></b>			
Payables	14	23	18
Employee benefits	15	243	201
<b>Total non-current liabilities</b>		<b>266</b>	<b>219</b>
<b>Total liabilities</b>		<b>459</b>	<b>400</b>
<b>Net assets</b>		<b>914</b>	<b>889</b>
<b><u>Equity</u></b>			
Retained earnings		914	889
<b>Total equity</b>		<b>914</b>	<b>889</b>

The total equity is attributable to the SA Government as owner.

Unrecognised contractual commitments 16

Contingent assets and liabilities 17

The above Statement of Financial Position should be read in conjunction with the accompanying notes.



**Small Business Commissioner**  
**Statement of Changes in Equity**  
*for the year ended 30 June 2018*

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	<b>Retained earnings</b>	<b>Total equity</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at 30 June 2016	911	911
<b>Net result for 2016-17</b>	<b>(22)</b>	<b>(22)</b>
<b>Total comprehensive result for 2016-17</b>	<b>(22)</b>	<b>(22)</b>
Balance at 30 June 2017	889	889
<b>Net result for 2017-18</b>	<b>25</b>	<b>25</b>
<b>Total comprehensive result for 2017-18</b>	<b>25</b>	<b>25</b>
Balance at 30 June 2018	<b>914</b>	<b>914</b>

All changes in equity are attributable to the SA Government as owner.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**Small Business Commissioner**  
**Statement of Cash Flows**  
*for the year ended 30 June 2018*

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		2018 (Outflows) Inflows \$'000	2017 (Outflows) Inflows \$'000
<b><u>Cash flows from operating activities</u></b>	<b>Note</b>		
<b>Cash outflows</b>			
Employee benefit payments		(1 196)	(1 105)
Payments for supplies and services		(667)	(470)
<b>Cash used in operations</b>		<b>(1 863)</b>	<b>(1 575)</b>
<b>Cash inflows</b>			
Recoveries from Retail Shop Leases Fund		239	195
Mediation receipts		3	-
<b>Cash generated from operations</b>		<b>242</b>	<b>195</b>
<b>Cash flows from SA Government</b>			
Receipts from SA Government	8	1 847	1 540
<b>Cash generated from SA Government</b>		<b>1 847</b>	<b>1 540</b>
<b>Net cash provided by operating activities</b>		<b>226</b>	<b>160</b>
<b><u>Cash flows from investing activities</u></b>			
<b>Cash outflows</b>			
Purchase of property, plant and equipment		(66)	(668)
<b>Cash used in investing activities</b>		<b>(66)</b>	<b>(668)</b>
<b>Net cash used in investing activities</b>		<b>(66)</b>	<b>(668)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>160</b>	<b>(508)</b>
Cash and cash equivalents at the beginning of the reporting period		702	1 210
<b>Cash and cash equivalents at the end of the reporting period</b>	9	<b>862</b>	<b>702</b>

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

# Small Business Commissioner

## Notes to and forming part of the financial statements

### for the year ended 30 June 2018

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## 1 Basis of financial statements

### 1.1 Reporting entity

The Small Business Commissioner (the Commissioner) is a government agency of the state of South Australia, established pursuant to the *Small Business Commissioner Act 2011*.

The financial statements and accompanying notes include all the controlled activities of the Commissioner.

The Commissioner controls the operations of the Retail Shop Leases Fund through his statutory responsibility to administer the *Retail and Commercial Leases Act 1995*.

The Commissioner has not entered into any contractual arrangements which involve the sharing of control or significant influence over another entity.

### 1.2 Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards (Reduced Disclosure Requirements) and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of *Public Finance and Audit Act 1987*.

The Commissioner has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Commissioner is a not-for-profit entity. Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Commissioner for the period ending 30 June 2018.

### 1.3 Basis of preparation

The financial statements have been prepared based on a 12 month 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 on a different basis.

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$000).

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Significant accounting policies are set out in the notes.

### 1.4 Taxation

The Commissioner is not subject to Income Tax. The Commissioner is liable for Payroll Tax, Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). Income, expense and assets are recognised net of the amount of GST. GST collections and payments are carried out by the Department of State Development on behalf of the Commissioner.

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**2 Objectives**

The Small Business Commissioner (the Commissioner) is committed to helping build the best possible environment in which small business can flourish, now and in the future.

The objectives of the Commissioner are:

- Provides no or low cost dispute resolution services for businesses
- Develops, promotes and enforces Industry Codes of Conduct (under the *Fair Trading Act 1987*)
- Provides a range of information services
- Acts as an advocate for the sector
- Performs inquiries on behalf of the responsible Minister or own motion
- Administers the *Small Business Commissioners Act 2011* and operates within relevant sections of the *Fair Trading Act 1987*
- Administers the *Retail and Commercial Leases Act 1995*
- Oversees the *Building and Construction Industry Security of Payments Act 2009*
- Disputes resolution body for *Late Payment of Government Debts (Interest) Act 2013*.

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**3 Employee benefits**

	2018 \$'000	2017 \$'000
Salaries and wages	929	907
Long service leave	45	44
Annual leave	93	79
Skills and experience retention leave	5	2
Employment on-costs - superannuation *	105	94
Employment on-costs - other	58	53
<b>Total employee benefit expenses</b>	<b>1 235</b>	<b>1 179</b>

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

**Key management personnel**

Key management personnel include the responsible Minister and the Commissioner who have the responsibility for the strategic direction and management of the office.

The compensation detailed below excludes salaries and other benefits for which the Minister receives. Aggregate compensation of the Minister will be disclosed in the Whole of Government Consolidated Financial Report.

	2018 \$'000	2017 \$'000
<b>Compensation</b>		
Salaries and other short term employee benefits	263	265
Post-employment benefits	24	24
<b>Total compensation</b>	<b>287</b>	<b>289</b>

The post-employment benefits relate to superannuation.

**Remuneration of employees**

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

	2018 Number	2017 Number
\$279 001 - \$289 000	1	-
\$289 001 - \$299 000	-	1
<b>Total number of employees</b>	<b>1</b>	<b>1</b>

One employee received remuneration 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, superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by the employee for the year was \$0.287 million (2017: \$0.289 million).

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**4 Supplies and services**

	2018	2017
	\$'000	\$'000
Marketing	199	151
Accommodation and service costs	153	86
Office administration expenses	118	82
Communications and information technology expenses	115	47
Travel and related expenses	41	44
Accounting and audit fees	18	28
Mediation fees	22	13
Staff related expenses	14	7
Contractors	-	3
<b>Total supplies and services</b>	<b>680</b>	<b>461</b>

Marketing expenditure increased in 2018 for increased advertising and printing for information services.

Accommodation expenditure increased in 2018 due to the full year rental expense incurred for new accommodation. The new lease arrangement had a rent-free period in 2017, as part of the negotiated contract.

**5 Depreciation and amortisation**

	2018	2017
	\$'000	\$'000
<b>Depreciation and amortisation</b>		
Buildings and leasehold improvements	116	107
Intangible assets	47	14
<b>Total depreciation and amortisation</b>	<b>163</b>	<b>121</b>

All non-current assets, having a limited useful life, are systematically depreciated / amortised over their useful lives in a manner that reflects the consumption of their service potential.

Lease incentives in the form of leasehold improvements are capitalised as an asset and depreciated over the remaining term of the lease or estimated useful life of the improvement, whichever is shorter.

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**5 Depreciation and amortisation (continued)**

**Useful lives**

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

<b>Class of asset</b>	<b>Useful life (years)</b>
Leasehold improvements	Life of lease
Intangible / software	1-5

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

**Revision 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 useful 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, which is a change in accounting estimate.

The increase in depreciation for building and leasehold improvements is related to the new shopfront fit-out capitalised in 2018. The increase in amortisation of intangible assets is related to the acquisition of a new retail bonds management system in 2017.

**6 Recoveries**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Retail Shop Leases Fund administration fees	239	195
<b>Total recoveries</b>	<b>239</b>	<b>195</b>

The increase in fees relates to an additional once off cost in 2018 to support the implementation of the new Retail Bonds Management System.

**7 Resources received free of charge**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Services received free of charge	14	-
<b>Total resources received free of charge</b>	<b>14</b>	<b>-</b>

On the 21 November 2016, approval was given by Cabinet to cease the intra-government charging model for services provided by Shared Services SA (SSSA) to general government sector agencies. As a result of this change, effective from 2018, SSSA is directly appropriation funded for the services provided by SSSA to general government agencies. Under AASB 1004, *Contributions*, the contribution of services provided by SSSA to government agencies are disclosed in the financial statements as income because the fair value of the services can be reliably measured and the services would have been purchased if they had not been donated. A corresponding expense is recognised in the financial statements within office administration expenses (refer note 4).

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**8 Revenues from SA Government**

	2018	2017
	\$'000	\$'000
Revenues from SA Government		
Intra government transfers	1 847	1 540
<b>Total revenues from SA Government</b>	<b>1 847</b>	<b>1 540</b>
<b>Net revenues from SA Government</b>	<b>1 847</b>	<b>1 540</b>

Relates to transfers for operational funding received via the Department of State Development.

**9 Cash and cash equivalents**

	2018	2017
	\$'000	\$'000
Cash at bank	862	702
<b>Total cash and cash equivalents</b>	<b>862</b>	<b>702</b>

Cash is measured at nominal amounts.

**10 Receivables**

	2018	2017
	\$'000	\$'000
<b><u>Current</u></b>		
Receivables	1	3
Prepayments	43	21
<b>Total current receivables</b>	<b>44</b>	<b>24</b>
<b>Total receivables</b>	<b>44</b>	<b>24</b>

**Interest rate and credit risk**

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are normally settled within 30 days after the issue of an invoice or the goods / services have been provided under a contractual arrangement. Receivables, prepayments and accrued revenues are non-interest bearing.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Commissioner will not be able to collect the debt. Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

**Categorisation of financial instruments and risk exposure information - refer note 19.**



**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**11 Non-current assets**

**Revaluation**

All non-current tangible assets are valued at fair value and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years.

The Commissioner does not have a class of assets greater than \$1 million, therefore no revaluation is required.

**12 Property, plant and equipment**

	2018 \$'000	2017 \$'000
<b><u>Buildings and leasehold improvements</u></b>		
Buildings and leasehold improvements at fair value	524	524
Accumulated depreciation	(222)	(107)
<b>Total buildings and leasehold improvements</b>	<u>302</u>	<u>417</u>
<b>Total property, plant and equipment</b>	<u><u>302</u></u>	<u><u>417</u></u>

**Acquisition and recognition**

Non-current assets are initially recorded at cost, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation which gives rise to a new fair value.

Where assets are acquired at no cost, or minimal cost, they are recorded at fair value in the Statement of Financial Position.

However, if the assets are acquired at no or nominal cost as part of a restructure of administrative arrangements then the assets are recognised at book value (i.e. the amount recorded by the transferor public authority immediately prior to the restructure).

All non-current tangible assets with a value equal to or in excess of \$10 000 are capitalised.

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**12 Property, plant and equipment (continued)**

**Reconciliation of property, plant and equipment**

The following table shows the movement of property, plant and equipment during 2017-18:

	<b>Buildings and leasehold improvements</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>
Carrying amount at the beginning of the period	417	417
Depreciation and amortisation	(115)	(115)
<b>Carrying amount at the end of the period</b>	<b>302</b>	<b>302</b>

**13 Intangible assets**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Intangibles / software</u></b>		
Computer software	262	196
Accumulated amortisation	(97)	(50)
<b>Total intangible assets</b>	<b>165</b>	<b>146</b>

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

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

The acquisition, or internal development, of software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) and when the amount of expenditure is greater than or equal to \$10 000.

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 *Intangible Assets* are expensed.

Where subsequent expenditure on intangible assets cannot be attributed to existing intangible assets the expenditure is not capitalised but is classified as expenditure.

The department has no contractual commitments for the acquisition of intangible assets.

**Impairment**

There were no indications of impairment of intangible assets at 30 June 2018.

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**13 Intangible assets (continued)**

**Reconciliation of intangible assets**

The following table shows the movement of intangible assets during 2017-18:

	Intangibles / software	Intangibles work in progress	Total
	\$' 000	\$'000	\$' 000
Carrying amount at the beginning of the period	146	-	146
Acquisitions	31	36	67
Capitalisation	36	(36)	-
Amortisation	(48)	-	(48)
Carrying amount at the end of the period	<u>165</u>	<u>-</u>	<u>165</u>

**14 Payables**

	2018	2017
	\$'000	\$'000
<b><u>Current</u></b>		
Accrued expenses	51	36
Employment on-costs ^	19	19
<b>Total current payables</b>	<u>70</u>	<u>55</u>
<b><u>Non-current</u></b>		
Employment on-costs ^	23	18
<b>Total non-current payables</b>	<u>23</u>	<u>18</u>
<b>Total payables</b>	<u>93</u>	<u>73</u>

^ Employment on-costs include payroll tax and superannuation contributions. The Commissioner makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

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 increased from 40% in 2017 to 41% in 2018 and the average factor for the calculation of employer superannuation on-cost has changed from the 10.1% in 2017 rate to 9.9% in 2018. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is immaterial.

**Interest rate and credit risk**

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts owing but unpaid. Sundry creditors are normally settled within 30 days from the date the invoice is first received. Employment on-costs are settled when the respective employee benefits that they relate to are discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**15 Employee benefits**

	2018	2017
	\$'000	\$'000
<b><u>Current</u></b>		
Accrued salaries and wages	19	18
Annual leave	89	96
Long service leave	4	5
Skills and experience retention leave	11	7
<b>Total current employee benefits</b>	<b>123</b>	<b>126</b>
<b><u>Non-current</u></b>		
Long service leave	243	201
<b>Total non-current employee benefits</b>	<b>243</b>	<b>201</b>
<b>Total employee benefits</b>	<b>366</b>	<b>327</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 their nominal amounts.

**Salaries and wages, annual leave, skills and experience retention leave and sick leave**

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

The annual leave liability and the skills and experience retention leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

**Long service leave**

Current long service leave reflects the portion of leave expected to be settled within the next 12 months based on the average long service leave taken annually over the previous 2 years.

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.

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service.

AASB 119 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds for 2018 remains unchanged 2.5%.

The net financial effect of the changes in the current financial year is a decrease in the long service liability is immaterial. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and the salary inflation rate at 3% for annual leave and skills and experience retention leave liability.

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**16 Unrecognised contractual commitments**

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

Unrecognised contractual commitments are disclosed net of the amount of GST recoverable from, or payable to the Australian Taxation Office (ATO). If GST is not payable to, or recoverable from the ATO, the commitments and contingencies are disclosed on a gross basis.

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

**Operating lease commitments**

*Office as lessee*

	2018	2017
	\$'000	\$'000
Within one year	146	133
Later than one year but not later than five years	243	365
<b>Total operating lease commitments</b>	<b>389</b>	<b>498</b>

**Representing:**

Cancellable operating leases	15	25
Non-cancellable operating leases	374	473
<b>Total operating lease commitments</b>	<b>389</b>	<b>498</b>

The Commissioner's operating leases relate to office accommodation and motor vehicles. Office accommodation is leased from the Department of Planning, Transport and Infrastructure. The lease is non-cancellable with a term of 4 years and 8 months and having the right of renewal. A motor vehicle is leased from SAFA through their agent LeasePlan Australia, with lease periods of up to three years. This is cancellable without notice.

Office accommodation commitments relate to entities within the SA Government.

Commitments for the payment of other contracts and grant agreements in existence at the reporting date but not recognised as liabilities are payable as follows:

**Other commitments**

	2018	2017
	\$'000	\$'000
Within one year	9	113
<b>Total other commitments</b>	<b>9</b>	<b>113</b>

Amounts disclosed include commitments arising from agreements with SRA Information Technology and Deloitte for the Retail Bonds Management System.

**17 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 Commissioner is not aware of any contingent assets and liabilities at reporting date.

# Small Business Commissioner

## Notes to and forming part of the financial statements

### for the year ended 30 June 2018

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#### 18 Related party transactions

The Small Business Commissioner is a government agency of the state of South Australia, established pursuant to the *Small Business Commissioner Act 2011*.

Related parties of the Commissioner 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.

##### Significant transactions with government related entities

The Commissioner is funded principally via a transfer of funds from the Department of State Development on behalf of SA Government (refer note 8).

The Commissioner has recovered \$0.2 million from the Retail Shop Lease Fund in 2017-18, for part of the cost of administering Part 10 of the *Retail and Commercial Leases Act 1995*. Quantitative information about the transaction and balance are disclosed at note 6.

#### 19 Financial risk management / financial instruments

##### Financial risk management

Risk management is managed by the Commissioner's corporate services section and the Commissioner's risk management policies are drafted in accordance with the relevant Treasurer's Instructions. *Risk Management Policy Statement* issued by the Premier and Treasurer, and the Australian Standard ISO 31000 - 2009 *Risk Management Principles and Guidelines*.

The Commissioner's exposure to financial risk - liquidity risk, credit risk and market risk. The Commissioner's exposure to risk is insignificant based on past experience and current assessment of risk.

##### Liquidity risk

Liquidity risk arises where the office is unable to meet its financial obligations as they fall due. The Commissioner is funded principally via a transfer of funds from the Department of State Development on behalf of SA Government. The Commissioner works with the Department of Treasury and Finance to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. The Commissioner settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution. The Commissioner's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

The carrying amount of financial liabilities recorded in the table below represents The Commissioner's maximum exposure to financial liabilities.

##### Credit risk

Credit risk arises when there is the possibility of the office's debtors defaulting on their contractual obligations resulting in financial loss to the Commissioner. The Commissioner measures credit risk on a fair value basis and monitors risk on a regular basis.

The Commissioner has minimal concentration of credit risk. The Commissioner has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Commissioner does not engage in high risk hedging for its financial assets.

There are no impaired financial assets at 30 June 2018.

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**19 Financial risk management / financial instruments (continued)**

**Categorisation of financial instruments**

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

Refer to the table below for the carrying amounts of each of the following categories of financial assets and liabilities: held-to-maturity investments; loan and receivables; and financial liabilities measured at cost.

The following table discloses the categorisation and maturity analysis of financial assets and financial liabilities.

Category of financial asset and financial liability	Note	2018	2017
		Carrying amount / fair value \$'000	Carrying amount / fair value \$'000
<b>Financial assets</b>			
Cash	9	862	702
Loans and receivables <sup>(1)(2)</sup>	10	1	3
<b>Total financial assets</b>		<b>863</b>	<b>705</b>
<b>Financial liabilities</b>			
Financial liabilities at cost <sup>(1)</sup>	14	31	36
<b>Total financial liabilities</b>		<b>31</b>	<b>36</b>

<sup>(1)</sup> The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore, in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents, they would be excluded from the disclosure. The standard defines contract as enforceable by law.

<sup>(2)</sup> The receivables amount disclosed here excludes prepayments. Prepayments are not financial assets defined in AASB 132 *Financial Instruments: Presentation* as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

**20 Events after reporting period**

As at the date of this report there are no known or material events that have occurred after the reporting period.