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Government
of South Australia

Report

of the

Auditor-General

Annual Report

for the

year ended 30 June 2014

Tabled in the House of Assembly and ordered to be published, 14 October 2014

First Session, Fifty-Third Parliament

Part B: Agency audit reports

Volume 1

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Those matters that are regarded as being more significant are listed below. This list is not exhaustive as many other issues are reported in Part B of this Report.

Reference should also be made to Part A – Audit overview which also contains comments on specific matters of importance and interest.

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Introduction

Part B – Volumes 1 to 6 of the Annual Report of the Auditor-General contains the financial reports of, and comments concerning, the operations of those public sector agencies that I am required by law to audit and that are defined by the PFAA as 'public authorities'. Where appropriate, charts and tables have been used to illustrate selected information.

Agencies not included in this Report

In preparing this Report every effort is made to ensure that only matters that are relevant, appropriate and timely are included. Section 36(2) of the PFAA provides the Auditor-General with a discretionary power to choose which agencies are excluded from this Report.

The following factors are taken into consideration in determining which agencies are to be included in the Report:

- materiality of financial operations
- materiality of any impact on the public finances
- consolidation of the financial operations in the parent entity's financial statements included in this Report
- timeliness of information
- materiality of issues arising from the audit
- public interest
- timely completion of the overall Report to meet the statutory date of 30 September for delivery of the Report to the presiding members of Parliament.

Agencies excluded from the Report are required to prepare an annual report in accordance with the requirements of the PSA. In addition, TI 19 requires that each chief executive officer must ensure that the annual report, which is required to be submitted to the responsible Minister in accordance with the PSA and Regulations or other legislation, includes the general purpose financial report in the form in which it was presented to the Auditor-General, together with a copy of the Auditor-General's Independent Auditor's Report on the financial report.

Supplementary Report

The South Australian Forestry Corporation would have been included in this Report had the audit of its financial report been completed at the time of finalising this Report. The financial report and commentary on the South Australian Forestry Corporation will be included in a Supplementary Report to be presented to Parliament.

Modified Independent Auditor's Reports

The expression of an opinion on an organisation's annual financial report by an independent professional auditor adds credibility to that financial report and ensures that an appropriate level of financial disclosure has been exercised.

For those agencies that I am required to audit, I issue an Independent Auditor's Report on the financial report in accordance with professional requirements and standards. The opinion expressed in that Report is usually unmodified but where, in my opinion, circumstances so warrant, a modified opinion is expressed. In extreme cases it may be necessary to decline to express an opinion.

In all cases where a modified opinion is given, the Independent Auditor's Report includes explanatory paragraphs clearly describing the reason for issuing a modified opinion.

Modified opinions were expressed on the financial reports of the following agencies included in this Report:

- Department of Environment, Water and Natural Resources
- The Legislature – Joint Parliamentary Service
- South Australian Motor Sport Board
- University of South Australia.

Whilst not expressing a modified opinion on the financial report of the WorkCover Corporation of South Australia, which is also included in this Report, I drew attention to the inherent uncertainty associated with that entity's outstanding claims liability and funding ratio.

Assessment of controls

Section 36(1)(a)(iii) of the PFAA requires the Auditor-General to advise Parliament whether, in his opinion, the controls exercised by the Treasurer and by public authorities in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities is sufficient to provide reasonable assurance that the financial transactions of the Treasurer and public authorities have been conducted properly and in accordance with law.

A controls opinion has been expressed for each agency included in Part B of this Report.

Audit of the Auditor-General's Department

The PFAA requires that the accounts of the Auditor-General's Department be audited by an auditor appointed by the Governor. The audit for the financial year ended 30 June 2014 was conducted by Edwards Marshall, Chartered Accountants, who has issued an unmodified Independent Auditor's Report on the Department's financial report.

References to matters of significance

Matters that have arisen from the audit of agencies during this financial year are commented on in Volumes 1 to 6 of Part B of this Report. Those issues that are regarded as either serious in nature or of public interest importance are listed separately under the heading 'References to matters of significance' immediately after the table of contents in each volume.

Adelaide Convention Centre Corporation

Functional responsibility

Establishment

The Adelaide Convention Centre Corporation (the Corporation), a subsidiary to the Minister for Tourism, was established pursuant to Regulations under the PCA.

Functions

The main function of the Corporation is to manage the Adelaide Convention Centre. For more information about the Corporation's functions refer note 1 to the financial statements.

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 13(3) of the Schedule to the PCA and section 31(1)(b) of the PFAA provide for the Auditor-General to audit the accounts of the Corporation for each financial year.

Assessment of controls

Section 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Corporation in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether internal controls are consistent with the TIs with particular focus on TIs 2 and 28.

Scope of the audit

The audit program covered major financial systems to obtain sufficient evidence to form an opinion on the financial report and internal controls.

During 2013-14, specific areas of audit attention included:

- revenue from events, car park operations and Regatta's bistro
- payroll
- procurement and expenditure.

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the Adelaide Convention Centre Corporation as at 30 June 2014, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the Adelaide Convention Centre Corporation in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, are sufficient to provide reasonable assurance that the financial transactions of the Adelaide Convention Centre Corporation have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in a management letter to the Chief Executive of the Corporation. The main matters raised with the Corporation were:

- client incentives for technical services for certain events were not appropriately approved in line with the requirements of the client incentives policy

- certain events did not have a completed credit application form in compliance with security deposit and credit policy requirements.

The Corporation responded that the matters raised by Audit will be addressed.

Interpretation and analysis of the financial report

The Corporation presents its Statement of Comprehensive Income on an activity basis. The following analysis summarises expenses and income by classification.

Highlights of the financial report

	2014 $'million	2013 $'million
Expenses		
Employee benefits expenses	16	16
Supplies and services	15	14
Borrowing costs	10	2
Other expenses	5	5
Total expenses	46	37
Income		
Facility charges revenues	31	29
Revenues from SA Government	15	6
Other income	2	2
Total income	48	37
Profit (Loss) from trading activities	7	5
Profit (Loss) from property management activities	(5)	(5)
Profit (Loss) before income tax equivalents	2	-
Net cash provided by (used in) operating activities	17	6
Net cash provided by (used in) investing activities	(80)	(67)
Net cash provided by (used in) financing activities	67	57

	2014 $'million	2013 $'million
Assets		
Current assets	22	21
Non-current assets	331	253
Total assets	353	274
Liabilities		
Current liabilities	9	10
Non-current liabilities	186	106
Total liabilities	195	116
Equity		
Contributed capital	78	78
Retained earnings	80	80
Total equity	158	158

Statement of Comprehensive Income

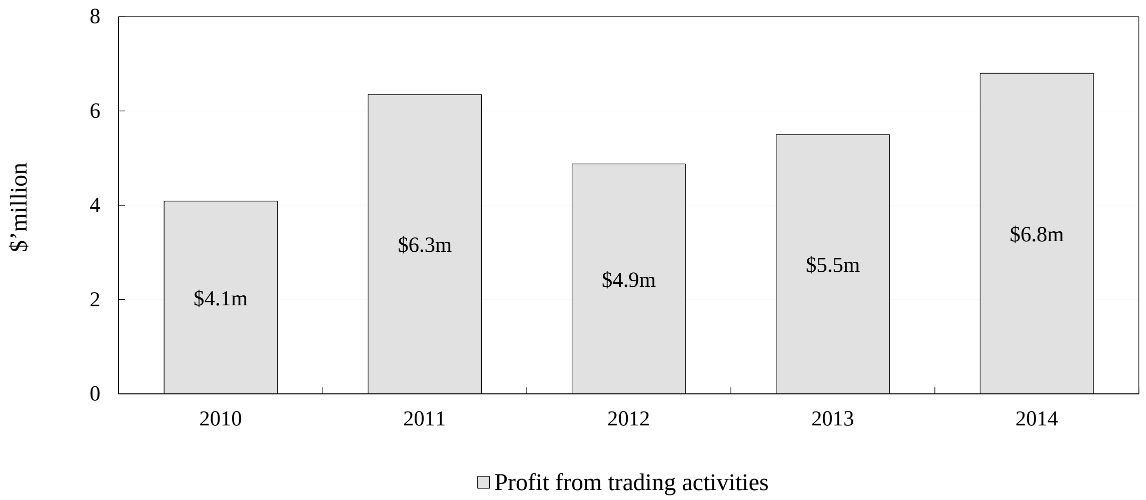
Trading activities

Income from trading activities increased by $1.9 million to $32.8 million. In 2013-14, revenue from facility charges increased by $2.5 million. This was offset by a decrease in interest revenue of $612 000 as a result of lower average cash balances held and lower interest rates during the year.

Expenses from trading activities increased by $607 000 primarily as a result of an increase in supplies and services of $1 million. This was mainly due to an increase in direct materials expenses of $687 000 as a result of increased revenue from events.

The profit from trading activities was $6.8 million, an increase of $1.3 million from the previous year.

The chart below shows the profit from trading activities for the last five years.



Property management activities

The Corporation is charged with managing and maintaining the common areas of the Adelaide Convention Centre and surrounds and revenue is provided from the State Government for this purpose. The revenue received for this purpose in 2013-14 was $4.6 million ($4.5 million).

In 2012-13 Cabinet approved the Corporation borrowing up to $350.3 million from SAFA for the redevelopment of the Adelaide Convention Centre site. Under these arrangements the Corporation will receive a community service obligation payment from the SA Government equivalent to the required interest repayments and guarantee fee on the borrowings.

Total income increased by $8.5 million. This was predominately due to an increase in amounts received for reimbursement of interest costs of $8.4 million. Overall expenses increased by $8.4 million to $20.1 million mainly as a result of an increase in expenditure on borrowing costs for the redevelopment loan. The overall result from property management activities was a loss of $4.7 million ($4.8 million).

Overall profit

The Corporation reported an overall profit after income tax equivalents of $1.4 million ($443 000). The increase in total profit mainly reflects the increase in profit from trading.

Statement of Financial Position

The Corporation's net assets increased by $338 000 to $158 million. This net increase is mainly the result of an increase in building, plant and equipment of $75.5 million and an increase in cash and specific purpose deposits of $4 million, offset by an increase in borrowings of $80 million to fund the Adelaide Convention Centre extension and redevelopment.

The value of building, plant and equipment as at 30 June 2014 was $306 million and included $188 million of work in progress.

Statement of Cash Flows

Cash held by the Corporation was $41.9 million ($38 million) and includes $24.3 million ($22.3 million) in specific purpose deposits of which $21.8 million ($19.8 million) is earmarked for future asset replacement. The Corporation spent $80.2 million on the purchase of building, plant and equipment and received borrowings of $80 million.

Further commentary on operations

Redevelopment of the Adelaide Convention Centre

The extension and redevelopment of the Adelaide Convention Centre is a five year project which commenced in 2010-11 and is expected to cost around $350 million. The Corporation is partnering with the Department of Planning, Transport and Infrastructure (DPTI) to deliver the project and DPTI has responsibility for managing the procurement of design and construction and for managing project delivery. The Corporation makes progress payments to DPTI for work completed. As at 30 June 2014 expenditure on the extension and redevelopment totalled $183.7 million ($112.9 million).

Statement of Comprehensive Income
for the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Expenses from trading activities:			
Employee benefits expenses	4	14 071	14 292
Supplies and services expense	5	10 356	9 309
Depreciation and amortisation expense	6	1 531	1 669
Net loss from disposal of non-current assets	7	62	143
Total expenses from trading activities		26 020	25 413
Income from trading activities:			
Facility charges revenues	10	31 604	29 086
Interest revenues		904	1 516
Other income		255	257
Net gain from disposal of non-current assets	11	19	-
Total income from trading activities		32 782	30 859
Profit from trading activities		6 762	5 446
Expenses from property management activities:			
Employee benefits expenses	4	2 292	2 268
Supplies and services	5	4 423	4 514
Depreciation and amortisation expense	6	3 145	3 139
Borrowing costs	9	10 249	1 821
Total expenses from property management activities		20 109	11 742
Income from property management activities:			
Interest		578	654
Revenues from SA Government		14 814	6 275
Total income from property management activities		15 392	6 929
Profit (Loss) from property management activities		(4 717)	(4 813)
Profit (Loss) before income tax equivalents		2 045	633
Income tax equivalent expense	3(e)	613	190
Profit (Loss) after income tax equivalents		1 432	443
Total comprehensive result		1 432	443

Profit (Loss) after income tax equivalents and total comprehensive result are attributable to the SA Government as owner

Statement of Financial Position
as at 30 June 2014

	Note	2014 $'000	2013 $'000
Current assets:			
Cash and cash equivalents	23	17 611	15 665
Receivables	12	4 396	4 421
Inventories		489	342
Prepayments		-	22
Total current assets		22 496	20 450
Non-current assets:			
Specific purpose deposits	13,23	24 332	22 321
Building, plant and equipment	14,15	306 413	230 912
Total non-current assets		330 745	253 233
Total assets		353 241	273 683
Current liabilities:			
Payables	16	3 138	4 915
Security deposits	17	4 956	3 979
Employee benefits	18	837	661
Total current liabilities		8 931	9 555
Non-current liabilities:			
Payables	16	102	111
Employee benefits	18	1 591	1 738
Borrowings	19	184 575	104 575
Total non-current liabilities		186 268	106 424
Total liabilities		195 199	115 979
Net assets		158 042	157 704
Equity:			
Contributed capital		78 304	78 304
Retained earnings		79 738	79 400
Total equity		158 042	157 704

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	20
Contingent assets and liabilities	21

Statement of Changes in Equity
for the year ended 30 June 2014

	Note	Contributed capital $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2012		125 976	78 957	204 933
Profit (Loss) after income tax equivalents for 2012-13		-	443	443
Total comprehensive result for 2012-13		-	443	443
Transactions with SA Government as owner:				
Equity returned	3(k)	(47 672)	-	(47 672)
Balance at 30 June 2013		78 304	79 400	157 704
Profit (Loss) after income tax equivalents for 2013-14		-	1 432	1 432
Total comprehensive result for 2013-14		-	1 432	1 432
Transactions with SA Government as owner:				
Equity contribution	3(k)	-	-	-
Dividend prior period		-	(1 094)	(1 094)
Balance at 30 June 2014		78 304	79 738	158 042

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

Statement of Cash Flows
for the year ended 30 June 2014

	Note	2014 Inflows (Outflows) $'000	2013 Inflows (Outflows) $'000
Cash flows from operating activities:			
Cash outflows:			
Employee benefit payments		(16 330)	(16 955)
Payments for supplies and services		(15 900)	(12 330)
GST payments on purchases		(9 102)	(7 682)
GST payments to the ATO		(487)	(246)
Cash used in operations		(41 819)	(37 213)
Cash inflows:			
Facility charges		32 519	28 844
Interest received		1 579	2 195
GST receipts on facility charges		3 294	2 367
GST received from the ATO		6 285	5 002
Other receipts		255	257
Cash generated from operations		43 932	38 665
Cash flows from SA Government:			
Receipts from SA Government		14 814	4 824
Cash generated from SA Government		14 814	4 824
Net cash provided by (used in) operating activities	23	16 927	6 276
Cash flows from investing activities:			
Cash outflows:			
Purchase of building, plant and equipment		(80 292)	(67 003)
Cash used in investing activities		(80 292)	(67 003)
Cash inflows:			
Proceeds from the sale of property, plant and equipment	7,11	72	11
Cash generated from investing activities		72	11
Net cash provided by (used in) investing activities		(80 220)	(66 992)
Cash flows from financing activities:			
Cash outflows:			
Capital returned to government	2	-	(47 672)
Income tax equivalent and dividends paid		(2 501)	-
Borrowing costs	9	(10 249)	(370)
Cash used in financing activities		(12 750)	(48 042)
Cash inflows:			
Borrowings	19	80 000	104 575
Cash generated from financing activities		80 000	104 575
Net cash provided by (used in) financing activities		67 250	56 533
Net increase (decrease) in cash and cash equivalents		3 957	(4 183)
Cash and cash equivalents at 1 July		37 986	42 169
Cash and cash equivalents at 30 June	23	41 943	37 986

Notes to and forming part of the financial statements

1. Objectives of the Adelaide Convention Centre Corporation (the Corporation)

The Corporation was established as a subsidiary to the Minister for Tourism by Regulations issued under the PCA.

The functions of the Corporation are to:

- manage and operate the Adelaide Convention Centre site, and to hold and manage assets associated with the Corporation
- manage, promote and sponsor events at the Adelaide Convention Centre site or elsewhere
- attract economic benefits to the State of South Australia
- foster and assist the commercial development of the Adelaide Convention Centre site in order to complement and enhance the commercial potential of the Corporation.

2. Funding

The SA Government (through the Minister for Tourism) provides funding to the Corporation for expenses relating to the maintenance of the common areas and the Riverbank Precinct, Exhibition Hall land rent, office accommodation rent and for replacement of assets.

The funding for asset replacement is transferred by DTF into an interest bearing special deposit account titled 'Adelaide Convention Centre Future Asset Replacement Account'. With the approval of the Treasurer, these funds are available for the replacement and upgrade of assets and minor works.

During 2012-13, the SA Government changed the funding arrangements for the Adelaide Convention Centre extension and redevelopment from equity contribution to borrowings. A drawdown of $104.575 million was taken during 2012-13 for payments estimated for the year and already made for the project. Funding received in previous years under the equity contribution model less previously returned payments totalling $47.672 million were repaid. Further drawdowns continue under the model during the extension and redevelopment.

All other financial activities of the Corporation are conducted through an interest bearing special deposit account titled 'Adelaide Convention Centre Operating Account'.

3. Summary of significant accounting policies

(a) Statement of compliance

The Corporation has prepared these financial statements in compliance with section 23 of the PFAA and section 13 of the Schedule to the PCA.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant AASs and comply with TIs and APSs promulgated under the provisions of the PFAA.

The Corporation has applied AASs that are applicable to not-for-profit entities, as the Corporation is a not-for-profit entity.

AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Corporation for the reporting period ending 30 June 2014.

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Corporation's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported

(b) Basis of preparation (continued)

- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures, which have been included in this financial report:

  (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of $100 000 for separate identification of these items applies

  (b) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income)

  (c) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees

  (d) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The Corporation's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a 12 month period and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2014 and the comparative information presented.

(c) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or APSs have required a change.

Where presentation or classification of items in the financial statements has been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

(d) Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars ($'000).

(e) Taxation

In accordance with TIs issued under the PFAA, the Corporation is required to pay to the State Government an income tax equivalent. The income tax liability is based on the Treasurer's accounting profit method, which requires that the corporate income tax rate be applied to the net profit. The Treasurer has exempted capital funding from the calculation of the income tax equivalents.

The Corporation is liable for payroll tax, FBT, GST, Emergency Services levy, land tax and local government rates.

Income, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred by the Corporation is not recoverable from the ATO, in which case GST is recognised as part of the cost of acquisition of an asset or as part of the expense item applicable

- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

(e) Taxation (continued)

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

Income tax equivalent payable for 2013-14 is $613 000 ($190 000).

(f) Events after reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

(g) Dividend policy

DTF has determined a distribution policy, which will apply to the Corporation as being 75% of the operating profit before income tax equivalents, less any capital funding. This distribution is reduced by the income tax equivalent expense plus the other tax equivalent regime expenditure resulting in a dividend which is paid to DTF. The deduction of income tax equivalent and other tax equivalent regime expenditure from the gross 75% distribution ensures consistency with competitive neutrality and DTF policies concerning budget neutrality.

The Corporation recommended a dividend as at 30 June 2014 of $920 000. However as the dividend was not approved by the Treasurer as at 30 June 2014 it has not been reported in these financial statements.

(h) Income and expenses

Income and expenses are recognised to the extent that it is probable that the flow of economic benefits to or from the Corporation will occur and can be reliably measured.

Income and expenses have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

Income from facility charges

Income from facility charges is derived from the provision of goods and services to the public and other SA Government agencies and is recognised at the conclusion of an event or after a service has been provided. This income is driven by consumer demand.

Contributions from SA Government

The contribution from the SA Government is recognised as income when the Corporation obtains control over the funding or obtains the right to receive the contributions and the income recognition criteria are met. All contributions received by the Corporation have been contributions with unconditional stipulations attached and have been recognised as an asset and income.

Interest income

Interest income is recognised as it is accrued.

Income from the disposal of non-current assets

Income from the disposal of non-current assets is recognised when control of the asset has passed to the buyer.

Maintenance expense

The Corporation undertakes major cyclical maintenance on its infrastructure assets. All costs involved with the major cyclical maintenance are recorded as an expense unless they add to the service potential of the existing infrastructure asset.

Depreciation and amortisation of non-current assets

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. Amortisation relates to leasehold improvements, while depreciation is applied to physical assets such as property, plant and equipment.

Depreciation and amortisation of non-current assets (continued)
The useful lives of all major assets held by the Corporation are reassessed on an annual basis and adjusted if appropriate. The value of leasehold improvements is amortised over the unexpired period of the relevant lease.

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

Class of asset	*Useful life (years)*
Buildings	30-60
Leasehold improvements	Life of lease
Plant and equipment	2-20

(i) Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. The Corporation has a clearly identifiable operating cycle of 12 months. Therefore assets and liabilities that will be realised as part of the normal operating cycle will be classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

(j) Assets and liabilities

Assets and liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Where an asset line item combines amounts expected to be settled within 12 months and more than 12 months, the Corporation has separately disclosed the amounts expected to be recovered after more than 12 months.

Cash and cash equivalents
For the purposes of the Statement of Cash Flows cash includes cash on deposit, at bank, and on hand and deposits at call that are readily converted to cash. Cash on deposit (specific purpose deposits) cannot be used for operational cash purposes. Security deposits held at bank can be used for operational purposes at the conclusion of an event.

Cash is measured at nominal value.

Receivables
Trade receivables include security deposits raised in accordance with a client’s respective payment plan, the selling of goods and services to the public and to other SA Government agencies. Trade receivables are payable within 14 days after the issue of a deposit/tax invoice or the goods/services have been provided under a contractual arrangement.

Based on an assessment of the collection of trade receivables at balance date, the Corporation has determined that a provision for doubtful debts is not warranted.

Inventories
Inventories are carried at cost as they are expected to be consumed in the holding of functions that will have a net realisable value that exceeds cost. Cost is assigned on a weighted average cost basis.

Non-current assets

- *Acquisition and recognition*
  Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation. The Corporation capitalises all non-current physical assets with a value equal or greater than $3000 or a useful life greater than three years.

  The Corporation capitalises costs associated with projects to work in progress. On completion of a project the capitalised costs are transferred to the relevant non-current asset account. The balance of work in progress reflects costs for projects which are at various stages of completion as at 30 June 2014.

- *Revaluation of non-current assets*
  Buildings, plant and equipment are measured 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. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

  Every five years the Corporation revalues its buildings, plant and equipment via an independent Certified Practising Valuer. The Corporation has taken the exemption available under APF III, APS 3.18 to take asset revaluation adjustments to the revaluation surplus on a class basis rather than an individual asset basis. Any accumulated depreciation as at 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. Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

Fair value measurement
AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

The Corporation classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation.

Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.

Level 3: not traded in an active market and are derived from unobservable inputs.

The valuation processes and fair value changes are reviewed by the Corporation at each reporting date.

Payables
Payables include creditors, accrued expenses, GST payable, employment on-costs and Paid Parental Leave Scheme payable.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Corporation.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

The Paid Parental Leave Scheme payable represents amounts which the Corporation has received from the Commonwealth Government to forward onto eligible employees via the Corporation's standard payroll processes. That is, the Corporation is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance Office.

All payables are measured at their nominal amount and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Employment on-costs include superannuation contributions and payroll tax with respect to outstanding liabilities for salaries and wages, LSL and annual leave.

The Corporation makes contributions to several superannuation schemes operated by the 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 balance date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

Security deposits
The Corporation recognises security deposits at the time of raising a security deposit requisition/tax invoice in accordance with a client's respective payment plan. The Corporation will hold all security deposits received on behalf of the client/hirer and will not treat these monies as consideration until such time as the deposits are applied towards payment at the conclusion of the event/hiring period or are forfeited and applied towards a cancellation fee. Security deposits for car park cards are returned to the client when the card is returned.

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

- *Wages, salaries, annual leave and sick leave*
  The liability for salaries and wages is measured as the amount unpaid at 30 June 2014 at remuneration rates current at reporting date.

  Provision has been made for the unused component of annual leave as at 30 June 2014. The liability is calculated at nominal amounts based on the 2014-15 pay rates and is expected to be paid during the next financial year.

  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 of sick leave.

- *Employer superannuation*
  The Corporation made contributions of $1.336 million ($1.116 million) in respect of its employees for the financial year to several superannuation schemes operated by the SA Government and externally managed superannuation schemes.

- *Workers compensation*
  The Corporation is deemed to be an exempt employer by virtue of the WRCA and as such is liable for all medical, income and other day-to-day type expenses associated with a claim. The Corporation is also liable for any lump sum, redemption or permanent disability type payments for claims occurring post-1 July 2006. Any claims originating prior to 1 July 2006 are funded through a central government fund. Given the immaterial nature of the claims existing as at 30 June 2014, no provision has been recognised in the Statement of Financial Position.

- *LSL*
  The Corporation has adopted the DTF approach to calculating LSL based on submitted data from the payroll system and assessed against actuarial data. The data includes a provision for all employees entitlement calculated from their commencement date including full time, part time and casual employees.

  The current component of LSL is determined on what was taken during the financial year and based on estimates of LSL due to be taken during the next financial year.

(k) Equity contributed by the SA Government

Contributions made by the SA Government through its role as owner of the Corporation, which increase the net assets of the entity, are treated as contributions of equity. During 2012-13, previously made equity contributions associated with Adelaide Convention Centre extension and redevelopment were returned to the SA Government. A new funding model through borrowings was approved and $104.575 million was drawn down. The outstanding balance of equity provided by the SA Government less previous year payments was $47.672 million, which was repaid in 2012-13.

(l) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement.

The Corporation has only entered into operating leases.

Operating leases
The Corporation has entered into operating leases for the land on which the buildings are situated and for office accommodation. The leases are reviewed each year for adjustments in the CPI.

Operating leases (continued)
In respect of operating leases, the lessor effectively retains substantially the entire risks and benefits incidental to ownership of the leased items. Operating lease payments are charged to the Statement of Comprehensive Income on a basis, which is representative of the pattern of benefits derived from the leased assets.

(m) Financial instruments
The Corporation's accounting policies, including the terms and conditions of each class of financial asset and financial liability recognised as at 30 June 2014 are as follows:

Financial assets
The Corporation has interest bearing cash assets with the SA Government. Cash on deposit and at bank comprises deposits at call with the Commonwealth Bank of Australia and is recorded at cost. Interest income is recognised as it is accrued. For the deposit with the Commonwealth Bank of Australia, the interest rate ranged from 2.53% to 2.35% (3.36% to 2.79%).

Specific purpose deposits comprise the future asset replacement deposit account with DTF and the Adelaide Railway Station Area Service Facilities maintenance monies at SAFA. Both deposits and interest income are recorded at cost and are recognised as they accrue. The interest rate on the deposit account with DTF ranged from 2.53% to 2.35% (3.36% to 2.79%) and the average interest rate on the monies at SAFA ranged from 3.04% to 2.7% (3.39% to 3%).

Total receivables are reported at amounts due. There is no interest rate risk associated with these financial assets.

The Corporation has no significant concentration of credit risk. The Corporation has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

Financial liabilities
Trade payables are recognised for goods and services that have been supplied but have not been paid for and are normally settled within 30 days or in accordance with the terms of credit offered by the trade payable. Security deposits held are recorded at cost.

All financial instruments including borrowings are valued at historical cost as per the Statement of Financial Position.

(n) Program information
The principal activity of the Corporation is to manage and operate the Adelaide Convention Centre site.

(o) New and revised accounting standards and policies
The Corporation did not voluntarily change any of its accounting policies during 2013-14.

In accordance with the new AASB 13, which became effective for the first time in 2013-14, the Corporation has:

- reviewed its fair value valuation techniques (both internal estimates and independent valuation appraisal) for non-financial assets to ensure they are consistent with the standard. Previously, the Corporation has used the cost approach or the market approach to determine fair value. The Corporation will continue to measure its non-financial assets using either the cost or market approach. The application of AASB 13 has not had a material impact on the fair value measurements
- included additional disclosures where required to assist users in assessing the valuation techniques and inputs used to ascertain fair value measurements used for asset and liability measurements.

Fair value hierarchy and other information is provided in notes 14 and 15.

4. Employee benefits expenses

	2014	2013
Trading activities:	$'000	$'000
Salaries and wages	11 314	12 042
LSL	203	15
Annual leave	544	553
SERL	11	-
Superannuation	1 148	957
Employment on-costs - other	770	648
Board fees	81	77
Total employee benefits expenses - trading activities	14 071	14 292

4. Employee benefits expenses (continued)

	2014	2013
Property management activities:	$'000	$'000
Salaries and wages	1 840	1 931
LSL	42	2
Annual leave	106	87
SERL	7	-
Superannuation	188	160
Employment on-costs - other	109	88
Total employee benefits expenses - property management activities	2 292	2 268
Total employee benefits expenses	16 363	16 560

Remuneration of employees

	2014	2013
The number of employees whose remuneration received falls within the following bands:	Number	Number
$138 000 - $141 499*	n/a	-
$141 500 - $151 499	3	-
$201 500 - $211 499	1	1
$341 500 - $351 499	1	1
Total	5	2

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2012-13.

Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, fringe benefits and associated FBT and any other salary sacrifice benefits. The total remuneration received by these employees for the year was $994 000 ($549 000).

5. Supplies and services expense

	2014	2013
Supplies and services comprises:	$'000	$'000
Supplies and services - trading activities	10 356	9 309
Supplies and services - property management activities	4 423	4 514
Total supplies and services	14 779	13 823
Supplies and services:		
Administration expenses and sundries	3 052	2 751
Direct materials	6 053	5 366
Building service costs	3 482	3 501
Maintenance	1 464	1 439
Marketing and promotions	728	766
Total supplies and services	14 779	13 823

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:	2014 Number	2014 $'000	2013 Number	2013 $'000
Below $10 000	3	14	2	12
Between $10 000 and $50 000	4	97	2	64
Above $50 000	-	-	-	-
Total paid/payable to the consultants engaged	7	111	4	76

6. Depreciation and amortisation expense

	2014	2013
Depreciation and amortisation comprises:	$'000	$'000
Depreciation and amortisation - trading activities	1 531	1 669
Depreciation and amortisation - property management activities	3 145	3 139
Total depreciation and amortisation	4 676	4 808
Depreciation:		
Plant and equipment	1 520	1 658
Building	3 145	3 139
Total depreciation	4 665	4 797

6. Depreciation and amortisation expense (continued)

	2014 $'000	2013 $'000
Amortisation:		
Leasehold improvements	11	11
Total amortisation	11	11
Total depreciation and amortisation	4 676	4 808

7. Net loss from disposal of non-current assets

Building, plant and equipment:		
Proceeds from disposal	15	11
Net book value of assets disposed	(76)	(154)
Total net loss from disposal of non-current assets	*(62)	(143)

* Rounding.

8. Auditor's remuneration

Audit fees paid/payable to the Auditor-General's Department relating to the audit of financial statements	48	52
Total audit fees	48	52

No other services were provided by the Auditor-General's Department.

9. Borrowing costs

Guarantee fees on long-term borrowings	2 518	370
Interest expense on long-term borrowings	7 731	1 451
Total borrowing costs	10 249	1 821

Borrowings

The Corporation entered into an agreement with SAFA during 2012-13 to borrow funding for the extension and redevelopment. This funding arrangement replaced the previous equity contributions which were repaid. The 2012-13 Budget included the provision for DTF to provide grant payments to the Corporation for interest and guarantee fees associated with the borrowings for its entire life.

10. Facility charges revenues

	2014 $'000	2013 $'000
Facility charges:		
Catering	18 619	18 267
Room hire	4 488	3 492
Technical services	3 443	2 823
Rebates	204	-
Car park	4 850	4 504
Total facility charges	31 604	29 086

11. Net gain from disposal of non-current assets

Building, plant and equipment:		
Proceeds from disposal	57	-
Net book value of assets disposed	(38)	-
Total net gain from disposal of non-current assets	19	-

12. Receivables

Total receivables:		
Receivables	2 069	1 447
Accrued revenues	1 338	1 994
GST receivable	989	980
Total receivables	4 396	4 421

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Trade receivables and accrued income are non-interest bearing.

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. In addition, there is no concentration of credit risk.

13. Specific purpose deposits

	2014	2013
Specific purpose deposits with SA Government entities:	$'000	$'000
Investments with SAFA	2 561	2 492
Future asset replacement deposit account	21 771	19 829
Total specific purpose deposits	24 332	22 321

Deposits with SA Government entities

Includes funds held in a cash management facility and deposit account. The balance of these funds is not available for general use, ie funds can only be used in accordance with the Treasurer's/Under Treasurer's approval. The deposits are lodged with SAFA and earn interest at the respective short-term deposit rates.

Interest rate risk

Deposits with the Treasurer earn a floating interest rate, based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

14. Building, plant and equipment

	2014	2013
Building:	$'000	$'000
Building at fair value	124 344	120 446
Accumulated depreciation	(12 542)	(9 397)
Total buildings	111 802	111 049
Leasehold improvements:		
Leasehold improvements at fair value	170	170
Accumulated amortisation	(132)	(121)
Total leasehold improvements	38	49
Plant and equipment:		
Plant and equipment at fair value	20 501	19 728
Accumulated depreciation	(13 721)	(12 810)
Total plant and equipment	6 780	6 918
Work in progress:		
Work in progress	187 793	112 896
Total work in progress	187 793	112 896
Total building, plant and equipment	306 413	230 912

Valuation of buildings

The valuation of buildings was performed in June 2010 by a Certified Practising Valuer from Liquid Pacific Pty Ltd, as at 30 June 2010.

The valuer used depreciated replacement cost for specialised buildings, due to there not being an active market for such buildings. The depreciated replacement cost considered the need for ongoing provision of government services; specialised nature of the assets, including the restricted use of the assets; the size, condition, location and current use of the assets.

Carrying amount of plant and equipment

All items of plant and equipment had a fair value at the time of acquisition that was less than $1 million or had an estimated useful life that was less than three years, and have not been revalued in accordance with APF III. The carrying value of these items are deemed to approximate fair value. These assets are classified in level 3, as there has been no subsequent adjustments to their value, except for management assumptions about the assets condition and remaining useful life.

Impairment

There were no indications of impairment of property, plant and equipment, infrastructure at 30 June 2014.

Reconciliation of building, plant and equipment

The following table shows the movement of building, plant and equipment during 2013-14:

Reconciliation of building, plant and equipment (continued)

2014	Building $'000	Leasehold imprvmnts $'000	Plant and equipment $'000	Work in progress $'000	Total $'000
Carrying amount at 1 July	111 049	49	6 918	112 896	230 912
Asset reclassification	3	-	(3)	-	-
Adjusted carrying amount at 1 July	111 052	49	6 915	112 896	230 912
Additions	3 895	-	-	76 396	80 291
Disposals	-	-	(114)	-	(114)
Depreciation and amortisation	(3 145)	(11)	(1 520)	-	(4 676)
Acquisition from transfer	-	-	1 499	(1 499)	-
Carrying amount at 30 June	111 802	38	6 780	187 793	306 413

15. Fair value measurement

Fair value hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The Corporation categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement.

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 30 June 2014.

The Corporation had no valuations categorised into level 1 or level 2.

Fair value measurements at 30 June 2014		Level 3
Recurring fair value measurements:	Note	$'000
Buildings	14	111 802
Work in progress	14	187 793
Leasehold improvements	14	38
Plant and equipment	14	6 780
Total recurring fair value measurements		306 413

Comparative information for non-financial assets has not been provided as permitted by the transitional provisions of the new standard.

Valuation techniques and inputs

Valuation techniques used to derive level 3 fair values are at note 14. There were no changes in valuation techniques during 2014. The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

Reconciliation of fair value measurements - level 3

	Building $'000	Leasehold imprvmnts $'000	Plant and equipment $'000	Work in progress $'000
Opening balance at 1 July	111 052	49	6 915	112 896
Acquisitions	3 895	-	-	76 396
Depreciation	(3 145)	(11)	(1 520)	-
Capitalised work in progress	-	-	1 499	(1 499)
Disposals	-	-	(114)	-
Closing balance at 30 June	111 802	38	6 780	187 793

16. Payables

	2014	2013
Current:	$'000	$'000
Creditors	617	1 460
Accrued expenses	661	454
Income received in advance	65	64
Employment on-costs	91	79
Income tax equivalent payable	613	1 407
Interest accrued	1 091	1 451
Total current payables	3 138	4 915

16. Payables (continued)

	2014	2013
Non-current:	$'000	$'000
Employment on-costs	102	111
Total non-current payables	102	111
Total payables	3 240	5 026

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

17. Security deposits

	2014	2013
	$'000	$'000
Security deposits	4 956	3 979
Total security deposits	4 956	3 979

Security deposits relate to prepayments and deposits received from contracted clients held for the purposes of securing events in accordance with the Corporation terms and conditions of hire.

18. Employee benefits

Current employee benefits:		
Accrued salaries and wages	152	101
Annual leave	493	449
Short-term LSL	192	111
Total current employee benefits	837	661
Non-current employee benefits:		
Long-term LSL	1 591	1 738
Total non-current employee benefits	1 591	1 738
Total employee benefits	2 428	2 399

AASB 119 prescribes the accounting treatment and reporting requirements for employee benefits including post-employment benefits such as LSL liability.

The actuarial assessment performed by DTF has provided a set level liability rather than a benchmark for the measurement of LSL.

19. Borrowings

	2014	2013
Non-current:	$'000	$'000
Borrowings from SA Government	184 575	104 575
Total non-current borrowings	184 575	104 575

The Corporation entered into a client services agreement with SAFA in 2012-13 for the extension and redevelopment project. Under the arrangement, the Corporation would draw down borrowings from the SA Government replacing the previous equity contribution arrangement.

The drawdown of borrowings of $184.575 million relates to projected spend associated with the project for the 2013-14 year and also for payments previously made for the project.

Future drawdown of borrowings will be made in coming years to reflect the full cost of the expansion and redevelopment project which is $350.321 million. In 2012-13 the Treasurer provided the Corporation with a deed poll guarantee over all liabilities including borrowings and interest associated with the borrowings is fixed over the term period.

The fair value of total borrowings at 30 June 2014 is not materially different from the carrying value. While movements in interest rates will affect the fair value of the loan, the contracted repayments remain the same due to the fixed interest rate. The Corporation has minimal exposure to liquidity risk in relation to interest repayments as provision has been made in the 2013-14 Budget for DTF to provide funding to the Corporation for repayment amounts.

20. Unrecognised contractual commitments

	2014	2013
Operating lease commitments:	$'000	$'000
Within one year	605	585
Later than one year but not longer than five years	1 736	1 841
Later than five years	26 781	25 837
Total operating lease commitments	29 122	28 263

21. Contingent assets and liabilities

The Corporation has no contingent assets or liabilities as at 30 June 2014.

22. Remuneration of board members

Members of the Board during 2013-14 were:

Ms Jane Jeffreys - Chairman
Mr Jeff Ellison
Mr Alan Brideson
Ms Denise Von Wald* (resigned July 2013)
Ms Kathy Gramp
Ms Megan Hender
Dr Susan Mitchell

The number of board members whose remuneration received or receivable falls within the following bands:	2014 Number	2013 Number
$0 - $9 999	1	1
$10 000 - $19 999	5	5
$20 000 - $29 999	1	1
Total	7	7

Remuneration of board members reflects all costs of service including, board fees and superannuation. The total remuneration received by these board members for the year was $88 000 ($84 000).

Unless otherwise disclosed, transactions between members are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

* In accordance with DPC Circular 16, government employees did not receive any remuneration for board/committee duties during the financial year.

23. Cash flow reconciliation

	2014	2013
Reconciliation of cash and cash equivalents at 30 June:	$'000	$'000
Statement of Financial Position:		
Current:		
Cash and cash equivalents	17 611	15 665
Non-current:		
Specific purpose deposits and on hand as disclosed in the Statement of Financial Position	24 332	22 321
Cash and cash equivalents as recorded in the Statement of Cash Flows	41 943	37 986

	2014	2013
Reconciliation of net cash provided by (used in) operating activities to profit (loss) after income tax equivalents:		
Net cash provided by (used in) operating activities	16 927	6 276
Non-cash items:		
Depreciation and amortisation	(4 676)	(4 808)
Net gain from disposal of non-current assets	19	-
Net loss from disposal of non-current assets	(62)	(143)
Movements in assets/liabilities:		
Receivables	(25)	955
Inventories	147	38
Prepayments	(22)	(440)
Payables	992	(2 514)
Security deposits held	(977)	1 267
Employee benefits	(29)	372
Borrowings	(10 249)	(370)
Taxation equivalent	(613)	(190)
Profit after income tax equivalents	1 432	443

24. Transactions with SA Government

		SA Government		Non-SA Government		Total	
		2014	2013	2014	2013	2014	2013
	Note	$'000	$'000	$'000	$'000	$'000	$'000
Facility charges:	10						
Event hosting		913	2 460	17 706	15 807	18 619	18 267
Room hire		254	195	4 234	3 297	4 488	3 492
Technical services		297	236	3 146	2 587	3 443	2 823
Car park		39	47	4 811	4 457	4 850	4 504
Rebates		-	-	204	-	204	-
Total facility charges		1 503	2 938	30 101	26 148	31 604	29 086
Supplies and services:	5						
Administration expenses		55	51	2 997	2 700	3 052	2 751
Direct materials		-	-	6 053	5 366	6 053	5 366
Building service costs		1 110	1 159	2 372	2 342	3 482	3 501
Maintenance		-	-	1 464	1 439	1 464	1 439
Marketing and promotions		-	-	728	766	728	766
Total supplies and services		1 165	1 210	13 614	12 613	14 779	13 823
Auditor's remuneration	8	48	52	-	-	48	52
Borrowing costs:	9						
Guarantee fees		2 518	370	-	-	2 518	370
Interest expense		7 731	1 451	-	-	7 731	1 451
Total borrowing costs		10 249	1 821	-	-	10 249	1 821
Receivables:	12						
Receivables		121	180	1 948	1 267	2 069	1 447
Accrued revenues		1 091	1 651	143	343	1 234	1 994
Accrued interest		104	-	-	-	104	-
GST receivable		-	-	989	980	989	980
Total receivables		1 316	1 831	3 080	2 590	4 396	4 421
Security deposits	17	210	206	4 746	3 773	4 956	3 979
Payables:	16						
Creditors		8	449	609	1 011	617	1 460
Accrued expenses		155	107	506	347	661	454
Income received in advance		-	-	65	64	65	64
Employment on-costs		193	190	-	-	193	190
Income tax equivalent payable		613	1 407	-	-	613	1 407
Accrued interest		1 091	1 451	-	-	1 091	1 451
Total payables		2 060	3 604	1 180	1 422	3 240	5 026

Adelaide Entertainments Corporation

Functional responsibility

Establishment

The Adelaide Entertainments Corporation (the Corporation) was established on 4 February 1999 pursuant to Regulations under the PCA. The Corporation is an instrumentality of the Crown and the Board of the Corporation is responsible to the Minister for Tourism.

Functions

The main function of the Corporation is to manage and operate the Adelaide Entertainment Centre. From 1 July 2013 the Corporation commenced responsibility and accountability for the management, maintenance and operation of Coopers Stadium (formerly Hindmarsh Stadium) in accordance with a lease agreement entered into by the Corporation with the Minister for Recreation and Sport in March 2013.

For details of the Corporation's functions refer note 1 to the financial statements.

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 31(1)(b) of the PFAA and section 13(3) of the Schedule to the PCA provide for the Auditor-General to audit the accounts of the Corporation for each financial year.

Assessment of controls

Section 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Corporation in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether internal controls are consistent with the TIs with particular focus on TIs 2 and 28.

Scope of the audit

The audit program covered major financial systems to obtain sufficient evidence to form an opinion on the financial report and internal controls.

During 2013-14, specific areas of audit attention included:

- expenditure and procurement
- payroll
- revenue
- fixed assets
- cash and term deposits
- inventory
- general ledger and financial accounting.

Internal audit activities were also reviewed and considered in planning and conducting auditable area reviews.

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the Adelaide Entertainments Corporation as at 30 June 2014, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the Adelaide Entertainments Corporation in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matter outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Adelaide Entertainments Corporation have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in a management letter to the Chief Executive Officer of the Corporation. The main matter raised with the Corporation is detailed below.

Procurement processes for the contracting of major capital works

The audit included a review of procurement processes leading up to the awarding of contracts for a number of major capital works projects for the Adelaide Entertainment Centre and Coopers Stadium. While audit review found that tender processes were generally consistent with key procurement principles, the following issues were identified where controls over procurement processes required attention:

- tender evaluation panel meetings held to assess tenders submitted against predetermined criteria and make a purchase recommendation were not minuted
- acquisition plans did not include procedures for managing the submission and opening of tenders
- details of tenders submitted and tender costs were not maintained on a register
- tenderers were instructed to send tender documents to a tender evaluation panel member who is not independent of the tender process.

The Corporation's response advised implementation of measures that effectively address the matters raised.

Interpretation and analysis of the financial report

Highlights of the financial report

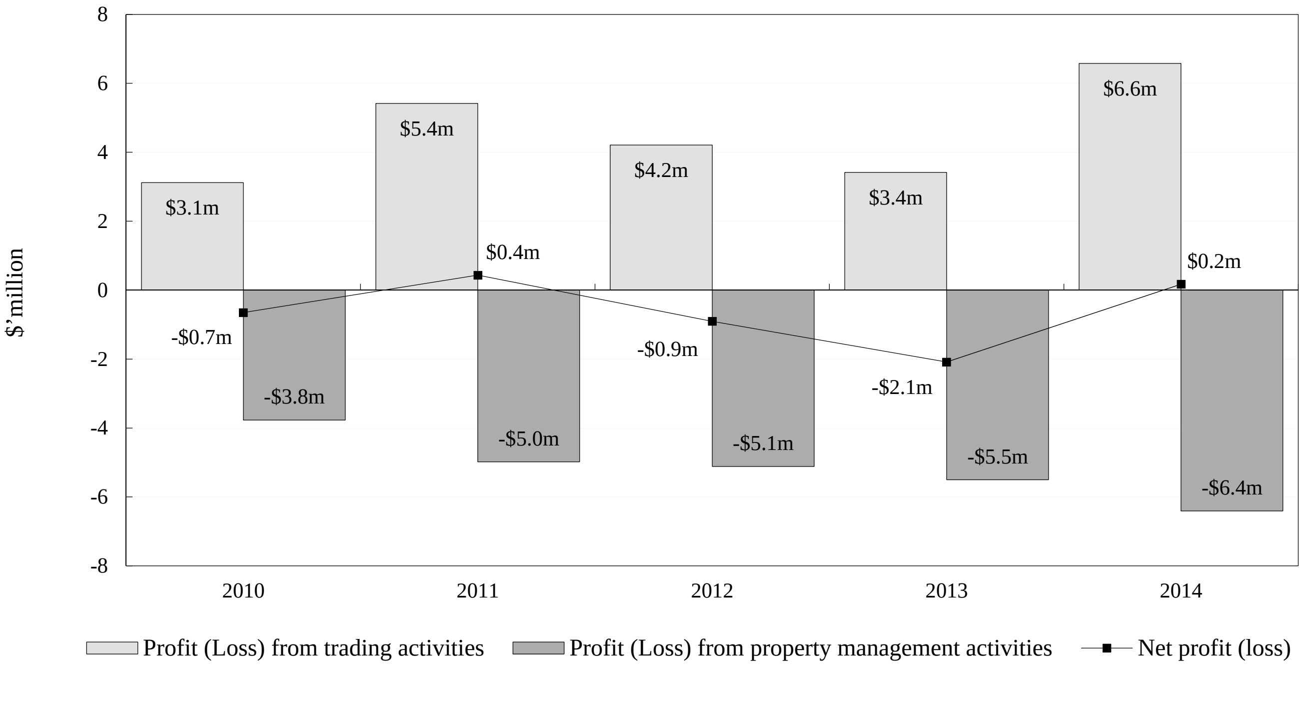
	2014 $'million	2013 $'million
Trading activities		
Expenses	16	12
Income	22	15
Profit (Loss) from trading activities	6	3

	2014 $’million	2013 $’million
Property management activities		
Expenses	7	6
Income	1	1
Profit (Loss) from property management activities	(6)	(5)
Net profit (loss)	-	(2)
Net cash provided by (used in) operating activities	6	4
Net cash provided by (used in) investing activities	(3)	(12)
Assets		
Current assets	15	12
Non-current assets	138	137
Total assets	153	149
Liabilities		
Current liabilities	4	5
Non-current liabilities	6	6
Total liabilities	10	11
Total equity	143	138

Statement of Comprehensive Income

The Corporation recorded a net profit of $173 000 for 2014 compared to a net loss of $2.1 million in 2013.

The following chart shows the profits (losses) from trading and property management activities and the Corporation’s profits (losses) for the five years to 2014.



Over the years profits from trading activities have been offset by losses resulting from property management activities. The dominant cost item for property management activities is depreciation and amortisation expense, $4.5 million (60%) in 2013-14.

The Corporation's income increased by $7.8 million, principally reflecting increases in revenues from the provision of services ($3.2 million), revenues from sales ($3 million), and other revenues ($1.5 million). Increased revenues are attributable to an increased number of end stage events held in 2014 compared to 2013, an increased number of patrons attending events, and the Corporation's management and operation of Coopers Stadium from 1 July 2013.

Expenses increased by $5.5 million, primarily reflecting increases in employee benefits expenses ($2.2 million), supplies and services ($1.1 million) and raw materials and consumables ($939 000). The increase in the Corporation's expenses is directly attributable to the increased revenue raising activities outlined above.

Statement of Financial Position

As at 30 June 2014 total assets have increased by $4.2 million. This results from increases in cash and cash equivalents ($3.1 million), property, plant and equipment ($884 000) and the Corporation's receivables ($126 000).

The main item in the Corporation's Statement of Financial Position is property, plant and equipment, representing 90% of total assets. The carrying value of property, plant and equipment increased by $884 000 to $138 million due mainly to:

- asset additions of $1.2 million
- a $5.3 million revaluation increment associated with an independent valuation of land and buildings on a fair value basis as at 30 June 2014. For information regarding the basis of the valuation refer notes 2, 22 and 23 to the financial statements.

These increases were offset by $5.6 million in depreciation and amortisation charges.

Liabilities as at 30 June 2014 have decreased by $1.3 million, principally reflecting a decrease in payables of $1.6 million due to creditors outstanding as at 30 June 2013 associated with the construction of the multideck car park in 2012-13.

Statement of Cash Flows

The following table summarises the net cash flows for the four years to 2014.

	2014 $'million	2013 $'million	2012 $'million	2011 $'million
Net cash flows				
Operating	6	4	5	6
Investing	(3)	(12)	(1)	(3)
Change in cash	3	(8)	4	3
Cash at 30 June	14	11	19	15

The increase in cash held by the Corporation reflects the net cash provided by operations of the Adelaide Entertainment Centre. Cash flows from investing activities in 2014 primarily represent payments related to the construction of the multideck car park and Coopers Stadium leasehold improvements.

Statement of Comprehensive Income
for the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Expenses from trading activities:			
Employee benefits expenses	6	8 254	6 343
Raw materials and consumables used	21	2 465	1 526
Sales and marketing		1 580	1 060
Ticketing		234	102
Supplies and services	9	1 334	846
Depreciation and amortisation expense	10	1 134	1 243
Net loss from the disposal of assets	11	15	3
Other expenses	12	446	396
Total expenses		15 462	11 519
Income from trading activities:			
Revenues from fees and charges	14	564	286
Revenues from the provision of services	15	10 074	6 876
Revenues from sales	16	8 523	5 503
Interest revenues	17	535	729
Other revenues	18	2 344	1 540
Total income		22 040	14 934
Profit (Loss) from trading activities		6 578	3 415
Expenses from property management activities:			
Employee benefits expenses	6	778	526
Supplies and services	9	1 983	1 406
Depreciation and amortisation expense	10	4 500	3 807
Other expenses	12	298	241
Total expenses		7 559	5 980
Income from property management activities:			
Other revenues	18	1 154	478
Total income		1 154	478
Profit (Loss) from property management activities		(6 405)	(5 502)
Net profit (loss)		173	(2 087)
Other comprehensive income:			
Change in revaluation surplus		5 316	-
Total comprehensive result		5 489	(2 087)

Net profit (loss) and total comprehensive result are attributable to the SA Government as owner

Statement of Financial Position
as at 30 June 2014

	Note	2014 $'000	2013 $'000
Current assets:			
Cash and cash equivalents	19,32	13 752	10 611
Receivables	20	981	855
Inventories	21	195	188
Total current assets		14 928	11 654
Non-current assets:			
Property, plant and equipment	22	138 190	137 306
Total non-current assets		138 190	137 306
Total assets		153 118	148 960
Current liabilities:			
Payables	24	1 156	2 711
Employee benefits	25	1 015	795
Other liabilities	27	2 099	2 070
Total current liabilities		4 270	5 576
Non-current liabilities:			
Payables	24	46	43
Employee benefits	25	474	444
Other liabilities	27	5 187	5 245
Total non-current liabilities		5 707	5 732
Total liabilities		9 977	11 308
Net assets		143 141	137 652
Equity:			
Contributed capital	28	55 536	55 536
Revaluation surplus	28	53 867	48 551
Accumulated surplus	28	33 738	33 565
Total equity		143 141	137 652

Total equity is attributable to the SA Government as owner

	Note
Commitments	29
Contingent assets and liabilities	31

Statement of Changes in Equity
for the year ended 30 June 2014

	Note	Contributed capital $'000	Revaluation surplus $'000	Accumulated surplus $'000	Total $'000
Balance at 30 June 2012		55 536	48 551	35 652	139 739
Net profit (loss) for 2012-13		-	-	(2 087)	(2 087)
Total comprehensive result for 2012-13		-	-	(2 087)	(2 087)
Balance at 30 June 2013		55 536	48 551	33 565	137 652
Net profit (loss) for 2013-14		-	-	173	173
Revaluation of land and buildings		-	5 316	-	5 316
Total comprehensive result for 2013-14		-	5 316	173	5 489
Balance at 30 June 2014	28	55 536	53 867	33 738	143 141

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

Statement of Cash Flows
for the year ended 30 June 2014

	Note	2014 Inflows (Outflows) $'000	2013 Inflows (Outflows) $'000
Cash flows from operating activities:			
Cash outflows:			
Employee benefit payments		(8 745)	(6 630)
Supplies and services		(9 185)	(7 035)
GST remitted to ATO		(1 335)	(595)
Cash used in operations		(19 265)	(14 260)
Cash inflows:			
Receipts from the sale of goods and services		24 655	16 323
Interest received		522	753
GST received from ATO		48	729
Cash generated from operations		25 225	17 805
Net cash provided by (used in) operating activities	32	5 960	3 545
Cash flows from investing activities:			
Cash outflows:			
Purchase of property, plant and equipment		(2 819)	(11 675)
Cash used in investing activities		(2 819)	(11 675)
Cash inflows:			
Proceeds from the sale of property, plant and equipment		-	11
Cash generated from investing activities		-	11
Net cash provided by (used in) investing activities		(2 819)	(11 664)
Net increase (decrease) in cash and cash equivalents		3 141	(8 119)
Cash and cash equivalents at 1 July		10 611	18 730
Cash and cash equivalents at 30 June	32	13 752	10 611

Notes to and forming part of the financial statements

1. Objectives of the Adelaide Entertainments Corporation (the Corporation)

The Corporation was established on 4 February 1999 as a subsidiary of the Minister for Tourism by Regulations under the PCA.

The functions of the Corporation are to:

- manage and operate the Corporation's sites/venues
- manage, promote and sponsor events at the Corporation's sites/venues or elsewhere
- foster and assist the commercial development of the Corporation's sites/venues in order to complement and enhance the commercial potential
- carry out any other functions conferred on the Corporation by the Minister.

The Corporation manages the Adelaide Entertainment Centre and commencing 1 July 2013 the Corporation was given responsibility for the management, maintenance and operation of Coopers Stadium (formerly Hindmarsh Stadium).

The Corporation is governed by a Board of Directors and operates under a charter approved pursuant to the provisions of the PCA. The PCA and the charter require the preparation of general purpose financial statements which reflect the performance and position of the Corporation for each financial year ended 30 June.

2. Summary of significant accounting policies

(a) Statement of compliance

The Corporation has prepared these financial statements in compliance with section 23 of the PFAA.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant AASs and TIs and APSs promulgated under the provisions of the PFAA.

The Corporation has applied AASs that are applicable to not-for-profit entities, as the Corporation is a not-for-profit entity.

AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Corporation for the reporting period ending 30 June 2014.

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Corporation's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures, that have been included in these financial statements:

  (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature

  (b) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income)

  (c) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees

  (d) board member and remuneration information, where a board member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

(b) Basis of preparation (continued)

The Corporation's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a 12 month period and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2014 and the comparative information presented for the year ended 30 June 2013.

(c) Reporting entity

The financial statements and accompanying notes include all the controlled activities of the Corporation as an individual reporting entity. The Corporation is a statutory authority of the State of South Australia, established pursuant to the PCA.

(d) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where a specific APS or AAS has required a change.

Where presentation or classification of items in the financial statements has been amended, comparative amounts have been reclassified unless reclassification is impracticable.

The restated comparative amounts do not replace the original financial statements for the preceding period.

(e) Rounding

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

(f) Taxation

In accordance with the PCA and TIs, the Corporation is required to pay to the SA Government an income tax equivalent. The Treasurer has provided the Corporation with an exemption in relation to this income tax equivalent payment.

The Corporation is liable for payroll tax, FBT, GST, Emergency Services levy, land tax equivalents and local government rate equivalents.

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 ATO, 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
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

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

(g) Events after reporting period

Where an event occurs after 30 June but provides information about conditions that existed at 30 June, adjustments are made to amounts recognised in the financial statements.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

(h) Income and expenses

Income and expenses are recognised to the extent that it is probable that the flow of economic benefits to or from the Corporation will occur and can be reliably measured.

Income and expenses have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Note 34 of the financial statements discloses income and expenses where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Income

The following are specific recognition criteria:

- *Revenues from fees and charges and from the provision of services*
  Revenues from fees and charges are derived from the provision of goods and services to the public and other SA Government agencies. This revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.

- *Revenues from sales*
  Revenues from sales are recognised when the significant risks and rewards of ownership transfer to the purchaser.

- *Interest income*
  Interest revenue includes interest received on bank term deposits, interest from investments, and other interest received. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

- *Revenues from SA Government*
  Appropriations for program funding are recognised as revenues when the Corporation obtains control over the funding. Control over appropriations is normally obtained upon receipt.

  Where money has been appropriated in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of the Corporation and the appropriation is recorded as contributed equity.

- *Other contributions*
  All contributions from non-government entities are recognised as income when the Corporation obtains control of the contribution or the right to receive the contribution and the income recognition criteria are met.

- *Resources received/provided free of charge*
  Resources received/provided free of charge are recorded as revenue and expenditure in the Statement of Comprehensive Income at their fair value.

- *Disposal of non-current assets*
  Income from the disposal of non-current assets is recognised when control of the asset has passed to the buyer and is determined by comparing proceeds with carrying amount. When revalued assets are sold, the revaluation increments are transferred to accumulated surplus.

Expenses

The following are specific recognition criteria:

- *Employee benefits*
  Employee benefits expenses include all costs related to employment including wages and salaries and leave entitlements. These are recognised when incurred.

- *Superannuation*
  The amount charged to the Statement of Comprehensive Income represents the contributions made by the Corporation to the superannuation plan in respect of current services of current Corporation staff. The Corporation is not liable for benefits payable by the schemes to which it contributes.

(i) Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. The Corporation has a clearly identifiable operating cycle of 12 months. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within 12 months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the Corporation has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

(j) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position includes cash at bank and on hand and in other short-term, highly liquid investments with maturities of 12 months or less that are readily converted to cash and which are subject to insignificant risk of changes in value. Cash and cash equivalents recorded in the Statement of Cash Flows are consistent with the Statement of Financial Position.

Cash is measured at nominal value.

(k) Receivables

Receivables include amounts receivable from trade, prepayments and other accruals.

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

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Corporation will not be able to collect the debt.

(l) Inventories

Inventories include goods and other property held for sale in the ordinary course of business. It excludes depreciating assets.

Inventories are measured at the lower of cost or their net realisable value. Cost is allocated in accordance with the average cost method. Net realisable value is determined using the estimated sales proceeds less costs incurred in marketing, selling and distribution to customers.

The amount of any inventory write-down to net realisable value or inventory losses is recognised as an expense in the period the write-down or loss occurred. Any write-down reversals are recognised as an expense reduction.

Inventories include food and beverage stock held for resale.

(m) Non-current asset acquisition and recognition

Assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructuring of administrative arrangements then the assets are recorded at the value recorded by the transferor prior to transfer.

Where the payment for an asset is deferred, the Corporation measures the obligation at the present value of the future outflow, discounted using the interest rate of a similar length borrowing.

(n) Revaluation of non-current assets

All non-current tangible assets are valued at written down current cost (a proxy for 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.

Every six years the Corporation revalues its land, buildings and building improvements, with the valuation appraisal performed by an independent Certified Practising Valuer. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

(n) Revaluation of non-current assets (continued)

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

The Corporation classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation:

Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.

Level 3: not traded in an active market and are derived from unobservable inputs.

The valuation processes and fair value changes are reviewed by the chief financial officer and the Corporation's board at each reporting date.

In determining fair value, the Corporation has taken into account the characteristic of the asset (eg condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

The Corporation's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As the Corporation did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

Refer to notes 22 and 23 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-current assets.

The Corporation has taken the exemption available under APF III, APS 3.14 to take asset revaluation adjustments to the revaluation surplus on a class basis rather than an individual asset basis.

Any revaluation increment is credited to the revaluation surplus, except to the extent that it reverses a revaluation decrement of the same asset class previously recognised in the Statement of Comprehensive Income, in which case the increase is recognised in the Statement of Comprehensive Income.

Any revaluation decrease is recognised in the Statement of Comprehensive Income, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the revaluation surplus to the extent of the credit balance existing in revaluation surplus for that asset class.

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.

Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to accumulated surplus.

(o) Impairment

All non-current assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

For revalued assets an impairment loss is offset against the revaluation surplus.

(p) Depreciation and amortisation of non-current assets

All non-current assets, having limited useful lives, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to tangible assets such as property, plant and equipment.

Assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, on an annual basis.

(p) Depreciation and amortisation of non-current assets (continued)

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 value of leasehold improvements is amortised over the useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter.

Depreciation/Amortisation is calculated over the estimated useful life of the following classes of assets as follows:

Class of assets	*Depreciation method*	*Useful life (years)*
Buildings and improvements	Straight-line and diminishing value	12-147
Leasehold improvements	Straight-line	Life of lease
Plant and equipment	Straight-line	2-20
Furniture and fittings	Straight-line	3-20

(q) Payables

Payables include creditors, accrued expenses, GST payable and employment on-costs.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Corporation.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All payables are measured at their nominal amount and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Employment on-costs include superannuation contributions, WorkCover levy and payroll tax with respect to outstanding liabilities for salaries and wages, LSL and annual leave.

The Corporation makes contributions to several 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 balance date relates to any contributions due but not yet paid.

(r) Employee benefits

These benefits accrue for employees 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.

Wages, salaries, annual leave and time off in lieu

Liability for salary and wages, annual leave and time off in lieu are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

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

Sick leave

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 of sick leave.

LSL

The liability for LSL 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 estimated liability for LSL is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

LSL (continued)
The unconditional portion of the LSL provision is classified as current as the Corporation does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of LSL relates to an unconditional legal entitlement to payment arising after 10 years of service for permanent staff and seven years of service for casual staff.

(s) Other liabilities
Income received in advance represents amounts invoiced under Corporate Suite Licensing and Advertising Agreements and amounts invoiced in relation to events which relate to future periods.

Corporate Suite Licencing and Advertising Agreements payments received are recognised as income over the term of the agreement as the provision of services are supplied.

Event related monies are recognised as income as the provision of services are supplied.

Unearned lease revenue represents payment received for a section of land leased on a 99 year lease agreement during 2007. The payments received for the lease are being recognised as income over the life of the lease.

(t) Administered items
The Corporation includes a schedule of administered items as note to the accounts as it is considered that administered transactions and balances are insignificant in relation to the Corporation's overall financial performance and position, in accordance with APF II, APS 3.11.2 (refer note 30).

The Corporation receives gross box office receipts from its ticketing agency, and holds those receipts in separate event funds bank accounts. In any instance where an event does not proceed, those monies are returned to the ticketing agency and refunded to patrons. Alternatively, the monies are paid to promoters, the Corporation and other service providers.

(u) Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. The Corporation has assessed whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. The Corporation has entered into operating leases.

(v) Insurance
The Corporation has arranged, through SAICORP, a division of SAFA, to insure all major risk of the Corporation. The excess payable under this arrangement is $5000 per claim made.

(w) Workers compensation
Contributions are made by the Corporation to WorkCoverSA to provide insurance coverage in relation to workers compensation. These contributions are treated as an expense when they occur. There is no liability for payments to claimants as they have been assumed by WorkCoverSA.

3. Financial risk management
The Corporation is exposed to a variety of financial risks, market risk (foreign exchange and price), credit risk and liquidity risk.

Risk management is carried out by the corporate services section and risk management policies and practices are in accordance with Australian risk management standards and internal written policies approved by the Board.

The Corporation has non-interest bearing assets (cash on hand and receivables) and liabilities (payables) and interest bearing assets (cash at bank and held-to-maturity investments).

The Corporation's exposure to cash flow interest rate risk is minimal.

The Corporation has no exposure to foreign exchange risk in relation to its financial assets or liabilities.

The Corporation has no significant concentration of credit risk. The Corporation has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

4. Changes in accounting policies

The Corporation has assessed the impact of new and amended standards and interpretations which are not yet effective and considers there will be no impact on the accounting policies or the financial statements of the Corporation.

The Corporation did not voluntarily change any of its accounting policies during 2013-14.

In accordance with the new AASB 13, which became effective for the first time in 2013-14, the Corporation has:

- reviewed its fair value valuation techniques (independent valuation appraisal) for non-current assets to ensure they are consistent with the standard. Previously, the Corporation has used the cost approach or the market approach to determine fair value. The Corporation will continue to measure its non-current assets using either the cost or market approach. The application of AASB 13 has not had a material impact on the fair value measurements
- included additional disclosures where required to assist users in assessing the valuation techniques and inputs used to ascertain fair value measurements used for asset and liability measurements.

Fair value hierarchy and other information is provided in notes 22 and 23.

5. Activities of the Corporation

The principal activities of the Corporation are to manage and operate the Adelaide Entertainment Centre and Coopers Stadium.

6. Employee benefits expenses

	2014	2013
Trading activities:	$'000	$'000
Salaries and wages	6 295	4 877
LSL	220	123
Annual leave	399	287
Employment on-costs - superannuation	609	449
Employment on-costs - other	480	359
Board fees	108	108
Other employee related expenses	143	140
Total employee benefits expenses from trading activities	8 254	6 343
Property management activities:		
Salaries and wages	618	425
LSL	14	9
Annual leave	39	21
Employment on-costs - superannuation	60	39
Employment on-costs - other	47	31
Other employee related expenses	-	1
Total employee benefits expenses from property management activities	778	526
Total employee benefits expenses	9 032	6 869

Remuneration of employees

	2014	2013
The number of employees whose remuneration received/receivable falls within the following bands:	Number	Number
$138 000 to $141 499*	n/a	1
$141 500 to $151 499	1	-
$281 500 to $291 499	-	1
$331 500 to $341 499	1	-
Total	2	2

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2012-13.

The table includes all employees who 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, payments in lieu of leave, superannuation contributions, FBT and any other salary sacrifice benefits. The total remuneration received by these employees for the year was $491 000 ($425 000).

7. Key management personnel

(a) *Board members*

The following persons held the position of governing board member during the financial year:

R Foord (Chair)	G Wallace (Deputy Chair)
J Bell	G Pitt
A Herald	J Staugas
W Spurr	

(b) *Remuneration of governing board members*

	2014 Number	2013 Number
The number of governing board members whose remuneration received or receivable falls within the following bands:		
$10 000 - $19 999	6	6
$20 000 - $29 999	1	1
Total	7	7

Remuneration of board members reflects all costs of performing their duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was $101 000 ($101 000).

Unless otherwise disclosed, transactions between members are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

During the year there were no other payments made to board members.

8. Related party

Related parties include parties that control or have an interest in the entity that gives it significant influence over the Corporation. Individual board members are also considered related parties.

The Corporation is controlled by the SA Government. Transactions and balances between the Corporation and related parties (other SA Government controlled entities and individual board members) are disclosed in the notes accompanying the financial statements where appropriate.

9. Supplies and services

	2014 $'000	2013 $'000
Trading activities:		
Contractors	547	281
Equipment hire	119	43
Insurance	172	157
Legal	(6)	8
Linen and laundry	123	86
Printing and stationery	54	46
Repairs and maintenance	110	75
Utilities	215	150
Total supplies and services from trading activities	1 334	846
Property management activities:		
Repairs and maintenance	767	522
Utilities	1 216	884
Total supplies and services from property management activities	1 983	1 406
Total supplies and services	3 317	2 252

The total supplies and services amount disclosed includes GST amounts non-recoverable from the ATO due to the Corporation not holding a valid tax invoice or payments relating to third party arrangements.

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:	2014 Number	2014 $'000	2013 Number	2013 $'000
Below $10 000	3	15	-	-
$10 000 - $50 000	1	37	2	43
Total paid/payable to the consultants engaged	4	52	2	43

10. Depreciation and amortisation

	2014	2013
Trading activities:	$'000	$'000
Plant and equipment	1 134	1 243
Total depreciation for trading activities	1 134	1 243
Property management activities:		
Buildings	4 490	3 807
Leasehold improvements	10	-
Total depreciation and amortisation for property management activities	4 500	3 807
Total depreciation and amortisation	5 634	5 050

11. Net gain (loss) from disposal of assets

Leasehold improvements:		
Proceeds from disposal	-	-
Net book value of assets disposed	(11)	-
Net gain (loss) from disposal of leasehold improvements	(11)	-
Plant and equipment:		
Proceeds from disposal	-	12
Net book value of assets disposed	(4)	(15)
Net gain (loss) from the disposal of plant and equipment	(4)	(3)
Net gain (loss) from disposal of assets	(15)	(3)

12. Other expenses

Trading activities:		
Other	446	396
Total other expenses from trading activities	446	396
Property management activities:		
Other	298	241
Total other expenses from property management activities	298	241
Total other expenses	744	637

13. Auditor's remuneration

Audit fees of $43 800 ($38 900) were paid/payable to the Auditor-General's Department, relating to the audit of the financial statements.

No other services were provided by the Auditor-General's Department.

14. Revenues from fees and charges

Merchandise revenues	564	286
Total revenue from fees and charges	564	286

15. Revenues from the provision of services

Corporate revenue	2 553	2 170
Equipment hire	530	405
Recoveries	2 357	1 604
Venue hire	4 634	2 697
Total revenues from the provision of services	10 074	6 876

16. Revenues from sales

Beverage sales	4 114	2 447
Food sales	4 409	3 056
Total revenues from sales	8 523	5 503

17. Interest revenues

Interest revenue	535	729
Total interest revenues	535	729

18.	**Other revenues**	2014	2013
	Trading activities:	$'000	$'000
	Car park	432	205
	Ticketing charges	905	475
	Other revenue	1 007	860
	Total other revenues from trading activities	2 344	1 540
	Property management activities:		
	Property lease revenue	275	229
	Other revenue	879	249
	Total other revenues from property management activities	1 154	478
	Total other revenues	3 498	2 018

19.	**Cash and cash equivalents**		
	Cash at bank and cash on hand	1 232	436
	Short-term deposits with SAFA	5 520	10 175
	Term deposits	7 000	-
	Total cash and cash equivalents	13 752	10 611

Cash deposits

The cash deposits are carried at cost in accordance with APF IV, APS 2.1. Cash at bank is comprised of funds held in an operating account at a commercial banking institution. Cash at bank deposits are on-call and carry an average variable interest rate of 2.42% (3.03%). Interest is accrued daily and distributed monthly. The SAFA Cash Management Fund is a pooled investment portfolio comprising cash and short-term money market securities of high credit quality and marketability. The SAFA Cash Management Funds are on-call and carry an average variable interest rate of 2.74% (3.44%). The portfolio return is calculated daily, being the total earnings on the portfolio's investments from the close of business on the previous day. Interest is accrued daily and distributed monthly.

Term deposits are comprised of funds held in a fixed-term investment account at a commercial banking institution. Term deposits are invested for a period of time not exceeding 12 months with the ability to withdraw funds subject to an interest penalty on the portion of the funds withdrawn. Interest is accrued daily and distributed upon maturity. Term deposits carry an average fixed interest rate of 3.93%.

Interest rate risk

Cash on hand is non-interest bearing. Deposits at call earn a floating interest rate, based on daily bank deposit rates. Term deposits earn a fixed rate of interest over the investment term. The carrying amount of cash and cash equivalents represents fair value.

20.	**Receivables**	2014	2013
	Current:	$'000	$'000
	Receivables	850	614
	Provision for doubtful debts	(5)	(8)
	Accrued revenues	61	39
	GST receivable	-	48
	Prepayments	75	162
	Total current receivables	981	855

Provision for doubtful debts

The provision for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired. An allowance for impairment loss has been recognised in other expenses in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

Movements in the provision for doubtful debts (impairment loss)	2014	2013
	$'000	$'000
Carrying amount at 1 July	(8)	(8)
Increase in the provision	-	-
Amounts written off	3	-
Carrying amount at 30 June	(5)	(8)

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Trade receivables, prepayments and accrued revenues are non-interest bearing. Other than recognised in the provision 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. In addition, there is no concentration of credit risk.

Bad and doubtful debts

The Corporation has recognised no bad and doubtful debt expense in the Statement of Comprehensive Income.

21. Inventories

	2014	2013
Current - inventories held for resale:	$'000	$'000
Beverages	175	177
Food	20	11
Total inventories held for resale	195	188

Inventory wastage

The Corporation has recognised an inventory wastage expense of $18 000 ($5000) in the Statement of Comprehensive Income.

Raw materials and consumables

The Corporation recognised an expense for raw materials and consumables of $2.465 million ($1.526 million).

22. Property, plant and equipment

	2014	2013
Land and buildings:	$'000	$'000
Land at fair value	27 055	27 000
Buildings at fair value	105 797	102 428
Accumulated depreciation	-	(11 365)
Total land and buildings	132 852	118 063
Building improvements:		
Building improvements at cost	-	12 179
Accumulated depreciation	-	(36)
Total building improvements	-	12 143
Leasehold improvements:		
Leasehold improvements at cost	594	-
Accumulated amortisation	(8)	-
Total leasehold improvements	586	-
Work in progress	379	61
Total work in progress	379	61
Plant and equipment:		
Plant and equipment at cost	10 734	13 265
Accumulated depreciation	(6 361)	(6 226)
Total plant and equipment	4 373	7 039
Total property, plant and equipment	138 190	137 306

Valuation of land and buildings

The valuation of land and buildings was performed in June 2014, by an independent Certified Practising Valuer from Liquid Pacific as at 30 June 2014.

The valuer used depreciated replacement cost for specialised buildings, due to there not being an active market for such buildings. The depreciated replacement cost considered the need for ongoing provision of government services; specialised nature of the assets, including the restricted use of the assets; the size, condition, location and current use of the assets. The valuation was based on a combination of specialised knowledge and the acquisition/transfer costs.

The valuer arrived at fair value for land and non-specialised buildings using the market approach. The valuation was based on recent market transactions for similar land and buildings (non-specialised) in the area and includes adjustment for factors specific to the land and building being valued such as size and location.

Carrying amount of plant and equipment

All items of plant and equipment had a fair value at the time of acquisition that was less than $1 million or had an estimated useful life that was less than three years, and have not been revalued in accordance with APF III. The carrying value of these items are deemed to approximate fair value. These assets are classified in level 3 as there has been no subsequent adjustments to their value, except for management assumptions about the assets' condition and remaining useful life.

Impairment

There were no indications of impairment of property, plant and equipment and infrastructure assets at 30 June 2014.

Reconciliation of non-current assets

2014	Land $'000	Buildings $'000	Building imprvmnts $'000	Leasehold imprvmnts $'000	Work in progress $'000	Plant and equipment $'000	Non-current assets Total $'000
Carrying amount at 1 July	27 000	91 063	12 143	-	61	7 039	137 306
Revaluation increments (decrements)	55	5 261	-	-	-	-	5 316
Additions	-	-	-	-	1 217	-	1 217
Transfers in (out)	-	13 488	(11 668)	607	(899)	(1 528)	-
Disposals eg sales, write-off	-	-	-	(11)	-	(4)	(15)
Depreciation and amortisation	-	(4 015)	(475)	(10)	-	(1 134)	(5 634)
Carrying amount at 30 June	27 055	105 797	-	586	379	4 373	138 190
2013							
Carrying amount at 1 July	27 000	94 847	210	-	310	6 772	129 139
Revaluation increments (decrements)	-	-	-	-	-	-	-
Additions	-	-	-	-	13 231	-	13 231
Transfers in (out)	-	-	11 956	-	(13 480)	1 525	1
Disposals eg sales, write-off	-	-	-	-	-	(15)	(15)
Depreciation and amortisation	-	(3 784)	(23)	-	-	(1 243)	(5 050)
Carrying amount at 30 June	27 000	91 063	12 143	-	61	7 039	137 306

23. Fair value measurement

Fair value hierarchy

The fair value of non-current assets must be estimated for recognition and measurement or for disclosure purposes. The Corporation categorises non-current assets measured at fair value into hierarchy based on the level of inputs use in measurement.

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 30 June 2014.

The Corporation had no valuations categorised into level 1.

Fair value measurements

2014 Recurring fair value measurements:	Note	Level 2 $'000	Level 3 $'000	Total $'000
Land	22	27 055	-	27 055
Buildings	22	965	104 832	105 797
Leasehold improvements	22	-	586	586
Work in progress	22	-	379	379
Plant and equipment	22	-	4 373	4 373
Total recurring fair value measurements		28 020	110 170	138 190

Comparative information for non-current assets has not been provided as permitted by the transitional provisions of the new standard.

There were no transfers of assets between level 1 and level 2 fair value hierarchy levels in 2014. The Corporation's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Valuation techniques and inputs

Valuation techniques used to derive level 2 and level 3 fair values are at note 22. There were no changes in valuation techniques during 2014.

Quantitative information about fair value measurement using significant unobservable inputs (level 3)

			Range	
Description	*Valuation technique*	*Unobservable inputs*	*Low*	*High*
Buildings	Depreciated replacement cost	Cost per square metre	$850	$5 500
		Effective life (years)	12	147

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

Reconciliation of fair value measurements (level 3)

	Buildings $'000	Buildings imprvmnts $'000	Leasehold imprvmnts $'000	Work in progress $'000	Plant and equipment $'000
Opening balance at 1 July	90 178	12 117	-	61	7 039
Acquisitions	-	-	-	1 217	-
Transfers in (out)	13 431	(11 645)	607	(899)	(1 528)
Total gains (losses) for the period in profit and loss:					
Depreciation	(3 960)	(472)	(10)	-	(1 134)
Disposals	-	-	(11)	-	(4)
Total gains (losses) for the period in comprehensive income:					
Revaluation increment (decrement)	5 183	-	-	-	-
Closing balance at 30 June	104 832	-	586	379	4 373

24. Payables

	2014	2013
Current:	$'000	$'000
Creditors	607	1 539
Accrued expenses	350	1 069
GST payable	63	-
Employment on-costs	136	103
Total current payables	1 156	2 711
Non-current:		
Employment on-costs	46	43
Total non-current payables	46	43
Total payables	1 202	2 754

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

25. Employee benefits

	2014	2013
Current:	$'000	$'000
Annual leave	431	294
LSL	507	401
Accrued salaries and wages	77	100
Total current employee benefits	1 015	795
Non-current:		
LSL	474	444
Total non-current employee benefits	474	444
Total employee benefits	1 489	1 239

AASB 119 contains the calculation methodology for LSL liability. The actuarial assessment performed by DTF has provided a set level of liability for the measurement of LSL.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has decreased from 2013 (3.75%) to 2014 (3.5%).

25. Employee benefits (continued)

This decrease in the bond yield, which is used as the rate to discount future LSL cash flows, results in an increase in the reported LSL liability.

The net financial effect of the change in actuarial assumptions in the current financial year is an increase in the LSL liability of $23 000 and employee benefit expense of $25 000. The impact on future periods is impracticable to estimate as the LSL liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

The actuarial assessment performed by DTF left the salary inflation rate at 4%. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

26. Dividend

No dividend has been declared or paid to the SA Government in the financial year.

27. Other liabilities

	2014	2013
Current:	$'000	$'000
Income received in advance	2 041	2 012
Unearned lease revenue	58	58
Total current other liabilities	2 099	2 070
Non-current:		
Unearned lease revenue	5 187	5 245
Total non-current other liabilities	5 187	5 245
Total other liabilities	7 286	7 315

28. Equity

Contributed capital	55 536	55 536
Revaluation surplus	53 867	48 551
Accumulated surplus	33 738	33 565
Total equity	143 141	137 652

The revaluation surplus is used to record increments and decrements in the fair value of land and buildings to the extent that they offset one another. Relevant amounts are transferred to accumulated surplus when an asset is disposed or written off.

29. Commitments

	2014	2013
Capital commitments	$'000	$'000
Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial statements, are payable as follows:		
Within one year	3 834	-
Total capital commitments	3 834	-

Remuneration commitments

Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	749	579
Later than one year but not longer than five years	1 535	1 435
Later than five years	-	17
Total remuneration commitments	2 284	2 031

Amounts disclosed include commitments arising from executive and other service contracts. The Corporation does not offer fixed-term remuneration contracts greater than five years.

Other commitments

The Corporation's other commitments are associated with ongoing business operations:		
Within one year	183	83
Later than one year but not longer than five years	18	11
Total other commitments	201	94

Operating lease commitments receivable	2014	2013
Future minimum lease payments receivable under non-cancellable operating leases contracted for at reporting date but not recognised as receivables are:	$'000	$'000
Within one year	246	194
Later than one year but not longer than five years	622	597
Later than five years	59	134
Total operating lease revenue commitments	927	925

The Corporation's operating lease commitments as lessor are the lease of shops, offices and site space located on sites owned or leased by the Corporation. The Corporation also leases a section of land. As rental in relation to the lease of this land was received in advance, there are no minimum lease payments receivable in relation to this lease.

30. Administered items

	2014	2013
Event funds:	$'000	$'000
Administered revenues:		
Net box office receipts	33 406	29 601
Interest earned on event funds	348	369
Total administered revenues	33 754	29 970
Administered expenses:		
Settlements paid	40 220	22 513
Total administered expenses	40 220	22 513
Movement in administered items during the year	(6 466)	7 457
Administered assets:		
Cash at bank	7 217	13 669
Receivable - interest	14	28
Total administered assets	7 231	13 697
Administered liabilities:		
Funds held in trust	7 217	13 669
Accrued interest payable	14	28
Total administered liabilities	7 231	13 697
Movement in administered items during the year	(6 466)	7 457
Total administered assets held at 1 July	13 697	6 240
Total administered assets held at 30 June	7 231	13 697

Cash deposits

The cash deposits are carried at cost in accordance with APF IV, APS 2.1. Cash at bank is comprised of funds held in a bank account at a commercial banking institution and in a SAFA Cash Management Fund. Commercial bank account deposits are on-call and carry an average variable interest rate of 2.42% (3.03%). Interest is accrued daily and distributed monthly. The SAFA Cash Management Fund is a pooled investment portfolio comprising cash and short-term money market securities of high credit quality and marketability. The SAFA Cash Management Funds are on-call and carry an average variable interest rate of 2.74% (3.44%). The portfolio return is calculated daily, being the total earnings on the portfolio's investments from the close of business on the previous day. Interest is accrued daily and distributed monthly.

Interest rate risk

Deposits at call earn a floating interest rate, based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

31. Contingent assets and liabilities

The Corporation is not aware of any contingent assets.

The Corporation is not aware of any contingent liabilities.

The Corporation has issued no guarantees.

32. Cash flow reconciliation

	2014 $'000	2013 $'000
Reconciliation of cash and cash equivalents:		
Statement of Cash Flows	13 752	10 611
Statement of Financial Position	13 752	10 611

Reconciliation of profit (loss) to net cash provided by (used in) operating activities:		
Net profit (loss) for the year	173	(2 087)
Non-cash items:		
Depreciation and amortisation expense	5 634	5 050
Leased land income	(58)	(58)
Net loss (gain) on disposal of assets	15	3
Movements in assets/liabilities:		
Receivables	(126)	(194)
Inventories	(7)	(13)
Payables	50	345
Other liabilities	29	288
Employee benefits	250	211
Net cash provided by (used in) operating activities	5 960	3 545

33. Events after the reporting period

The Corporation is not aware of any events after the reporting period.

34. Transactions with SA Government

		SA Government		Non-SA Government		Total	
		2014	2013	2014	2013	2014	2013
	Note	$'000	$'000	$'000	$'000	$'000	$'000
Expenses							
Employee benefits expenses - trading activities:	6						
Employment on-costs - other		480	359	-	-	480	359
Employee benefits expenses - property management activities:							
Employment on-costs - other		47	31	-	-	47	31
Supplies and services - trading activities:	9						
Contractors		6	3	541	278	547	281
Insurance		172	157	-	-	172	157
Legal		(6)	8	-	-	(6)	8
Supplies and services - property management activities:							
Utilities		490	356	726	528	1 216	884
Other expenses - trading activities:	12						
Other		61	50	385	346	446	396
Other expenses - property management activities:							
Other		5	100	293	141	298	241
Revenues							
Revenues from the provision of services:	15						
Recoveries		62	10	2 295	1 594	2 357	1 604
Venue hire		11	4	4 623	2 693	4 634	2 697
Revenues from sales:	16						
Beverage sales		25	26	4 089	2 421	4 114	2 447
Food sales		161	123	4 248	2 933	4 409	3 056
Interest revenues	17	282	682	253	47	535	729

		SA Government		Non-SA Government		Total	
		2014	2013	2014	2013	2014	2013
Assets	Note	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents:	19						
Short-term deposits with SAFA		5 520	10 175	-	-	5 520	10 175
Receivables:	20						
Receivables		26	8	824	606	850	614
Accrued revenues		18	39	43	-	61	39
Prepayments		15	15	60	147	75	162
Capital additions	22	172	11 386	1 045	1 845	1 217	13 231
Liabilities							
Payables:	24						
Creditors		68	782	539	757	607	1 539
Accrued expenses		75	237	275	832	350	1 069
Employment on-costs		96	79	86	67	182	146
Other liabilities:	27						
Income received in advance		45	37	1 996	1 975	2 041	2 012

Adelaide Festival Centre Trust

Functional responsibility

Establishment

The Adelaide Festival Centre Trust (the Trust) is a body corporate established pursuant to the *Adelaide Festival Centre Trust Act 1971* (the AFCT Act). The Trust is under the general control and direction of the Minister for the Arts.

Regulations enacted under the PCA specify certain provisions of that Act apply to the Trust. These provisions relate mainly to governance and operational performance.

Functions

The Trust is responsible for encouraging and facilitating artistic, cultural and performing arts activities throughout the State and managing and maintaining the Adelaide Festival Centre and Her Majesty's Theatre. Further information on the Trust's objectives is provided in note 1 to the financial statements.

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 24(3) of the AFCT Act, section 32(4) of the PCA and section 31(1)(b) of the PFAA provide for the Auditor-General to audit the accounts of the Trust for each financial year.

Assessment of controls

Section 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Trust in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether internal controls are consistent with the TIs with particular focus on TIs 2 and 28.

Scope of the audit

The audit program covered the major financial systems to obtain sufficient evidence to form an opinion on the financial report and internal controls.

During 2013-14, areas of audit attention included:

- revenue, receipting and banking
- BASS
- payroll
- procurement and expenditure
- fixed assets
- follow-up of information technology matters.

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the Adelaide Festival Centre Trust as at 30 June 2014, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the Adelaide Festival Centre Trust in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for all matters raised under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Adelaide Festival Centre Trust have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were communicated in management letters to the Chief Executive Officer and responses were received. The main matters raised with the Trust and the related responses are detailed below.

Internal auditing requirements

The Trust's charter approved by the Minister and Treasurer requires the Trust to establish and maintain effective internal auditing of its operations in accordance with appropriate standards of practice.

Audit recommended that the Trust's internal audit plans be improved by having clearer linkages to the Trust's risk management matrix. This would ensure the Trust's internal audit plans consider all controls that mitigate the Trust's significant financial and non-financial risks.

The Trust responded that it will implement independent internal auditing for items rated high risk on the Trust's risk management matrix. The Trust will initially undertake an independent review of the risk management matrix, after which it will develop an internal audit plan.

Information and communications technology and control

Last year's Report provided specific comment on the Trust's remediation of matters identified in reviews conducted in previous years.

The Report noted the need to update and develop the Trust's ICT strategic plan; ICT security policy and procedures; business continuity and disaster recovery plans; the ticketing sales and customer data capture (ENTA) application, configuration and operational guidelines; and remediation of matters raised in the 2013 externally contracted security review.

The Trust indicated that remediation steps were being undertaken to address the completion of certain ICT security policies and procedures, testing of the business continuity and disaster recovery plans, updating ENTA's user documentation and the remediation of issues raised in the 2013 security review.

In 2013-14 Audit requested a status update of outstanding matters that still required management attention. Audit also requested a remediation update of observations associated with work undertaken in 2014 by an externally engaged contractor.

In response the Trust advised Audit that the currency of the business continuity plan and disaster recovery plan remediation are subject to the outsourcing of the Trust's current infrastructure. Also the development of ICT security policies and procedures is continuing to be progressed. The remediation of outstanding externally contracted security review observations identified in 2013 and 2014 is still being addressed.

As conveyed last year, these outstanding matters need to be addressed to ensure that the Trust's ICT security and control environment aligns fully with the SA Government's Information Security Management Framework.

Interpretation and analysis of the financial report

Highlights of the financial report

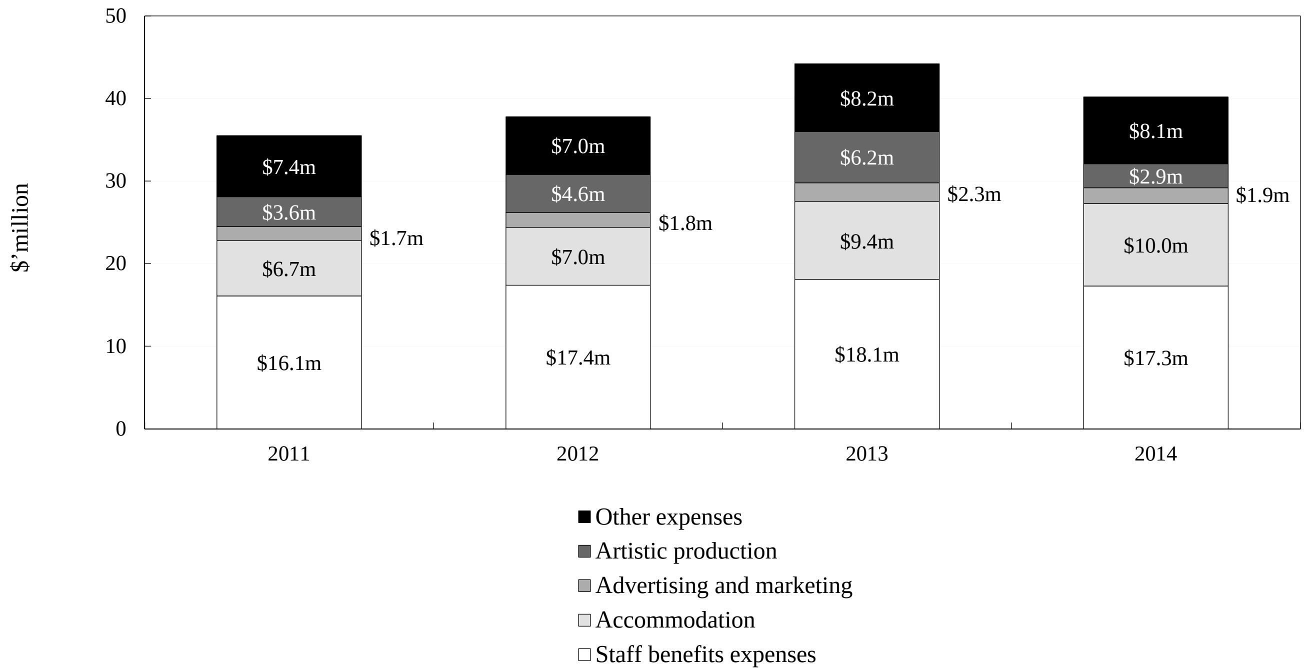
	2014 $'million	2013 $'million
Expenses		
Staff benefits expenses	17	18
Other expenses	23	26
Total expenses	40	44
Income		
User charges and interest	23	27
Net cost of providing services	17	17
Revenues from SA Government	17	17
Net result	-	-
Net cash provided by (used in) operating activities	5	-
Assets		
Current assets	16	12
Non-current assets	9	9
Total assets	25	21
Liabilities		
Current liabilities	13	9
Non-current liabilities	3	3
Total liabilities	16	12
Total equity	9	9

Statement of Comprehensive Income

The Trust is reliant on SA Government funding to support its operations. That is, the net cost of services is met through funding provided by the SA Government. The Trust's activities are largely dependent on the level of external demand for theatre services and extent of Trust programmed activities. Depending on the level and timing of these activities, the nature and amount of revenues and expenses will vary from year to year.

Expenses

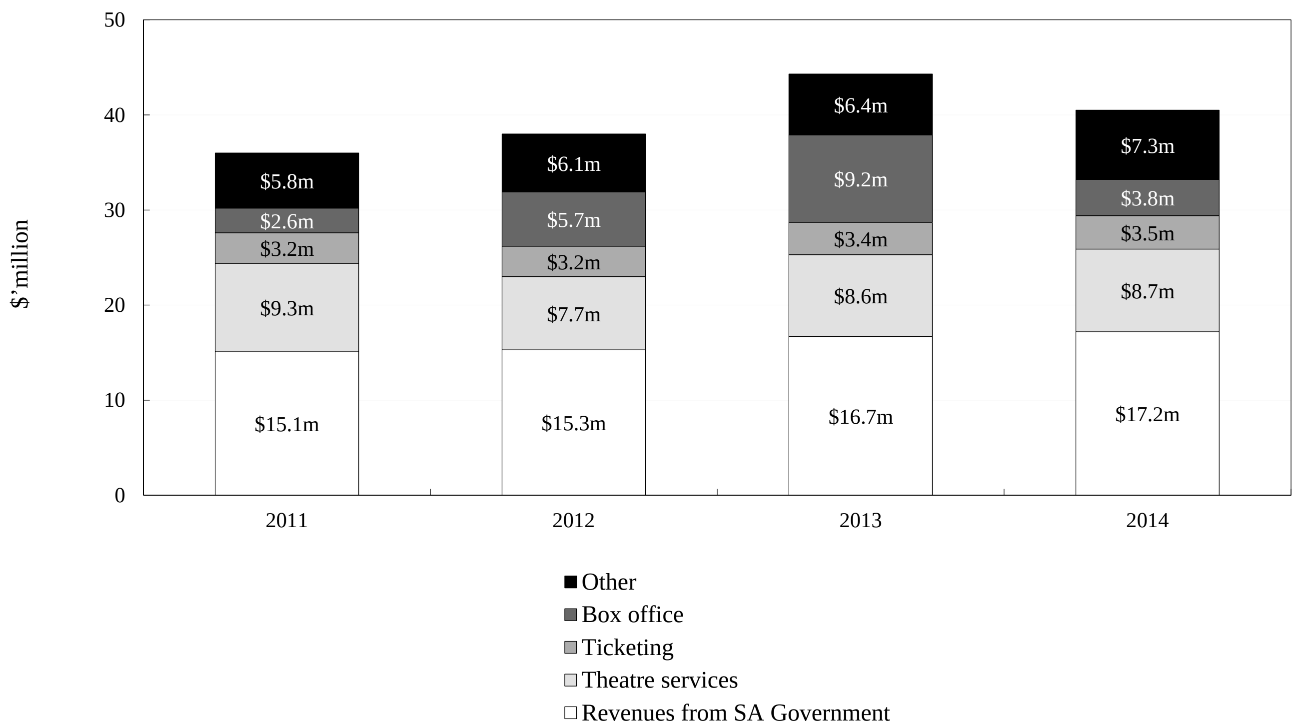
An analysis of expenses for the Trust for the four years to 2014 is presented in the following chart.



Expenses decreased in 2014 by $4 million to $40.2 million. The decrease was due mainly to fewer large scale productions being staged. In 2014 the Trust staged The Illusionists 2.0 whereas in 2013 the Trust staged The Illusionists and Chitty Chitty Bang Bang. This mainly affected artistic production expenses which reduced by $3.3 million to $2.9 million.

Income

An analysis of income for the Trust for the four years to 2014 is presented in the following chart. Revenues from SA Government have been included in income for the purpose of this analysis.



Income decreased in 2014 by $3.8 million to $40.5 million. The chart reflects the significance of:

- SA Government funding which increased by $516 000 and represents 43% (38%) of income and includes assets of $414 000 donated as part of the fitout of Trust premises
- theatre services income which increased by $149 000 to $8.7 million
- box office income which decreased by $5.4 million to $3.8 million due to fewer large scale productions being staged.

Statement of Financial Position

Current assets and liabilities

As at 30 June 2014 current assets, $16.1 million ($12.4 million), exceeded current liabilities, $13.4 million ($9.4 million). Current assets and liabilities include $6.8 million ($3 million) held by the Trust payable to promoters.

Non-current assets

The Trust's non-current assets of $9.1 million ($8.8 million) comprise:

- works of art which were revalued downwards by $389 000 to $5.5 million
- property, plant, equipment and intangible assets of $3.6 million ($2.9 million) which included acquisitions of $1.3 million in 2013-14. The acquisitions included upgrades of the car park system, rostering system and website.

Liabilities

Payables of $11.1 million ($6.4 million) together with staff entitlements of $4.5 million ($4.5 million) represent 94% (88%) of total liabilities. Payables increased due mainly to more amounts payable to promoters.

Statement of Cash Flows

The following table summarises the net cash flows for the four years to 2014.

	2014 $'million	2013 $'million	2012 $'million	2011 $'million
Net cash flows				
Operating	5.2	(0.4)	4.3	1.1
Investing	(0.8)	(0.3)	(0.5)	(0.6)
Change in cash	4.4	(0.7)	3.8	0.5
Cash at 30 June	14.1	9.7	10.4	6.6

Cash held at 30 June 2014 includes $6.8 million ($3 million) held on behalf of promoters.

Cash inflows from the SA Government amounted to $16.8 million ($16.7 million) and are included in operating activities. The Trust is highly reliant on the SA Government for funding both operating and investing activities.

Statement of Comprehensive Income
for the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Expenses:			
Staff benefits expenses	8	17 317	18 135
Supplies and services	9	22 396	25 381
Depreciation and amortisation expense	10	529	659
Net loss on disposal of non-current assets	7	2	2
Total expenses		40 244	44 177
Income:			
Revenue from fees and charges	5	22 965	27 227
Interest revenue	6	291	380
Total income		23 256	27 607
Net cost of providing services	23	16 988	16 570
Revenues from SA Government:			
Revenues from SA Government	4	17 234	16 718
Net result		246	148
Other comprehensive income:			
Items that will not be reclassified to net result:			
Gain (Loss) on revaluation of assets	14	(414)	750
Total other comprehensive income		(414)	750
Total comprehensive result		(168)	898

Net result and total comprehensive result are attributable to the SA Government as owner

Statement of Financial Position
as at 30 June 2014

	Note	2014 $'000	2013 $'000
Current assets:			
Cash and cash equivalents	11	14 046	9 670
Receivables	12	1 823	2 479
Inventories	13	211	219
Total current assets		16 080	12 368
Non-current assets:			
Property, plant and equipment	14	2 742	1 987
Works of art	14	5 544	5 932
Intangible assets	14	844	896
Total non-current assets		9 130	8 815
Total assets		25 210	21 183
Current liabilities:			
Payables	15	10 820	6 170
Staff benefits	16	1 702	1 819
Provisions	17	34	327
Other	18	830	1 082
Total current liabilities		13 386	9 398
Non-current liabilities:			
Payables	15	272	250
Staff benefits	16	2 829	2 657
Provisions	17	60	47
Total non-current liabilities		3 161	2 954
Total liabilities		16 547	12 352
Net assets		8 663	8 831
Equity:			
Revaluation surplus	19	9 124	9 538
Accumulated deficits	19	(461)	(707)
Total equity		8 663	8 831

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	20
Contingent assets and liabilities	21

Statement of Changes in Equity
for the year ended 30 June 2014

	Note	Revaluation surplus $'000	Accumulated deficits $'000	Total $'000
Balance at 30 June 2012		8 788	(855)	7 933
Net result for 2012-13		-	148	148
Gain on revaluation of assets		750	-	750
Total comprehensive result for 2012-13		750	148	898
Balance at 30 June 2013	19	9 538	(707)	8 831
Net result for 2013-14		-	246	246
Gain (Loss) on revaluation of assets		(414)	-	(414)
Total comprehensive result for 2013-14		(414)	246	(168)
Balance at 30 June 2014	19	9 124	(461)	8 663

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

Statement of Cash Flows
for the year ended 30 June 2014

	Note	2014 Inflows (Outflows) $'000	2013 Inflows (Outflows) $'000
Cash flows from operating activities:			
Cash outflows:			
Staff benefit payments		(17 540)	(17 722)
Payments for supplies and services		(24 012)	(25 320)
Decrease in funds held on behalf of promoters		-	(2 799)
GST paid to the ATO		(43)	(374)
Cash used in operations		(41 595)	(46 215)
Cash inflows:			
Receipts from patrons and customers		24 848	28 570
Increase in funds held on behalf of promoters		3 781	-
Interest received		289	396
GST recovered from the ATO		1 079	91
Cash generated from operations		29 997	29 057
Cash flows from SA Government:			
Receipts from SA Government		16 820	16 718
Cash generated from SA Government		16 820	16 718
Net cash provided by (used in) operating activities	23	5 222	(440)
Cash flows from investing activities:			
Cash outflows:			
Purchase of property, plant and equipment and works of art		(846)	(276)
Net cash provided by (used in) investing activities		(846)	(276)
Net increase (decrease) in cash and cash equivalents		4 376	(716)
Cash and cash equivalents at 1 July		9 670	10 386
Cash and cash equivalents at 30 June	11	14 046	9 670

Notes to and forming part of the financial statements

1. Adelaide Festival Centre Trust (Trust) objectives

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, control, management, maintenance and improvement of the Adelaide Festival Centre and its facilities

(c) provide expert advisory, consultative, managerial or support services to persons associated with artistic, cultural or performing arts activities

(d) promote the involvement of young people and their families and extend activities into the school sector.

2. Summary of significant accounting policies

(a) Statement of compliance

The Trust has prepared these financial statements in compliance with section 23 of the PFAA.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant AASs and comply with TIs and APSs promulgated under the provisions of the PFAA.

The Trust has applied AASs that are applicable to not-for-profit entities, as the Trust is a not-for-profit entity.

AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Trust for the reporting period ending 30 June 2014 (refer note 3).

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Trust's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures, which have been included in this financial report:

  (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of $100 000 for separate identification of these items applies

  (b) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income)

  (c) staff whose normal remuneration is equal to or greater than the base executive remuneration level (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly, by the Trust to those staff

  (d) board member and remuneration information, where a board member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The Trust's Statement of Comprehensive Income, Statement of Financial Position, and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a 12 month period and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2014 and the comparative information presented.

(c) Reporting entity

The Trust is established pursuant to the *Adelaide Festival Centre Act 1971*.

On 21 October 1999 the Adelaide Festival Centre Foundation (Foundation) was incorporated under the *Associations Incorporation Act 1985*, and is controlled by the Trust by virtue of clauses in the Foundation's constitution which require 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 include 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. The effect of transactions between the Trust and the Foundation are eliminated in full. A summary of the Foundation's activities is given in note 24.

(d) Transactions performed on behalf of promoters

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 note 11) and the requisite amount payable to those promoters (refer note 15) together with the net change in cash held in the Statement of Cash Flows as at 30 June.

(e) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or APSs have required a change.

Where presentation or classification of items in the financial statements has been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

Where the Trust has applied an accounting policy retrospectively; retrospectively restated items in the financial statements; reclassified items in the financial statements, it has provided three Statements of Financial Position and related notes.

The restated comparative amounts do not replace the original financial statements for the preceding period.

(f) Rounding

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

(g) Taxation

The Trust is not subject to income tax. The Trust is liable for payroll tax, FBT, and GST.

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 ATO, 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
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

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

(h) Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June.

(h) Events after the reporting period (continued)

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

(i) Income

Income is recognised to the extent that it is probable that the flow of economic benefits to the Trust will occur and can be reliably measured.

Income has been aggregated according to its nature and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

Fees and charges

Income from fees and charges is derived from the provision of goods and services to other SA Government agencies and to the public.

Income from box office sales, marketing services and theatre hire is recognised when the performances occur. Amounts deferred are recognised in the financial statements as income received in advance.

Income from sponsorships is recognised in the periods or against the performances to which the sponsorships relate.

Income from theatre set construction is recognised as revenue progressively based on the stage of completion.

Revenues from SA Government

Grants are recognised as revenues when the Trust obtains control over the funding. Control over grants is normally obtained upon receipt.

Net gain (loss) on non-current assets

Income from the disposal of non-current assets is recognised when the control of the asset has passed to the buyer and has been determined by comparing proceeds with carrying amount. When revalued assets are sold, the revaluation surplus is transferred to retained earnings.

Gains on disposal of non-current assets are recognised at the date control of the asset is passed to the buyer and are determined after deducting the cost of the asset from the proceeds at the time.

(j) Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits from the Trust will occur and can be reliably measured.

Expenses have been aggregated according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

Staff benefits expenses

Staff benefits expenses include all costs related to employment including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by the Trust to the superannuation plan in respect of current services of current Trust staff. DTF centrally recognises the superannuation liability in the whole-of-government financial statements. Other superannuation plans receiving contributions carry their liability in respect of Trust staff in their financial statements.

Prepaid production expenses

Marketing and production expenses are recognised as an expense when the performances occur. Expenses incurred in advance of performances are deferred and shown in the financial statements as prepaid production expenses.

Depreciation and amortisation
Except for certain heritage assets, 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. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to tangible assets such as property, plant and equipment.

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 Trust holds a collection of heritage assets in the form of an artwork collection which has an extremely long useful life. Depreciation is not applied because these items have an indeterminable useful life.

The value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter.

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

Class of asset	*Useful life (years)*
Plant and equipment	5-25
Furniture and fittings	15
Leasehold equipment	5-15
Intangibles	5-10

(k) Current and non-current classification
Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle, even when they are not expected to be realised within 12 months after the reporting date, have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the Trust has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

(l) Assets
Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Where an asset line item combine amounts expected to be settled within 12 months and more than 12 months, the Trust has separately disclosed the amounts expected to be recovered after more than 12 months.

Cash and cash equivalents
Cash and cash equivalents in the Statement of Financial Position include cash at bank and on hand. Cash is measured at nominal value.

Receivables
Receivables include amounts receivable from goods and services, GST input tax credits recoverable, prepayments and other accruals.

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are generally settled within 14 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Trust will not be able to collect the debt. Bad debts are written off when identified.

Heritage assets
The Trust holds a collection of heritage assets, referred to as the performing arts collection, which are unique and not capable of being reliably measured. This is due to the type and life of the collection and lack of a market for items within it.

Inventories
Inventories are maintained for catering, theatre set construction, production and merchandising activities and are valued at the lower of cost or net realisable value.

The amount of any inventory write-down to net realisable value or inventory losses is recognised in the Statement of Comprehensive Income as an expense in the period the write-down or loss occurred. Any write-down reversals are also recognised in the Statement of Comprehensive Income.

Non-current assets

- *Acquisition and recognition*
  Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation.

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

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

- *Revaluation of non-current assets*
  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.

  At least every five years, the Trust revalues 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 that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

  Any revaluation increment is credited to the revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as an expense, in which case the increase is recognised as income. Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the revaluation surplus to the extent of the credit balance existing in revaluations reserve for that asset class.

  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.

  Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

- *Impairment*
  All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

  For revalued assets, an impairment loss is offset against the respective revaluation surplus.

Intangible assets
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 Trust only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets are reviewed on an annual basis.

Intangible assets (continued)
The acquisition of 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.

Fair value measurement
AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

The Trust classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation.

Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.

Level 3: not traded in an active market and are derived from unobservable inputs.

The valuation processes and fair value changes are reviewed by management at each reporting date.

Non-financial assets
In determining fair value, the Trust has taken into account the characteristic of the asset (eg condition and location of the asset and any restrictions on the sale or use of the asset) and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

The Trust's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As the Trust did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

The carrying amount of non-financial assets with a fair value at the time of acquisition that was less than $1 million or had an estimated useful life that was less than three years is deemed to approximate fair value.

Refer note 14 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

Financial assets/liabilities
The Trust does not recognise any financial assets or financial liabilities at fair value.

(m) Liabilities
Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Where a liability line item combine amounts expected to be settled within 12 months and more than 12 months, the Trust has separately disclosed the amounts expected to be settled after more than 12 months.

Payables
Payables include creditors, accrued expenses, GST payable and employment on-costs.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Trust.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

(m) Liabilities (continued)

Staff benefits on-costs include payroll tax and superannuation contributions in respect to outstanding liabilities for salaries and wages, LSL, annual leave and SERL.

The Trust 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 scheme managers.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement.

- *Operating leases*
  Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.

Staff benefits

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

- *Salaries, wages, annual leave, SERL and sick leave*
  The liability for salary 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 SERL 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 staff is estimated to be less than the annual entitlement for sick leave.

- *LSL*
  The liability for LSL is measured as the present value of expected future payments to be made in respect of services provided by staff up to the end of the reporting period using the projected unit credit method.

  The expected liability for LSL is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and period of service. These assumptions are based on employee data over SA Government entities. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

  The Trust classifies a portion of LSL as current, based on its history of settlements.

Provisions

Provisions are recognised when the Trust has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Trust expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are discounted for the time value of money and the risks specific to the liability.

(n) Unrecognised contractual commitments and contingent assets and liabilities

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

(n) Unrecognised contractual commitments and contingent assets and liabilities (continued)

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.

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

3. New and revised accounting standards and policies

The Trust did not voluntarily change any of its accounting policies during 2013-14.

In accordance with the new AASB 13, which became effective for the first time in 2013-14, the Trust has:

- reviewed its fair value valuation techniques (both internal estimates and independent valuation appraisal) for non-financial assets to ensure they are consistent with the standard. Previously, the Trust has used the cost approach or the market approach to determine fair value. The Trust will continue to measure its non-financial assets using either the cost or market approach. The application of AASB 13 has not had a material impact on the fair value measurements
- included additional disclosures where required to assist users in assessing the valuation techniques and inputs used to ascertain fair value measurements used for assets and liability measurements.

Fair value hierarchy and other information is provided in note 14.

AASs and interpretations that have recently been used, issued or amended but are not yet effective, have not been adopted by the Trust for the period ending 30 June 2014. The Trust has assessed the impact of the new and amended standards and interpretations and considers there will be no material impact on the accounting policies for the financial statements of the Trust.

4. Revenues from SA Government	2014	2013
Grants received:	$'000	$'000
Operating base	16 500	16 718
Capital replacement	734	-
Total revenues from SA Government	17 234	16 718

The revenue derived from the Government is significant, and without it the Trust would not be able to continue its operations.

Capital assets received free of charge were $414 000 ($0).

5. Revenues from fees and charges		
Theatre services	8 699	8 550
Ticketing	3 452	3 412
Car park	1 237	982
Box office	3 767	9 176
Sponsorship	793	893
Catering and functions	2 985	2 759
Other	2 032	1 455
Total revenues from fees and charges	22 965	27 227

6. Interest revenues		
Interest received	291	380
Total interest revenues	291	380

7. Net gain (loss) from the disposal of non-current assets		
Plant and equipment:		
Proceeds from disposal	4	-
Net book value of assets disposed	(6)	(2)
Total net gain (loss) from disposal of plant and equipment	(2)	(2)

8. Staff benefits expenses

	2014	2013
	$'000	$'000
Salaries and wages	13 868	14 223
LSL	402	307
Annual leave	875	896
SERL	31	57
Employment on-costs - superannuation	1 317	1 367
Employment on-costs - other	588	928
Board fees	37	99
Other staff related expenses	199	258
Total staff benefits expenses	17 317	18 135

(a) Remuneration of staff excluding performance bonus

The number of staff who received remuneration within the following bands:	2014 Number	2013 Number
$138 000 - $141 499	-	3
$141 500 - $151 499	1	2
$151 500 - $161 499	2	-
$181 500 - $191 499	-	1
$191 500 - $201 499	1	-
$231 500 - $241 499	1	-
$241 500 - $251 499	-	1
$321 500 - $331 499	1	1
Total	6	8

(b) Performance bonus remuneration of staff

The number of staff who received performance bonus remuneration within the following bands:		
$21 500 - $31 499	1	-
$101 500 - $111 499 (commercial)	1	1
$191 500 - $201 499	-	1
Total	2	2

Note 8(a) includes all staff who received total remuneration of $141 500 ($138 000) or more during the year. Remuneration of staff reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits, fringe benefits and any FBT or payable in respect of those benefits.

The total remuneration received by staff included in notes 8(a) and 8(b) for the year was $1.35 million ($1.78 million).

9. Supplies and services

	2014	2013
	$'000	$'000
Accommodation	10 012	9 370
Advertising and marketing	1 927	2 341
Artistic production	2 883	6 200
Communications and IT	1 198	1 202
Finance expenses	316	246
Professional expenses	1 255	1 000
Repairs and maintenance	1 329	1 589
Sponsorship	193	205
Supplies	2 457	2 265
Travel and entertainment	228	412
Other	598	551
Total supplies and services	22 396	25 381

The total supplies and services amount disclosed includes GST amounts not recoverable from the ATO due to the Trust not holding a valid tax invoice or payments relating to third party arrangements.

During the year operating lease payments totalled $6.4 million ($6.1 million). These payments are included in accommodation and other supplies and services.

9. Supplies and services (continued)

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:	2014 Number	2014 $'000	2013 Number	2013 $'000
Below $10 000	19	54	10	46
$10 000 - $50 000	5	98	5	110
Above $50 000	1	140	1	125
Total paid/payable to consultants engaged	25	292	16	281

Auditor's remuneration

	2014 $'000	2013 $'000
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	90	72
Audit fees paid/payable to Edwards Marshall for the audit of the Adelaide Festival Foundation Inc financial statements and lotteries	8	4
Total audit fees	98	76

No other audit services were provided by the Auditor-General's Department or Edwards Marshall.

10. Depreciation and amortisation expense

Depreciation:		
Plant and equipment	355	458
Amortisation:		
Intangible assets	174	201
Total depreciation and amortisation expense	529	659

11. Cash and cash equivalents

Cash at bank and on hand	7 244	6 649
Cash held in trust for promoters	6 802	3 021
Total cash and cash equivalents	14 046	9 670

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.

12. Receivables

Current:		
Receivables	886	1 184
Allowance for doubtful debts	(23)	(1)
Prepayments	737	432
Accrued interest	26	24
GST input tax recoverable	197	840
Total current receivables	1 823	2 479

Movement in the allowance for doubtful debts

The following table shows the movement of doubtful debts (impairment loss):

Carrying amount at 1 July	1	47
Increase in the allowance	23	3
Amounts recovered during the year	(1)	(18)
Amounts written off	-	(31)
Carrying amount at 30 June	23	1

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (ie calculated on past experience and current and expected changes in client credit rating) that a receivable is impaired.

An allowance for impairment loss of $0 ($31 000) has been recognised in finance expenses in supplies and services (refer note 9) for specific debtors for which such evidence exists.

Movement in the allowance for doubtful debts (continued)

Aside from an amount of $2000 which is less than 30 days overdue, all impaired receivables are greater than 60 days overdue. Unimpaired receivables overdue by less than 60 days are $42 000 ($65 000) and overdue by more than 60 days are $115 000 ($108 000).

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 14 days. Receivables, prepayments and accrued revenues are non-interest bearing. 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.

13. Inventories

	2014	2013
	$'000	$'000
Theatre set construction work in progress at cost	20	81
Materials at cost	191	138
Total inventories	211	219

Cost of inventories

The costs recognised as an expense for raw materials and consumables is $2.044 million ($1.702 million).

14. Non-current assets

	2014	2013
Plant and equipment:		
At fair value	2 019	1 975
Accumulated depreciation at 30 June	(1 026)	(990)
At cost (deemed fair value)	1 328	1 471
Accumulated depreciation at 30 June	(355)	(476)
	1 966	1 980
Capital works in progress:		
Capital works in progress at cost (deemed fair value)	428	7
Total plant and equipment	2 394	1 987
Furniture and fittings:		
At cost (deemed fair value)	274	-
Accumulated depreciation at 30 June	-	-
Total furniture and fittings	274	-
Works of art:		
At fair value	5 544	5 932
Total works of art	5 544	5 932
Leasehold equipment:		
At cost (deemed fair value)	74	-
Accumulated depreciation at 30 June	-	-
Total leasehold equipment	74	-
Intangible assets:		
Intangibles at cost	1 542	1 420
Accumulated amortisation	(698)	(524)
Total intangible assets	844	896
Total non-current assets	9 130	8 815

Valuation of non-current assets

Plant and equipment

A valuation of plant and equipment, comprising computers, catering, and theatre set construction equipment, was carried out by Maloney Field Services (Australia) Pty Ltd as at 30 June 2014 and this resulted in the assets being valued downwards by $25 000. Valuation of theatre-related plant and equipment was carried out at 30 June 2010 also by Maloney Field Services (Australia) Pty Ltd. The valuer arrived at the fair value of the assets 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. Level 2 of the fair value hierarchy under AASB 13 has been used and observable inputs such as publications, websites and sale prices relied on to determine fair values of each item.

Works of art

A valuation of works of art was carried out by Theodore Bruce Auctions Pty Ltd as at 30 June 2014 and this resulted in the collection being valued downwards by $389 000. The valuer arrived at the fair value of the pieces in the collection 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. Level 2 of the fair value hierarchy under AASB 13 has been used and observable inputs such as auction prices and gallery prices relied on to determine fair values of each item.

Carrying amount of non-current assets

The carrying amount of all non-current assets that have not been revalued, for reason of timing of purchase or low value (under a $10 000 threshold), is deemed to approximate fair value. These assets are classified in level 3 (AASB 13) as there has been no subsequent adjustments to their value, except for management assumptions about the assets condition and remaining useful life.

Non-current assets include $690 000 of fully depreciated assets still in use.

Non-current assets classified as held for sale

Non-current assets with a written down value of $0 ($9000) included in plant and equipment have been decommissioned.

Impairment

There were no indications of impairment of non-current assets at 30 June 2014.

Reconciliation of non-current assets

The following table shows the movements of non-current assets during 2013-14:

	Plant and equipment $'000	Works of art $'000	Intangibles $'000	Furniture and fittings $'000	Leasehold $'000	Capital works in progress $'000	Total $'000
Carrying amount at 1 July	1 980	5 932	896	-	-	7	8 815
Acquisitions	182	1	-	274	74	734	1 265
Transfers between asset classes	191	-	122	-	-	(313)	-
Disposals	(7)	-	-	-	-	-	(7)
Depreciation and amortisation	(355)	-	(174)	-	-	-	(529)
Revaluation increment (decrement)	(25)	(389)	-	-	-	-	(414)
Carrying amount at 30 June	1 966	5 544	844	274	74	428	9 130

Plant and equipment additions of $140 000 ($0) and furniture and fittings additions of $274 000 ($0) were received free of charge as a capital grant from Arts SA.

Capital works in progress additions of $734 000 ($74 000) include an acquired intangible asset commissioned for $122 000 and plant and equipment commissioned for $191 000. The balance of $421 000 plus the opening balance of $7000 from 2013 is awaiting commissioning in 2014-15.

The following table shows the movements of non-current assets during 2012-13:

	Plant and equipment $'000	Works of art $'000	Intangibles $'000	Furniture and fittings $'000	Leasehold $'000	Capital works in progress $'000	Total $'000
Carrying amount at 1 July	2 241	5 179	329	-	-	701	8 450
Acquisitions	199	3	-	-	-	74	276
Transfers between asset classes	-	-	768	-	-	(768)	-
Disposals	(2)	-	-	-	-	-	(2)
Depreciation and amortisation	(458)	-	(201)	-	-	-	(659)
Revaluation increment (decrement)	-	750	-	-	-	-	750
Carrying amount at 30 June	1 980	5 932	896	-	-	7	8 815

Fair value measurement

Fair value hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The Trust categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement. Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 30 June 2014:

2014	Level 2	Level 3
Recurring fair value measurements:	$'000	$'000
Plant and equipment	993	973
Furniture and fittings	-	274
Works of art	5 544	-
Leasehold equipment	-	74
Total recurring fair value measurements	6 537	1 321

2013		
Recurring fair value measurements:		
Plant and equipment	985	995
Furniture and fittings	-	-
Works of art	5 932	-
Leasehold equipment	-	-
Total recurring fair value measurements	6 917	995

The Trust's policy is to recognise transfers in and out of fair value hierarchy levels as at the end of the reporting period. The transfers occur when certain assets are valued using different fair value hierarchy levels, from one year to the next. In 2014, there was $203 000 in plant and equipment assets transferred from level 3 to level 2.

Valuation techniques and inputs

The valuation techniques used to derive fair values are noted above. There were no changes in valuation techniques during 2014.

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3):

2014	Plant and equipment $'000	Furniture and fittings $'000	Leasehold equipment $'000	Total $'000
Opening balance at 1 July	995	-	-	995
Acquisitions	359	274	74	707
Depreciation this year for the opening balance	(178)	-	-	(178)
Transfer out of level 3	(203)	-	-	(203)
Closing balance at 30 June	973	274	74	1 321

15. Payables

	2014	2013
Current:	$'000	$'000
Creditors	2 738	1 091
Accrued expenses	968	1 726
Amounts payable to promoters	6 802	3 021
Staff on-costs	312	332
Total current payables	10 820	6 170
Non-current:		
Staff on-costs	272	250
Total payables	11 092	6 420

As a result of an actuarial assessment performed by DTF, the percentage of the proportion of LSL taken as leave has remained at the 2013 rate of 40% and the average factor for the calculation of employer superannuation on-cost has remained at the 2013 rate of 10.3%. These rates are used in the employment on-cost calculation.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Employment on-costs are settled when the respective staff benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

16. Staff benefits

	2014	2013
Current:	$'000	$'000
Annual leave	1 099	1 069
Short-term LSL	249	175
Accrued salaries and wages	267	518
SERL	87	57
Total current staff benefits	1 702	1 819
Non-current:		
LSL	2 646	2 565
Accrued salaries and wages	183	92
Total non-current staff benefits	2 829	2 657
Total staff benefits	4 531	4 476

AASB 119 contains the calculation methodology for LSL liability. The actuarial assessment performed by DTF has provided a set level of liability for the measurement of LSL.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has decreased from 2013 (3.75%) to 2014 (3.5%).

This decrease in the bond yield, which is used as the rate to discount future LSL cash flows, results in an increase in the reported LSL liability.

The net financial effect in the current financial year is an increase in the LSL liability of $155 000 and employee benefit expense of $155 000. The impact on future periods is impracticable to estimate as the LSL liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

The actuarial assessment performed by DTF left the salary inflation rate at 4%. As a result, there is no financial effect resulting from changes in the salary inflation rate.

17. Provisions

	2014	2013
Current:	$'000	$'000
Liability for outstanding claim	-	295
Provision for workers compensation	34	32
Total current provisions	34	327
Non-current:		
Provision for workers compensation	60	47
Total provisions	94	374

Provision for workers compensation

Carrying amount at 1 July	79	32
Additional provisions recognised	26	95
Reductions arising from payments	(11)	(48)
Carrying amount at 30 June	94	79

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by Taylor Fry.

18. Other liabilities

Current:		
Venue hire deposits	402	215
Other deposits	11	11
Income in advance	343	784
Unclaimed monies	74	72
Total other liabilities	830	1 082

Income in advance
Income received for the programming, marketing and sponsorship of performances taking place after the balance date is deferred until the performances occur.

19. Equity

	2014	2013
Revaluation surplus:	$'000	$'000
Plant and equipment	3 990	4 015
Works of art	5 134	5 523
	9 124	9 538
Accumulated deficits	(461)	(707)
Total equity	8 663	8 831

The revaluation surplus is used to record increments and decrements in the fair value of plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

As at 30 June 2014, works of art were revalued downwards by $389 000 and plant and equipment were valued downwards by $25 000.

20. Unrecognised contractual commitments

	2014	2013
Expenditure commitments - remuneration	$'000	$'000
Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	5 879	7 171
Later than one year and not longer than five years	5 375	5 663
Total remuneration commitments	11 254	12 834

Amounts disclosed include commitments arising from executive and other service contracts. The Trust does not offer fixed-term remuneration contracts greater than five years.

Expenditure commitments - other

The Trust's other commitments are payable as follows:		
Within one year	326	497
Later than one year and not longer than five years	363	107
Total other commitments	689	604

Operating lease commitments

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	6 421	6 342
Later than one year and not longer than five years	26 048	25 726
Later than five years	63 881	70 413
Total operating lease commitments	96 350	102 481

The Trust's operating leases include accommodation and motor vehicle leases for fixed terms up to five years.

The Trust has a 20 year lease agreement to rent Her Majesty's Theatre and the Adelaide Festival Centre. The rent payable is determined by a combination of annual rent increases and triennial market reviews commencing 30 October 2011. The lease expires on 30 June 2028 and the Trust has a right of renewal for 10 years.

21. Contingent assets and liabilities
The Trust is not aware of any contingent assets but has a contingent liability for a possible obligation in relation to an unsettled current claim.

22. Remuneration of trustees
Trustees of the Trust during the 2014 financial year were:

Mr Barry Fitzpatrick (Chairperson)
Ms Susan Clearihan
Mr Bill Spurr
Ms Zannie Flanagan
Mr James Hazel
Mr Hieu Van Le
Ms Corrine Namblard (retired 25.09.13)
Ms Carolyn Mitchell
Mr Michael Abbott (appointed 26.06.14)

22. Remuneration of trustees (continued)

The number of trustees whose remuneration received or receivable falls within the following bands:	2014 Number	2013 Number
$0 - $9 999	7	4
$10 000 - $19 999	-	5
$20 000 - $29 999	-	1
Total	7	10

Remuneration of members reflects all costs of trustee duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by trustees was $40 000 ($108 000).

The trustees of the Trust, or their director related entities, have transactions with the Trust that occur within a normal staff, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonably expected the entity would have adopted if the transactions were undertaken with any other entity at arm's length in similar circumstances.

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.

23. Cash flow reconciliation

	2014	2013
Reconciliation of cash and cash equivalents at 30 June:	$'000	$'000
Cash and cash equivalents disclosed in the Statement of Financial Position	14 046	9 670
Balance as per the Statement of Cash Flows	14 046	9 670

Reconciliation of net cash provided by operating activities to net cost of providing services

	2014	2013
Net cash provided by (used in) operating activities	5 222	(440)
Revenues from SA Government	(16 820)	(16 718)
Non-cash items:		
Depreciation and amortisation expense of non-current assets	(529)	(659)
Loss on sale or disposal of non-current assets	(2)	(2)
Movements in assets/liabilities:		
Receivables	(656)	698
Inventories	(8)	76
Payables	(4 672)	884
Other liabilities	252	(49)
Provisions	280	(47)
Staff benefits	(55)	(313)
Net cost of providing services	(16 988)	(16 570)

24. Controlled entity

The consolidated financial statements at 30 June 2014 include the following controlled entity:

Name of controlled entity	*Place of incorporation*
Adelaide Festival Centre Foundation Incorporated	Australia

Significant items in the financial report of the Foundation are:	2014 $'000	2013 $'000
Revenue	324	220
Expenses	233	300
Surplus (Deficit)	91	(80)
Cash at bank	242	164

25. Government/Non-government split

As required by APF II, APS 4.1 the following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature. A threshold of $100 000 for separate identification of these items has been applied.

25. Government/Non-government split (continued)

	SA Government		Non-SA Government		Total	
	2014	2013	2014	2013	2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000
Revenues from SA Government:						
Operating grant	16 500	16 718	-	-	16 500	16 718
Capital grant	734	-	-	-	734	-
Total revenues from SA Government	17 234	16 718	-	-	17 234	16 718
Revenue from fees and charges:						
Theatre services	2 600	2 162	6 099	6 388	8 699	8 550
Ticketing	747	657	2 705	2 755	3 452	3 412
Car park	16	20	1 221	962	1 237	982
Box office	31	144	3 736	9 032	3 767	9 176
Sponsorship	40	5	753	888	793	893
Catering and functions	515	358	2 470	2 401	2 985	2 759
Other	208	54	1 824	1 401	2 032	1 455
Total revenue from fees and charges	4 157	3 400	18 808	23 827	22 965	27 227
Interest revenue:						
Interest received	291	380	-	-	291	380
Total interest revenue	291	380	-	-	291	380
Staff benefits expenses:						
Salaries and wages	-	-	13 868	14 223	13 868	14 223
LSL	-	-	402	307	402	307
Annual leave	-	-	875	896	875	896
SERL	-	-	31	57	31	57
Employment on-costs - superannuation	1 072	1 112	245	255	1 317	1 367
Employment on-costs - other	588	928	-	-	588	928
Board fees	-	-	37	99	37	99
Other	75	72	124	186	199	258
Total staff benefits expenses	1 735	2 112	15 582	16 023	17 317	18 135
Supplies and services:						
Accommodation	6 106	6 009	3 906	3 361	10 012	9 370
Advertising and marketing	-	-	1 927	2 341	1 927	2 341
Artistic production	-	-	2 883	6 200	2 883	6 200
Communications and IT	-	-	1 198	1 202	1 198	1 202
Finance expenses	-	-	316	246	316	246
Professional expenses	104	89	1 151	911	1 255	1 000
Repairs and maintenance	-	-	1 329	1 589	1 329	1 589
Sponsorship	-	-	193	205	193	205
Supplies	-	-	2 457	2 265	2 457	2 265
Travel and entertainment	-	-	228	412	228	412
Other	14	51	584	500	598	551
Total supplies and services	6 224	6 149	16 172	19 232	22 396	25 381
Receivables:						
Receivables	94	219	792	965	886	1 184
Accrued interest	26	24	-	-	26	24
Other	-	-	911	1 271	911	1 271
Total receivables	120	243	1 703	2 236	1 823	2 479

25. Government/Non-government split (continued)

	SA Government		Non-SA Government		Total	
Payables:	2014	2013	2014	2013	2014	2013
Current:	$'000	$'000	$'000	$'000	$'000	$'000
Creditors	1 553	10	1 185	1 081	2 738	1 091
Accrued expenses	103	102	865	1 624	968	1 726
Amount payable to promoters	-	-	6 802	3 021	6 802	3 021
Employment on-costs	284	302	28	30	312	332
	1 940	414	8 880	5 756	10 820	6 170
Non-current:						
Employment on-costs	249	229	23	21	272	250
Total payables	2 189	643	8 903	5 777	11 092	6 420
Other liabilities:						
Venue hire deposits	-	10	402	205	402	215
Income in advance	4	63	339	721	343	784
Other liabilities	-	-	85	83	85	83
Total other liabilities	4	73	826	1 009	830	1 082

Adelaide Festival Corporation

Functional responsibility

Establishment

The Adelaide Festival Corporation (the Corporation) is a body corporate established pursuant to the *Adelaide Festival Corporation Act 1998* (AFC Act). The Corporation is an instrumentality of the Crown. The Board of the Corporation is responsible to the Minister for the Arts.

Functions

The main function of the Corporation is to conduct the Adelaide Festival of Arts. For details of the Corporation's functions refer note 1 to the financial statements.

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 31(1)(b) of the PFAA and section 19(3) of the AFC Act provide for the Auditor-General to audit the accounts of the Corporation for each financial year.

Assessment of controls

Section 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Corporation in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether internal controls are consistent with the TIs with particular focus on TIs 2 and 28.

Scope of the audit

The audit program covered major financial systems to obtain sufficient evidence to form an opinion on the financial report and internal controls.

During 2013-14, specific areas of audit attention included:

- revenue
- expenditure
- salaries and wages
- receipting and banking
- cash
- general ledger.

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the Adelaide Festival Corporation as at 30 June 2014, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the Adelaide Festival Corporation in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for all matters outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Adelaide Festival Corporation have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in a management letter to the Chief Executive. Major matters raised with the Corporation and the related responses are detailed below.

Cash handling

The audit included a follow-up of action by the Corporation to improve cash handling and record keeping practices for festival events. The 2013-14 audit found that while the Corporation has implemented measures to improve the handling of cash during festival events there were no records to substantiate or reconcile admission fees to the festival outdoor club (Lola's Pergola).

In response the Corporation advised it will aim to have processes and facilities in place that address Audit's concerns should similar events be held in the future.

Financial authorisations

TI 8 requires chief executives to ensure a register is established and maintained of specified persons and the holders of positions authorised to approve contracts (including purchases) and payments/ disbursements, and any conditions applying to the giving of the financial authorisation.

The audit noted the Corporation's delegated authorities policy does not clearly identify financial authorisations information required by TI 8 and some terms in the policy do not appear to be used consistent with definitions of the same terms in TI 8.

In response the Corporation advised it will review the delegated authorities policy against the requirements of TI 8 and present the revised policy for approval to the Corporation's board.

Interpretation and analysis of the financial report

Highlights of the financial report	2014 $'million	2013 $'million
Expenses		
Staff benefits expenses	3.7	3.6
Supplies and services	10.0	9.8
Depreciation expense	0.1	0.1
Total expenses	13.8	13.5

	2014 $'million	2013 $'million
Income		
Grants from non-SA Government	0.2	0.3
Box office sales	1.8	2.4
Sponsorship	1.7	1.7
Other	1.2	1.3
Total income	4.9	5.7
Net cost of providing services	(8.9)	(7.8)
Revenues from (Payments to) SA Government	8.4	8.0
Net result and total comprehensive result	(0.5)	0.2
Net cash provided by (used in) operating activities	(0.6)	0.8
Assets		
Current assets	0.8	1.3
Non-current assets	0.2	0.2
Total assets	1.0	1.5
Liabilities		
Current liabilities	0.6	0.5
Non-current liabilities	0.1	0.1
Total liabilities	0.7	0.6
Total equity	0.3	0.9

Statement of Comprehensive Income

Expenses

Expenses increased in 2014 by $294 000 to $13.8 million. The increase was due mainly to:

- supplies and services rising by $203 000, resulting mainly from a $329 000 increase in event staging and contracts, $277 000 increase in artist travel and accommodation, $243 000 increase in marketing, advertising and media, offset by a $447 000 decrease in artist fees and payments and $218 000 decrease in costs of goods for sale (refer note 5 to the financial statements). Expenditure fluctuates as the shows, artists and venues change each festival

- staff benefits expenses rising by $72 000, resulting mainly from a $100 000 increase in salaries and wages offset by a $47 000 decrease in board fees (refer note 4 to the financial statements).

Income

Income decreased in 2014 by $824 000 to $4.9 million. The decrease was due mainly to:

- box office sales falling by $590 000, primarily due to differences in shows, ticket numbers and venues which vary each festival

- other sales falling by $465 000

- other income rising by $284 000.

In 2013 the Corporation managed the festival club (Lola's Pergola) bar operations and bar sales were reported under other sales. In 2014 these outdoor operations were outsourced and a commissioning fee paid to the Corporation by the contractor was reported under other income. The changed arrangements were the primary reasons for the decrease in other sales and increase in other income mentioned above.

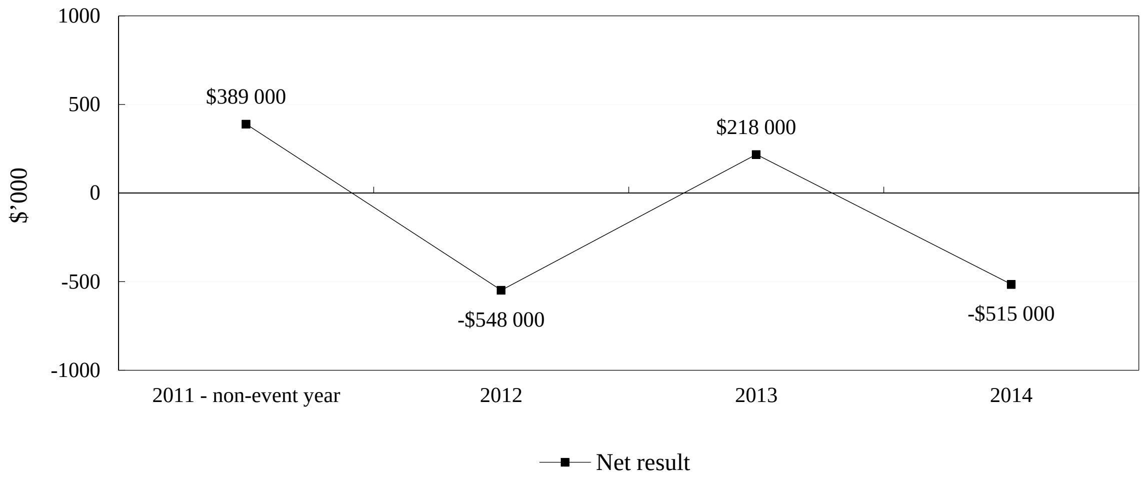
Revenues from SA Government

Revenues from SA Government increased in 2014 by $385 000 to $8.4 million.

The Corporation is reliant on the State Government to fund its operations and government grants represent 63% (58%) of total revenue.

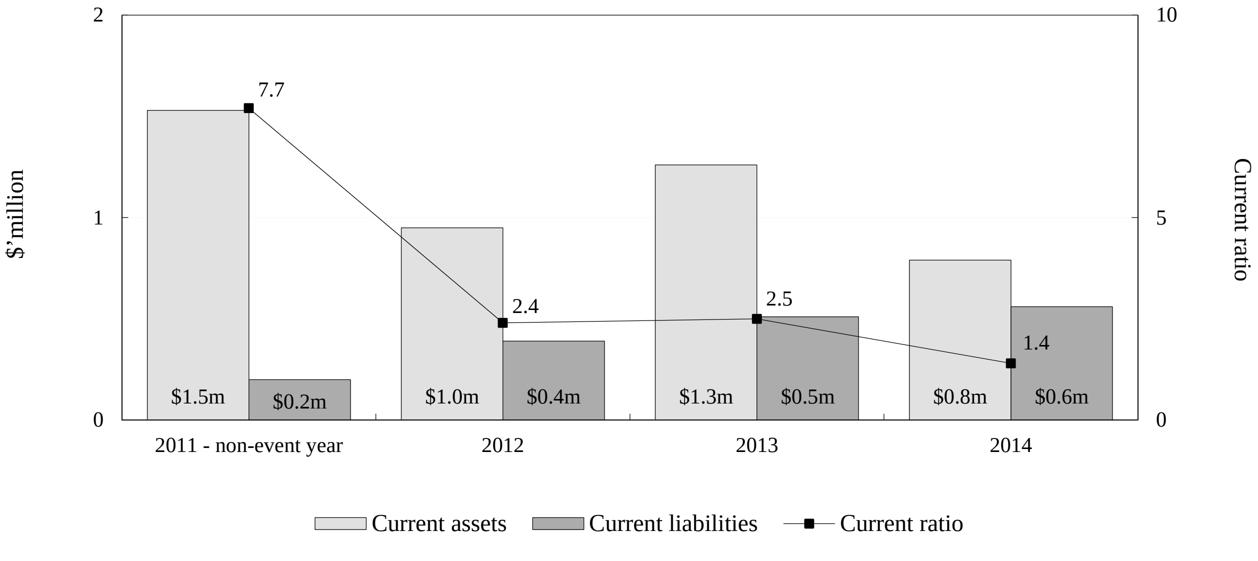
Net result

The net result for the year was a deficit of $515 000 (surplus of $218 000). The following chart shows the fluctuation in the net result for the four years to 2014, including 2011 which was a non-event year.



Statement of Financial Position

The following chart shows that current assets decreased 37% to $789 000 as at 30 June 2014. Cash reduced by $742 000 to $469 000 at 30 June 2014. Current assets exceeded current liabilities by $229 000 as at 30 June 2014.



Statement of Cash Flows

The following table summarises the net cash flows for the four years to 2014.

	2014 $'million	2013 $'million	2012 $'million	Non-event year 2011 $'million
Net cash flows				
Operating	(0.6)	0.8	(0.8)	0.5
Investing	(0.1)	(0.1)	(0.1)	-
Change in cash	(0.7)	0.7	(0.9)	0.5
Cash at 30 June	0.5	1.2	0.5	1.4

The $1.4 million decrease in net operating cash flows was due mainly to a $1.6 million decrease in receipts from patrons, sponsors, donors and others, offset by a $385 000 increase in receipts from the SA Government.

The net cash flows used in investing activities were consistent with the last two years.

Statement of Comprehensive Income
for the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Expenses:			
Staff benefits expenses	4	3 712	3 640
Supplies and services	5	9 964	9 761
Depreciation expense		85	66
Total expenses		13 761	13 467
Income:			
Grants from non-SA Government	7	220	263
Box office sales		1 798	2 388
Other sales		316	781
Sponsorship	8	1 725	1 687
Interest revenues		94	142
Other income	9	715	431
Total income		4 868	5 692
Net cost of providing services	16	(8 893)	(7 775)
Revenues from (Payments to) SA Government:			
Revenues from SA Government	7	8 378	7 993
Net result		(515)	218
Total comprehensive result		(515)	218

Net result and total comprehensive result are attributable to the SA Government as owner

Statement of Financial Position
as at 30 June 2014

	Note	2014 $'000	2013 $'000
Current assets:			
Cash and cash equivalents	10	469	1 211
Receivables	11	320	46
Total current assets		789	1 257
Non-current assets:			
Plant and equipment	12	236	229
Total non-current assets		236	229
Total assets		1 025	1 486
Current liabilities:			
Payables	13	266	287
Staff benefits	14	294	224
Total current liabilities		560	511
Non-current liabilities:			
Payables	13	2	4
Staff benefits	14	49	42
Provisions	15	40	40
Total non-current liabilities		91	86
Total liabilities		651	597
Net assets		374	889
Equity:			
Retained earnings		374	889
Total equity		374	889

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

Statement of Changes in Equity
for the year ended 30 June 2014

	Retained earnings $'000	Total equity $'000
Balance at 30 June 2012	671	671
Net result for 2012-13	218	218
Total comprehensive result for 2012-13	218	218
Balance at 30 June 2013	889	889
Net result for 2013-14	(515)	(515)
Total comprehensive result for 2013-14	(515)	(515)
Balance at 30 June 2014	374	374

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

Statement of Cash Flows
for the year ended 30 June 2014

	Note	2014 Inflows (Outflows) $'000	2013 Inflows (Outflows) $'000
Cash flows from operating activities:			
Cash outflows:			
Staff benefits payments		(3 609)	(3 582)
Payments for supplies and services		(9 660)	(9 643)
Payments for Paid Parental Leave Scheme		(20)	(13)
Cash used in operations		(13 289)	(13 238)
Cash inflows:			
Receipts from patrons, sponsors, donors and others		3 735	5 316
Receipts from Commonwealth		136	187
Interest received		94	142
Receipts for Paid Parental Leave Scheme		17	16
GST recovered from the ATO		279	391
Cash generated from operations		4 261	6 052
Cash flows from SA Government:			
Receipts from SA Government		8 378	7 993
Net cash provided by (used in) operating activities	16	(650)	807
Cash flows from investing activities:			
Cash outflows:			
Purchase of property, plant and equipment		(92)	(122)
Cash used in investing activities		(92)	(122)
Net increase (decrease) in cash and cash equivalents		(742)	685
Cash and cash equivalents at 1 July		1 211	526
Cash and cash equivalents at 30 June	10	469	1 211

Notes to and forming part of the financial statements

1. Functions of the Adelaide Festival Corporation (the Corporation)

The functions of the Corporation, as prescribed under the *Adelaide Festival Corporation Act 1998*, are to:

(a) conduct in Adelaide and other parts of the State the multifaceted arts event that is known as the Adelaide Festival of Arts

(b) continue and further develop the Adelaide Festival of Arts as an event of international standing and excellence

(c) conduct or promote other events and activities

(d) provide advisory, consultative, managerial or support services within areas of the Corporation's expertise

(e) undertake other activities that promote the arts or public interest in the arts, or that otherwise involve an appropriate use of its resources

(f) carry out other functions assigned to the Corporation by or under the *Adelaide Festival Corporation Act 1998* or any other Act, or by the Minister.

2. Statement of significant accounting policies

2.1 Statement of compliance

The Corporation has prepared these financial statements in compliance with section 23 of the PFAA.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant AASs and comply with TIs and APSs promulgated under the provision of the PFAA.

The Corporation has applied AASs that are applicable to not-for-profit entities, as the Corporation is a not-for-profit entity.

AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Corporation for the reporting period ending 30 June 2014.

2.2 Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Corporation's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes

- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported

- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures, which have been included in this financial report:

  (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature

  (b) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income)

  (c) employee TVSP information

  (d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees

  (e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket expense reimbursement.

2.2 Basis of preparation (continued)

The Corporation's Statement of Comprehensive Income, Statement of Financial Position, and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention. The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a 12 month period and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2014 and the comparative information presented.

2.3 Rounding

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

2.4 Taxation

The Corporation is not subject to income tax. The Corporation is liable for payroll tax, FBT and GST.

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 ATO, 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
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

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

2.5 Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provides information about conditions that existed at 30 June.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

2.6 Income

Income is recognised to the extent that it is probable that the flow of economic benefits to the Corporation will occur and can be reliably measured.

Income has been aggregated according to its nature and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

Operating and performing arts grants
In accordance with APF V all grants are recognised as revenue when received.

Sponsorship, sundry income and interest
All income of this nature is recognised as revenue as it accrues. Some sponsorship is received as resources in kind which is valued at fair value.

Box office
All box office income is recognised as revenue when received.

Donations
All income of this nature is recognised as revenue when received.

2.7 Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits from the Corporation will occur and can be reliably measured.

Expenses have been aggregated according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

Staff benefits expenses
The employment provisions of the *Adelaide Festival Corporation Act 1998* provide that the Chief Executive of DPC is to be the employing authority of all staff of the Corporation.

Consistent with the PSA, the Chief Executive of DPC has delegated all of his powers and functions relating to the employment of staff to the Corporation. The Treasurer, pursuant to the PSA, has also issued a direction to the Corporation to make payments with respect to any matter arising in connection with the employment of a person under the *Adelaide Festival Corporation Act 1998.*

Salaries, wages and compensated absences
Liabilities for staff entitlements to salaries, wages and compensated absences owed at reporting date (including payroll based on-costs) are measured in accordance with AASB 119.

Superannuation
Contributions are made by the Corporation to a number of 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 superannuation schemes. The only liability outstanding at balance date relates to any contributions due but not yet paid to the superannuation schemes.

Depreciation
All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their service potential. Depreciation of office furniture and equipment is calculated using the straight-line method of allocation over a useful life of 4-5 years. Telephone infrastructure is calculated using the straight-line method of allocation over a useful life of 10 years. All assets are recognised from the date of acquisition.

2.8 Foreign exchange

Transactions in foreign currencies are translated at rates of exchange applicable at the date the foreign currency is acquired. Gains or losses arising from translation are taken directly to revenues or expenses.

2.9 Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within 12 months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current. Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the Corporation has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

2.10 Assets

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Cash and cash equivalents
Cash and cash equivalents in the Statement of Financial Position includes cash at bank and on hand and in other short-term, highly liquid investments with maturities of three months or less that are readily converted to cash and which are subject to insignificant risk of changes in value.

Receivables
Receivables include amounts receivable from goods and services, GST input tax credits recoverable, prepayments and other accruals.

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

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Corporation will not be able to collect the debt. Bad debts are written off when identified.

Plant and equipment
Office furniture and equipment is valued at cost (deemed fair value). Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position. All non-current tangible assets with a value equal to or in excess of $1000 are capitalised.

Fair value measurement
AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

The Corporation classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation.

Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.

Level 3: not traded in an active market and are derived from unobservable inputs.

The valuation processes and fair value changes are reviewed by the Corporation at each reporting date.

Leasehold improvements
Leasehold improvements have been valued at cost and were amortised over the length of the initial lease term. These improvements have now been fully amortised.

2.11 Liabilities
Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Payables
Payables include creditors, accrued expenses, GST payable, employment on-costs and Paid Parental Leave Scheme payable.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Corporation.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

Staff benefits
Liabilities for staff entitlements to salaries, wages and compensated absences owed at reporting date (including payroll based on-costs) are measured in accordance with AASB 119.

Annual leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

LSL is measured at the present value of the estimated future cash outflows (including payroll based on-costs) to be made in respect of services provided by staff up to the reporting date. This calculation is consistent with the Corporation's experience of employee retention and leave taken. Present values are calculated using government guaranteed securities rates with similar maturity terms.

Staff benefits (continued)
No provision has been made in respect of sick leave. As sick leave taken by staff is considered to be taken from the current year's accrual, no liability is recognised.

The Paid Parental Leave Scheme payable represents amounts which the Corporation has received from the Commonwealth Government to forward to eligible employees via the Corporation's standard payroll processes. That is, the Corporation is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance Office.

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Staff benefit on-costs include payroll tax and superannuation contributions in respect to outstanding liabilities for salaries and wages, LSL and annual leave

2.12 Workers compensation
The Corporation is self-insured for workers compensation purposes. The Corporation is responsible for the payment of workers compensation claims.

For the period 1 July 2013 to 30 June 2014, the Corporation processed one (zero) workers compensation claim.

A provision for workers compensation liabilities has been included as at 30 June 2014 (refer note 15) and is based on management's assessment as being a reasonable estimate of the outstanding liability as at 30 June 2014. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

2.13 Economic dependency
The normal business activity of the Corporation is dependent on the contribution of grants from the State Government at the appropriate levels. The Corporation was advised by the Minister that the Corporation will, from the 2012 year onwards, produce the Adelaide Festival on an annual basis (historically produced biennially). Accordingly, this financial report has been prepared on a going concern basis.

2.14 Comparative figures
Where presentation or classification of items in the financial statements have been amended, comparative amounts have been adjusted to conform to changes in presentation and classification in the current financial year.

3. New and revised accounting standards and policies
The Corporation did not voluntarily change any of its accounting policies during 2013-14.

In accordance with the new AASB 13, which became effective for the first time in 2013-14, the Corporation has:

- reviewed its fair value valuation techniques for non-financial assets to ensure they are consistent with the standard. The application of AASB 13 has not had a material impact on the fair value measurements
- included additional disclosures where required to assist users in assessing the valuation techniques and inputs used to ascertain fair value measurements used for asset and liability measurements.

AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Corporation for the period ending 30 June 2014.

The Corporation has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Corporation.

4. Staff benefits expenses

	2014	2013
	$'000	$'000
Salaries and wages	3 178	3 078
LSL	34	28
Annual leave	31	23
Staff on-costs - superannuation	292	290
Staff on-costs - other	148	145
Board fees	29	76
	3 712	3 640

Remuneration of staff

The number of staff whose remuneration received or receivable fell within the following bands:	2014 Number	2013 Number
$201 500 - $211 499	1	1
$211 500 - $221 499	-	1
$221 500 - $231 499	1	-

The table includes all staff who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of staff reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and FBT paid or payable in respect of those benefits. The total remuneration received by these staff for the year was $433 000 ($423 000).

Remuneration of board members

The board members are appointed by the Governor in accordance with the *Adelaide Festival Corporation Act 1998*.

Members during the 2014 financial year were:

Mr Richard Ryan AO (Chair)
Ms Christabel Anthoney
Dr Steve Brown
Ms Amanda Duthie
Mr Peter Goers
Ms Tammie Pribanic
Mr Graham Walters AM
Mr Stephen Yarwood (term expired March 2014)

The number of board members whose remuneration received or receivable fell between the following bands:	2014 Number	2013 Number
$0 - $9 999	8	2
$10 000 - $19 999	-	6
Total	8	8

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and any FBT paid or payable in respect of those benefits.

The aggregate remuneration referred to in the above table for board members is $32 000 ($83 000).

The aggregate superannuation paid on behalf of the board members included in the above was $3000 ($7000).

In accordance with DPC Circular 16, government employees did not receive remuneration for board/committee duties during the financial year.

Unless otherwise disclosed, transactions between members are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

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

5. Supplies and services

Supplies and services provided by entities external to the SA Government:	2014 $'000	2013 $'000
Artist fees and payments	1 871	2 523
Artist travel and accommodation	1 314	1 037
Royalty and license fees	96	124
Event staging and contracts	1 969	1 690
Marketing, advertising and media	1 539	1 296
Design, printing and distribution costs	433	443
Hospitality, sponsorship and ticketing	370	413
Cost of goods for sale	320	538
Property costs	239	205
Communications and IT	101	109
Insurance	108	80
Other expenditure	478	438
Total supplies and services - non-SA Government entities	8 838	8 896

5. Supplies and services (continued)

	2014	2013
Supplies and services provided by entities within the SA Government:	$'000	$'000
Artist fees and payments	205	-
Event staging and contracts	855	805
Hospitality, Sponsorship and Ticketing	4	-
Insurance	4	4
Other expenditure	58	56
Total supplies and services - SA Government entities	1 126	865
Total supplies and services	9 964	9 761

During the year, the Board did not engage any consultants to assist in its operation.

6. Remuneration to auditors

Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements for the year was $33 000 ($28 000). No other services were provided by the Auditor-General's Department.

7. Grants from government

	2014	2013
	$'000	$'000
Grants from SA Government	8 378	7 993
Commonwealth grants	136	187
Grants from overseas governments	84	76
Grants from non-SA Government	220	263
Total grants from Government	8 598	8 256

8. Sponsorship

Sponsorship - cash	865	1 131
Sponsorship - in-kind	860	556
Total sponsorship	1 725	1 687

9. Other income

Sundry	609	310
Friends membership	47	67
Donations	59	54
Total other income	715	431

10. Cash and cash equivalents

Cash on hand	1	7
Cash at bank	83	462
Short-term deposits with SAFA	385	742
	469	1 211

Deposits are recognised at their nominal amounts. All deposited funds attract interest. Interest is credited to revenue as it accrues. Rates are determined by the bank and SAFA. Interest is received monthly.

11. Receivables

Trade debtors	114	8
Prepayments and accrued revenue	41	26
Other receivables (GST)	165	12
	320	46

Standard credit terms are 30 days.

Receivables are recognised at their nominal amounts and are non-interest bearing. Amounts are recognised when services are provided.

Collectability of debts is assessed at balance date with any bad debts being written off prior to balance date.

All amounts are attributed to non-SA Government entities. No receivables are impaired.

12. Plant and equipment

	2014	2013
Plant and equipment:	$'000	$'000
Office equipment and furniture at cost (deemed fair value)	691	599
Accumulated depreciation	(455)	(370)
Written down value	236	229
Leasehold improvements:		
Leasehold improvements at cost (deemed fair value)	334	334
Accumulated amortisation	(334)	(334)
Written down value	-	-
Total plant and equipment written down value	236	229

Reconciliation of carrying amounts of plant and equipment

	2014	2013
Balance at 1 July	933	811
Additions (plant and equipment)	92	122
Balance at 30 June	1 025	933
Accumulated depreciation/amortisation:		
Balance at 1 July	704	638
Depreciation expense (plant and equipment)	85	66
Balance at 30 June	789	704
Net book value	236	229

Carrying amount of plant and equipment

All items of plant and equipment had a fair value at the time of acquisition that was less than $1 million or had an estimated useful life that was less than three years, and have not been revalued in accordance with APF III. The carrying value of these items is deemed to approximate fair value.

These assets are classified as level 3 as valuation is based on management's assessment of useful life and condition.

The significant input to the valuation is useful life which is 4-5 years. There has been no movement in the fair value of assets apart from additions and current year depreciation shown above.

Impairment

There were no indications of impairment of plant and equipment at 30 June 2014.

13. Payables

	2014	2013
Current:	$'000	$'000
Trade creditors and accruals	233	260
Staff on-costs	33	27
	266	287
Non-current:		
Staff on-costs	2	4
	2	4

Creditors are generally paid within 30 days.

Creditors are recognised at their nominal amounts and are non-interest bearing. Liabilities are recognised once the goods or services have been received.

All current trade creditors are non-SA Government entities.

14. Staff benefits

Current:		
Accrued salaries and wages	42	31
Annual leave	143	112
LSL	109	81
	294	224
Non-current:		
LSL	49	42
	49	42

15. Provisions

	2014	2013
Non-current:	$'000	$'000
Provision for workers compensation (self-insurance)	40	40
Total provisions	40	40

16. Cash flow reconciliation

Reconciliation of net cash provided by (used in) operating activities to net cost of providing services:

	2014	2013
Net cash provided by (used in) operating activities	(650)	807
Revenues from SA Government	(8 378)	(7 993)
Non-cash items:		
In-kind sponsorship income	860	556
In-kind box office income	80	80
In-kind expenditure	(940)	(636)
Depreciation	(85)	(66)
Movements in assets/liabilities:		
Receivables	274	(363)
Inventories	-	(16)
Payables	23	(92)
Staff benefits	(77)	(52)
Net cost of providing services	(8 893)	(7 775)

17. Unrecognised contractual commitments

Operating lease commitments

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

	2014	2013
Not later than one year	204	196
Later than one year but not later than five years	69	273
Total operating lease commitments	273	469
Representing:		
Non-cancellable operating leases	273	469
Total operating lease commitments	273	469

The Corporation's operating lease is for office accommodation. Office accommodation is leased from CB Richard Ellis Pty Ltd. The lease is non-cancellable and expires in October 2015. Rent is payable in advance.

18. Financial instruments/Financial risk management

18.1 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 assets, financial liability and equity instrument are disclosed in note 2.

	Note	2014 Carrying amount $'000	2013 Carrying amount $'000
Financial assets			
Cash and cash equivalents:			
Cash and cash equivalents	10	469	1 211
Loans and receivables:			
Receivables[(1)(2)]	11	135	9
Total financial assets		604	1 220
Financial liabilities			
Financial liabilities at cost:			
Payables[(1)]	13	158	155
Total financial liabilities		158	155

(1) Receivable and payable amounts disclosed above exclude amounts relating to statutory receivables and payables. 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 levy receivables/payables, tax equivalents, Commonwealth tax, etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

18.1 Categorisation of financial instruments (continued)

(2) Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 11 as Receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 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.

Fair value

The Corporation recognises any financial assets and financial liabilities at face value which approximates fair value (refer notes 2, 10, 11 and 13).

Credit risk

Credit risk arises when there is the possibility of the Corporation's debtors defaulting on their contractual obligations resulting in financial loss to the Corporation. The Corporation measures credit risk on a fair value basis and monitors risk on a regular basis. The carrying amount of financial assets as detailed in note 18.1 represents the Corporation's maximum exposure to credit risk. No collateral is held as security and no credit enhancements relate to financial assets held by the Corporation. The Corporation has minimal concentration of credit risk. The Corporation has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Corporation does not engage in high risk hedging for its financial assets.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. There is no evidence to indicate that the financial assets are impaired.

18.2 Ageing analysis of financial assets

The following table discloses the ageing of financial assets (current and past due):

		Past due by			
	Current	Overdue for less than 30 days	Overdue for 30-60 days	Overdue for more than 60 days	Total
2014	$'000	$'000	$'000	$'000	$'000
Not impaired:					
Receivables[(1)]	7	3	23	102	135
2013					
Not impaired:					
Receivables[(1)]	7	1	-	1	9

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. 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 levy receivables/payables, tax equivalents, Commonwealth tax, audit receivables/ payables etc they are excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost.

Maturity analysis of financial assets and financial liabilities

The Corporation has assessed the maturity of its financial assets and financial liabilities as being less than one year.

Liquidity risk

Liquidity risk arises where the Corporation is unable to meet its financial obligations as they are due to be settled. The Corporation is funded principally from appropriation by the South Australian and Commonwealth Governments. The Corporation works with DTF 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 Corporation 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 Corporation's exposure to liquidity risk is insignificant based on past experience and current assessment of risk. The carrying amount of financial liabilities recorded in note 18.1 represents the Corporation's maximum exposure to financial liabilities.

Market risk

Market risk for the Corporation is primarily through interest rate risk. Exposure to foreign currency is managed through SAFA.

Sensitivity disclosure analysis

A sensitivity analysis has not been undertaken for the interest rate risk of the Corporation as it has been determined that the possible impact on total comprehensive result or total equity from fluctuations in interest rates is immaterial.

Credit standby arrangements

The Corporation has a $25 000 ($25 000) credit card facility with the ANZ Bank.

The unused portion of this facility as at 30 June 2014 was $18 840 ($17 498).

Adelaide Oval SMA Limited

Functional responsibility

Establishment

The Adelaide Oval SMA Limited (AOSMA) is a company whose directors and members are appointed equally by the South Australian Cricket Association (SACA) and the South Australian National Football League (the SANFL).

AOSMA is not a public authority. It was created in December 2009 as a non-profit public company limited by guarantee.

Functions

AOSMA manages the new Adelaide Oval stadium that was completed in March 2014 and also the area closely surrounding the stadium (the precinct).

AOSMA is bound by the objects in its constitution which are to:

- develop, promote, control and manage the game of cricket and the game of football within the precinct
- develop, promote, control and manage a multi-purpose stadium at the Adelaide Oval
- promote and conduct sports, recreation and entertainment other than cricket and football within the precinct
- control, manage, improve, promote and maximise the use of the precinct having regard to, among other things, the environment
- control, manage, improve, promote and maximise the use of any other ground controlled by AOSMA from time to time.

The operations of AOSMA are also subject to the requirements of the *Adelaide Oval Redevelopment and Management Act 2011* (AORM Act) which specifies the following matters:

- leasing and licensing requirements for the redevelopment and management of the Adelaide Oval. These requirements involve the Adelaide City Council, the responsible Minister, AOSMA, SACA and the SANFL
- financial and audit reporting requirements of AOSMA and the redevelopment in general
- that AOSMA be audited by the Auditor-General effective 1 July 2011. As a consequence, this is the third year that AOSMA has been reported on in the Annual Report of the Auditor-General to Parliament. The financial statements of AOSMA were previously audited by a private sector auditor

- the establishment of a sinking fund to be managed by AOSMA to pay for non-recurrent expenditure of the Adelaide Oval in the years after its completion. After consulting AOSMA the Treasurer must determine annually the amount payable by AOSMA into the sinking fund. A report on monies paid into and out of the fund must be provided to the Minister by 1 September of each year.

  AOSMA has established a bank account to hold sinking fund monies. AOSMA obtained a report from a project consultant that provides an estimate of the forecast non-recurrent expenditure of the Adelaide Oval over a 20 year period and the required annual sinking fund contribution.

  Formal communication in 2013-14 between the Minister and the Treasurer on the sinking fund arrangements:

  — notes that AOSMA proposes to make its first contribution of approximately $2.7 million to the sinking fund in 2016-17 and AOSMA will notify the Treasurer of this proposed contribution for approval prior to 1 September 2016

  — indicates that the Treasurer will approve or make a determination of the amount to be paid into the sinking fund at that time.

For the 2010 and 2011 financial years AOSMA focused on preparing and developing the requirements, briefs, concepts, designs, plans and costings for the Adelaide Oval redevelopment. The Treasurer provided a grant of $5 million to AOSMA for this specific purpose which was expended by early 2012.

The focus of AOSMA’s operations changed in 2012 to finalising leasing and licensing requirements, engaging permanent staff and developing business models and strategies to generate income to cover AOSMA’s expenses before and after the stadium’s completion. These activities continued into 2013. Also in 2013, AOSMA received $18 million from the State Government under a funding deed between AOSMA and the Minister for Transport and Infrastructure. The $18 million was provided to AOSMA to procure certain items and works for the Adelaide Oval redevelopment. AOSMA also began selling on behalf of SACA and the SANFL certain Adelaide Oval memberships, Stadium Club corporate seats and corporate suites.

After issuing the financial statements for the year ended 30 June 2013, AOSMA changed its year end for financial reporting purposes from 30 June to 31 October. This brings AOSMA more in line with the fiscal year defined in the Promoter’s Agreement between the SANFL, SACA and AOSMA which details each party’s expectations and obligations for managing the Adelaide Oval. It also coincides with the break between the football and cricket seasons. AOSMA, as a consequence of changing its year end, had a four month reporting period ended 31 October 2013 compared to a 12 month reporting period ended 30 June 2013. This Report is for the four month reporting period ended 31 October 2013.

The focus of AOSMA’s operations during this four month reporting period was the same as 2013, however on an increased scale in preparation for commencing full scale operations. In addition, AOSMA began generating income from customers holding functions at the partially complete stadium.

AOSMA commenced full scale operations after this financial report period, that is, after 31 October 2013.

AOSMA’s next financial report will be for the year ended 31 October 2014 and will be subject to supplementary reporting to Parliament.

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 9(3) of the AORM Act stipulates that the Auditor-General must audit the accounts of AOSMA each year and include a report on that audit in the Auditor-General's Annual Report.

Section 6 of the AORM Act stipulates that the Auditor-General must, at least once in every year, audit the accounts of the sinking fund and report if necessary on its operations.

Scope of the audit

The audit program covered financial accounting records and processes and was directed primarily to obtaining sufficient evidence to enable an opinion to be formed with respect to the financial report.

During the four months ended 31 October 2013, specific areas of audit attention included:

- revenue from the State Government and other sources
- sales of certain Adelaide Oval memberships, Stadium Club corporate seats and corporate suites
- expenditure of the $18 million received from the State Government under a funding deed
- employee benefits expense and other administrative expenses.

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report of the Adelaide Oval SMA Limited:

(a) gives a true and fair view of the company's financial position as at 31 October 2013 and its performance for the period ended on that date

(b) complies with Australian Accounting Standards and the Corporations Regulations 2001.

Communication of audit matters

Matters arising during the course of the audit were detailed in a management letter to the Chief Executive Officer of AOSMA.

Audit recommended measures to improve certain financial and control processes against the background of the commencement of full scale operations. More notably, Audit recommended AOSMA establish a process to internally audit the effectiveness of the controls over its systems.

In response, AOSMA advised that it had commenced documenting its financial management framework, including the documentation of internal policies, processes and key controls. Once this process has been completed and approved by key stakeholders, it will commence an internal program to ensure compliance with the requirements as documented in the policies. AOSMA conveyed that its focus had been on establishing the effective operation of the stadium and therefore the documentation of processes and controls continues to develop.

AOSMA also advised of specific measures that will be implemented to address the other matters raised in the management letter.

Interpretation and analysis of the financial report

Highlights of the financial report	01.07.13 to 31.10.13 $'000	2013 $'000
Income		
State Government grants and other contributions	7 197	2 376
Interest	146	522
Other	1 272	537
Total income	8 615	3 435
Expenses		
Employee benefits expense	2 285	1 596
Redevelopment expenses	2 408	1 415
Other	1 750	1 801
Total expenses	6 443	4 812
Net result and total comprehensive result	2 172	(1 377)
Net cash provided by (used in) operating activities	(2 463)	15 260
Assets		
Current assets	12 606	17 364
Non-current assets	5 707	963
Total assets	18 313	18 327
Liabilities		
Current liabilities	14 084	17 770
Non-current liabilities	3 550	2 050
Total liabilities	17 634	19 820
Total equity	679	(1 493)

Statement of Comprehensive Income

AOSMA's main income in the four months to 31 October 2013 was:

- State Government grants and other contributions of $7.2 million ($2.4 million) being mainly grant income earned upon spending the $18 million provided by the State Government under the funding deed
- revenue of $1.3 million ($537 000) from increased service operations, notably income from customers holding functions at the partially complete stadium
- interest of $146 000 ($522 000) earned mainly on the unspent balance of the $18 million received under the funding deed.

AOSMA's main expenses in the four months to 31 October 2013 were:

- employee benefits of $2.3 million ($1.6 million) reflecting AOSMA's growing workforce in preparation for commencing full scale operations
- professional services expenses of $311 000 ($588 000) mainly for legal fees
- administration expenses of $960 000 ($764 000) mainly for marketing and the recruitment and training of staff.

Statement of Financial Position

AOSMA's equity increased by $2.2 million in the four months to 31 October 2013, resulting in net assets of $679 000.

Note 1 to the financial statements explains that AOSMA is a going concern and that its net working capital deficiency of $1.5 million reflects the costs incurred in starting the business with minimum income streams available until the Adelaide Oval redevelopment is completed in 2014. The continuity of normal business activities is deemed possible due to an $8 million funding facility provided by its bank and a Promoters Agreement between the SANFL, SACA and AOSMA which provides that financial support to AOSMA must be provided by the SANFL and SACA in times of financial difficulty.

Cash of $10.7 million ($16.4 million) comprises mainly unspent cash from the $18 million funding deed.

Trade and other payables of $2.1 million ($1.7 million) comprises mainly payables for certain items and other works procured under the $18 million funding deed.

The deferred income liability reduced by $5.1 million to $10.6 million due to the following movements:

- a reduction through spending $6.5 million of the $15.6 million of unspent funds remaining at 30 June 2013 that had been received under the $18 million funding deed
- an increase through $1.4 million in unearned income from supply rights contracts and customer deposits for catering events.

The larger workforce resulted in the liability provisions for employee leave entitlements increasing by $497 000 to $640 000. Part of the increase was due to AOSMA assuming the leave entitlements of those SANFL and SACA staff re-employed by AOSMA. The SANFL and SACA reimbursed AOSMA for assuming the leave entitlements of these staff.

$18 million funding deed

In August 2012 Cabinet approved that $18 million of Commonwealth funding be passed onto AOSMA under a funding deed to procure certain items and works for the Adelaide Oval redevelopment. The Cabinet submission advised that AOSMA was well placed to procure the works as they related to items concerning the playing surface, oval operations and equipment with which SACA and the SANFL have previous operational experience.

The $18 million was received by AOSMA in 2012-13 in four tranches upon AOSMA providing procurement plans to the Minister. The State Government anticipates that approximately $12.4 million of the items and works procured will be treated as expenses or assets of AOSMA with the balance treated as assets of the Department of Planning, Transport and Infrastructure (DPTI).

AOSMA recognised the $18 million as a liability (deferred income) which is reduced when spent. The amount spent is recognised as revenue with a corresponding amount recognised as either capital works in progress (AOSMA assets) or expenses. The amount expensed includes items to be treated as assets of DPTI. Up to 31 October 2013, AOSMA had spent $8.9 million ($2.4 million) of the $18 million of which $5.6 million ($961 000) is recognised in the Statement of Financial Position as capital works in progress and $1.9 million ($1.4 million) recognised in the Statement of Comprehensive Income as redevelopment expenses. This left a deferred income balance of $9.1 million ($15.6 million) in the Statement of Financial Position at 31 October 2013. The $6.5 million spent in the four months to 31 October 2013 is recognised as revenue from State Government grants and other contributions in the Statement of Comprehensive Income.

Monies received from DPTI to procure assets on its behalf

During the four months to 31 October 2013, AOSMA received, separate from the $18 million funding deed, an additional $1 million from DPTI to procure assets on its behalf. Of the $1 million, AOSMA had spent $546 000 which is recognised in the Statement of Comprehensive Income as revenue from State Government grants and other contributions with a corresponding amount recognised as redevelopment expenses. The unspent amount of $454 000 is recognised as other liabilities in the Statement of Financial position at 31 October 2013.

Schedule of Funds held in Trust

In 2012-13, AOSMA began selling on behalf of SACA and the SANFL certain Adelaide Oval memberships, Stadium Club corporate seats and corporate suites. Revenue from these sales does not belong to AOSMA, hence it is not recognised as revenue of AOSMA. The amounts received and disbursed to SACA and the SANFL are disclosed in the Schedule of Funds held in Trust. AOSMA has been allowed by SACA to retain its share of the sales revenue as an interest bearing loan. The SANFL's share of sales revenue is transferred to the SANFL periodically. Current liabilities in the Statement of Financial Position at 31 October 2013 include the SACA loan of $172 000 and the SANFL's undisbursed share of sales revenue of $234 000.

Further commentary on operations

At 30 June 2013 all leasing and licensing requirements for the redevelopment and management of the Adelaide Oval had been finalised apart from the Adelaide Oval Area sublicence between the responsible Minister and AOSMA.

Until 1 June 2012, AOSMA had no staff. Instead SANFL and SACA staff undertook AOSMA activities. On 1 June 2012 a chief executive officer was appointed to work full-time on AOSMA activities. Additional staff were recruited by AOSMA in 2012-13. More staff were recruited in the four months to 31 October 2013 in preparation for commencing full scale operations, including some SANFL and SACA staff.

Statement of Comprehensive Income
for the four months ended 31 October 2013

	Note	01.07.13 to 31.10.13 $	2013 $
Revenue	2	8 300 908	2 913 080
Other income	2	314 263	521 543
Total revenue and other income		8 615 171	3 434 623
Employee benefits expense		(2 285 163)	(1 595 660)
Depreciation and amortisation expense	2	(379)	(921)
Canteen expenses		(182 809)	(297 131)
Car park expenses		(33 719)	(58 956)
Finance costs		(30 916)	(32 561)
Function costs		(139 898)	-
Redevelopment expenses		(2 408 054)	(1 414 782)
Rental expense	2	(66 851)	(39 758)
Audit expense	2	(24 000)	(19 000)
Professional services expense		(310 807)	(588 425)
Administration expense		(960 422)	(764 312)
Total expenditure		(6 443 018)	(4 811 506)
Profit (Loss) before income tax		2 172 153	(1 376 883)
Income tax expense	1(h)	-	-
Profit (Loss) for the year		2 172 153	(1 376 883)
Other comprehensive income:			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		2 172 153	(1 376 883)
Profit (Loss) attributable to members of the entity		2 172 153	(1 376 883)
Total comprehensive income (loss) attributable to members of the entity		2 172 153	(1 376 883)

Statement of Financial Position
as at 31 October 2013

	Note	31.10.13 $	30.06.13 $
Current assets:			
Cash and cash equivalents	3	10 666 512	16 373 672
Trade and other receivables	4	1 577 321	951 392
Inventories		190 735	7 202
Other assets	5	171 285	31 239
Total current assets		12 605 853	17 363 505
Non-current assets:			
Property, plant and equipment	6	5 707 299	963 517
Total non-current assets		5 707 299	963 517
Total assets		18 313 152	18 327 022
Current liabilities:			
Trade and other payables	7	2 141 626	1 713 200
Loans and borrowings	8	171 544	265 261
Provisions	9	640 161	143 454
Deferred income	10	10 557 731	15 648 249
Other liabilities		573 079	-
Total current liabilities		14 084 141	17 770 164
Non-current liabilities:			
Loans and borrowings	8	3 550 000	2 050 000
Total non-current liabilities		3 550 000	2 050 000
Total liabilities		17 634 141	19 820 164
Net assets		679 011	(1 493 142)
Equity:			
Retained earnings		679 011	(1 493 142)
Total equity		679 011	(1 493 142)

Statement of Changes in Equity
for the four months ended 31 October 2013

	Retained earnings $	Total $
Balance at 1 July 2012	(116 259)	(116 259)
Profit (Loss) attributable to the entity	(1 376 883)	(1 376 883)
Total other comprehensive income for the year	-	-
Balance at 30 June 2013	(1 493 142)	(1 493 142)
Balance at 1 July 2013	(1 493 142)	(1 493 142)
Profit (Loss) attributable to the entity	2 172 153	2 172 153
Total other comprehensive income for the period	-	-
Balance at 31 October 2013	679 011	679 011

Statement of Cash Flows
for the four months ended 31 October 2013

	Note	01.07.13 to 31.10.13 Inflows (Outflows) $	2013 Inflows (Outflows) $
Cash flows from operating activities:			
Receipt of grants		1 113 678	18 000 000
Receipt of other income		2 071 706	536 929
Payments to suppliers and employees		(5 892 526)	(4 062 811)
Interest received		167 160	521 543
Finance costs		(32 523)	(32 561)
Receipt of trust funds		1 447 187	780 232
Disbursement of trust funds		(1 337 680)	(483 750)
Net cash provided by (used in) operating activities	16(b)	(2 462 998)	15 259 582
Cash flows from investing activities:			
Payment for property, plant and equipment		(4 744 162)	(961 369)
Net cash provided by (used in) investing activities		(4 744 162)	(961 369)
Cash flows from financing activities:			
Loans drawn down		1 500 000	2 050 000
Net cash provided by (used in) financing activities		1 500 000	2 050 000
Net increase (decrease) in cash held		(5 707 160)	16 348 213
Cash and cash equivalents at 1 July		16 373 672	25 459
Cash and cash equivalents at 31 October	3	10 666 512	16 373 672

Schedule of Funds held in Trust
for the period ended 31 October 2013

		01.07.13 to 31.10.13			2013		
		SACA	SANFL	Total	SACA	SANFL	Total
	Note	$	$	$	$	$	$
Funds held on behalf of SACA and the SANFL at 1 July:							
Represented by:							
Trade and other payables	7	-	31 221	31 221	-	-	-
Interest bearing loan (unsecured)	8	265 261	-	265 261	-	-	-
		265 261	31 221	296 482	-	-	-
Income and expenditure during the financial period:							
Income:							
Income received on behalf of SACA and the SANFL:							
Membership (net of ticketing agent and credit card fees)		-	1 226 673	1 226 673	174 638	285 299	459 938
Stadium Club		54 592	125 579	180 171	51 056	117 445	168 500
Corporate facilities		3 105	10 395	13 500	33 523	112 227	145 750
Supplier supply rights		24 257	-	24 257	-	-	-
Interest		2 586	-	2 586	6 044	-	6 044
Total income		84 540	1 362 647	1 447 187	265 261	514 971	780 232
Expenditure:							
Income distributed to SACA and the SANFL:							
Membership		-	(1 066 381)	(1 066 381)	-	(282 814)	(282 814)
Stadium Club		-	(74 177)	(74 177)	-	(101 414)	(101 414)
Corporate facilities		-	(18 865)	(18 865)	-	(99 522)	(99 522)
Supplier supply rights		-	-	-	-	-	-
Membership income no longer due to SACA		(178 257)	-	(178 257)	-	-	-
Total expenditure		(178 257)	(1 159 423)	(1 337 680)	-	(483 750)	(483 750)
Funds held on behalf of SACA and the SANFL at 31 October		171 544	234 445	405 989	265 261	31 221	296 482
Represented by:							
Trade and other payables	7	-	234 445	234 445	-	31 221	31 221
Interest bearing loan (unsecured)	8	171 544	-	171 544	265 261	-	265 261
		171 544	234 445	405 989	265 261	31 221	296 482

Notes to and forming part of the financial statements

The financial statements are for the Adelaide Oval SMA Limited (AOSMA) as an individual entity, incorporated and domiciled in Australia. AOSMA is a company limited by guarantee.

1. Summary of significant accounting policies

Basis of preparation

These general purpose financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and relevant AASs of the Australian Accounting Standards Board. AOSMA has applied AASs that are applicable for not-for-profit entities.

AASs set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

On 7 June 2013 AOSMA announced a change in year end from 30 June to 31 October. Subsequently, AOSMA has a four month fiscal period ended 31 October 2013 compared to a 12 month fiscal period ended 30 June 2013.

The financial statements were authorised for issue on 26 March 2014 by the directors of the company.

Going concern

The financial report has been prepared on the going concern basis, which the AOSMA Board believes contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

AOSMA incurred a trading profit of $2 172 153 (June 2013: $1 376 883 loss) and has a net working capital deficiency of $1 478 288 (June 2013: net working capital deficiency of $406 659). The deficiency in working capital is due to costs incurred with starting the business with minimal income streams available until the stadium redevelopment project is completed in 2014.

The continuity of normal business activities is deemed possible due to the following:

- The Promoters Agreement is an agreement between the South Australian National Football League (the SANFL), the South Australian Cricket Association (SACA) and AOSMA, and details the rights and obligations of each party. Clause 14.4 of the agreement provides a vehicle for financial support from the SANFL and SACA in the event of AOSMA experiencing financial difficulty
- AOSMA has entered into a funding facility agreement with Commonwealth Bank of Australia. This facility will provide funding up to $8 million to assist with the initial start-up costs.

Accounting policies

(a) Revenue

Grant revenue is recognised in the Statement of Comprehensive Income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the Statement of Financial Position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Functions revenue relates to catering operations carried out during the period, and is recognised on an accruals basis.

Other revenue includes amounts rechargeable from related parties under the SACA subunder lease agreement, and is recognised on an accruals basis.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of GST.

(b) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair values as indicated, less, where applicable, accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	*Depreciation rate*
Plant and equipment	20%-30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that AOSMA commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified at fair value through profit or loss in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

(i) the amount at which the financial asset or financial liability is measured at initial recognition

(ii) less principal repayments

(iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method

(iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability.

Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Financial assets at fair value through profit or loss
Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Financial liabilities
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment
At the end of each reporting period, AOSMA assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Derecognition
Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(d) Impairment of assets

At the end of each reporting period the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

(e) Employee benefits

Employee benefits comprise wages and salaries, annual and LSL, and contributions to superannuation plans.

Liabilities for wages and salaries expected to be settled within 12 months are recognised in other payables in respect to employees' services up to reporting date. Liabilities for annual leave in respect of employees' services up to the reporting date which are expected to be settled within 12 months after the end of the period in which the employees render the related services are recognised in the provision for annual leave. Both liabilities are measured at the amounts expected to be paid when the liabilities are settled.

The liability for LSL is recognised in the provision for employee benefits and measured as the present value of the expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to anticipated future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yield at the reporting date on notional government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks or SAFA, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

(g) GST

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

(h) Income tax

The entity is exempt from income tax under section 50-1 of the ITAA as the entity has been established for the encouragement of sport.

(i) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(j) Comparative figures

Where required by accounting standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a Statement of Financial Position as at the beginning of the earliest comparative period must be disclosed.

(k) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by AOSMA during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(l) Grant and unearned grant income

Grant monies are recorded as revenue as they are spent. Unspent monies are recorded as unearned grant income.

Grant monies expended are either recorded as a fixed asset or expensed depending on the nature of each transaction.

(m) Funds held in trust

AOSMA holds in trust, but does not control, memberships and supply rights on behalf of SACA and the SANFL. In doing so, it has the responsibility and is accountable for administering related transactions and items, which are subject to the normal internal controls. The receipts and payments relating to these items are not reflected in the Statement of Comprehensive Income of AOSMA, as they are separately disclosed in the Schedule of Funds held in Trust.

(n) Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key estimates

Unearned grant revenue

The conditions of the grant provided to AOSMA require the entity to expend the grant monies on permitted expenses as incurred. For the period ended 31 October 2013 $9 087 024 remains unexpended.

(o) Economic dependence

(i) The SA Government has committed to fund the Adelaide Oval redevelopment and, as such, operations of AOSMA are dependent on the completion of these capital works. At the date of this report the Board of Directors has no reason to believe that the SA Government will not continue to support these capital works.

(ii) The operations of AOSMA are dependent on the SANFL and SACA pursuant to clause 14.4 of the Promoters Agreement.

(p) New accounting standards for application in future periods

During the financial period, AOSMA has voluntarily changed its year end from 30 June to 31 October.

AASs and interpretations that have recently been issued or amended, but are not yet effective, have not been adopted by AOSMA for the period ending 31 October 2013. AOSMA has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the entity.

2. Revenue, other income and expenses

	Note	01.07.13 to 31.10.13 $	2013 $
Revenue:			
State Government grants and other contributions		7 196 683	2 376 151
Northern car park operations		79 420	134 408
Canteen operations		255 537	371 499
Functions		256 023	-
Other		513 245	31 022
Total revenue		8 300 908	2 913 080
Other income:			
Supplier capital contribution		167 769	-
Interest received		146 494	521 543
Total other income		314 263	521 543
Total revenue and other income		8 615 171	3 434 623
Expenses:			
Depreciation and amortisation		379	921
Rental expense on operating leases:			
Minimum lease payments		66 851	39 758
Total rental expense		66 851	39 758
Auditor remuneration:			
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements		24 000	19 000
Total auditor remuneration		24 000	19 000

No other services were provided by the Auditor-General's Department.

3. Cash and cash equivalents

	Note	01.07.13 to 31.10.13 $	2013 $
Current:			
Cash at bank		10 659 912	16 371 572
Cash on hand		6 600	2 100
	16,17	10 666 512	16 373 672

4. Trade and other receivables

	Note	01.07.13 to 31.10.13 $	2013 $
Current:			
Trade and other receivables		680 869	723 951
Provision for impairment		-	-
		680 869	723 951
Due from related party		896 452	227 441
Total current trade and other receivables	17	1 577 321	951 392

	Gross amount $	Past due and impaired $	Past due but not impaired: Overdue for less than 30 days $	Overdue for 30-60 days $	Overdue for 61-90 days	Overdue for more than 90 days $	Within initial trade terms $
31 October 2013							
Trade and term receivables	273 431	-	214 901	54 646	3 384	500	-
Other receivables	1 303 890	-	-	-	-	-	1 303 890
Total	1 577 321	-	214 901	54 646	3 384	500	1 303 890
30 June 2013							
Trade and term receivables	695 265	-	629 845	2 816	-	62 604	-
Other receivables	256 127	-	-	-	-	-	256 127
Total	951 392	-	629 845	2 816	-	62 604	256 127

The company does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

There are no balances within trade receivables that contain assets that are impaired and are past due. It is expected that these balances will be received when due.

5. Other assets

	01.07.13 to 31.10.13 $	2013 $
Current:		
Prepayments	159 285	31 239
Other	12 000	-
	171 285	31 239

6. Property, plant and equipment

Plant and equipment

Plant and equipment at cost	20 669	19 949
Accumulated depreciation	(18 180)	(17 801)
	2 489	2 148
Capital works in progress	5 704 810	961 369
Total property, plant and equipment	5 707 299	963 517

Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Capital works in progress $	Plant and equipment $	Total $
31 October 2013			
Balance at 1 July	961 369	2 148	963 517
Additions at cost	4 743 441	720	4 744 161
Disposals	-	-	-
Depreciation expense	-	(379)	(379)
Carrying amount at 31 October	5 704 810	2 489	5 707 299
30 June 2013			
Balance at 1 July	-	3 069	3 069
Additions at cost	961 369	-	961 369
Disposals	-	-	-
Depreciation expense	-	(921)	(921)
Carrying amount at 30 June	961 369	2 148	963 517

7. Trade and other payables

	Note	01.07.13 to 31.10.13 $	2013 $
Current:			
Trade payables	7(a)	700 607	1 265 314
Other current payables	7(a)	1 196 214	355 451
Due to related party - funds held in trust	7(a)	234 445	31 221
Due to related party - other	7(a)	10 360	61 214
		2 141 626	1 713 200

(a) Financial liabilities at amortised cost classified as trade and other payables

Trade and other payables:			
Total current		2 141 626	1 713 200
Total non-current		-	-
Financial liabilities as trade and other payables	17	2 141 626	1 713 200

Trade and other payables exclude amounts which are not considered a financial instrument such as unearned grant revenue.

8. Interest bearing loans

Current:		
Due to related party (unsecured)	171 544	265 261
	171 544	265 261
Non-current:		
Secured bank loans	3 550 000	2 050 000
	3 550 000	2 050 000

9. Provisions

Current:		
Annual leave	280 177	81 999
LSL	359 984	61 455
	640 161	143 454

10. Deferred income

Unearned grant income	10(a)	9 087 024	15 623 849
Other unearned income		1 470 707	24 400
		10 557 731	15 648 249

(a) Reconciliation of deferred grant income

Opening balance	15 623 849	-
Grant monies received	-	18 000 000
Expenditure:		
Expensed as redevelopment expenses	(1 861 874)	(1 414 782)
Capitalised as work in progress	(4 674 951)	(961 369)
Unearned grant income	9 087 024	15 623 849

11. Expenditure commitments

Capital works

As at 31 October 2013, AOSMA was committed to expend $9 087 024 (June 2013: $15 623 849) remaining of the $18 million government grant funding towards secondary capital works relating to the operations of Adelaide Oval. In addition, AOSMA was committed to expend $2.6 million in further capital works around Adelaide Oval.

Operating lease

At the end of the financial year, the future minimum lease payments under non-cancellable operating leases are payable as follows:	01.07.13 to 31.10.13 $	2013 $
Less than one year	6 120	50 000
Between one and five years	16 830	-
	22 950	50 000

12. Contingent liabilities and assets

There are no other matters in relation to the entity that would give rise to contingent liabilities or assets in the financial statements at 31 October 2013.

13. Events after the reporting period

There are no significant post balance day events.

14. Key management personnel compensation

The names and positions of those having authority for planning, directing and controlling the company's activities, directly or indirectly (other than directors), are:

Andrew Daniels (Chief Executive Officer)
Paul Drennan (Chief Operations Officer) (resigned 30 August 2013)
Darren Chandler (General Manager Commercial)
Tommy Pavic (Chief Finance Officer)
Adam Vonthethoff (General Manager Food and Beverage)

The compensation paid to key management personnel noted above is as follows:

	01.07.13 to 31.10.13 $	2013 $
Short-term employee benefits	392 056	995 194
Post-employment benefits	28 977	71 817
	421 033	1 067 011

15. Related party transactions

The names of each person who has been a director during the year and to the date of this report are:

Ian Murray McLachlan AO
John Charles Bannon AO (retired 29 October 2013)
Keith Bradshaw
Andrew William Sinclair
Kevin Raymond Griffiths (changed status from alternate director to director effective 29 October 2013)
Andrew Carver (alternate director)
John Wayne Olsen AO
Leigh Robert Whicker AM
Philip James Gallagher
Dion McCaffrie
Philip Reynold Duval (alternate director)
Simon Stuart Rodger (alternate director)

No directors fees were paid or payable in October 2013 (June 2013: $0).

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

	Note	01.07.13 to 31.10.13 $	2013 $
Included in the Statement of Comprehensive Income are the following related party transactions:			
Income from services rendered by the SANFL and SACA on behalf of AOSMA		36 268	654 562
Expenses from services rendered by the SANFL and SACA on behalf of AOSMA		49 722	398 182
Income from services rendered to the SANFL and SACA		514 718	-
Expenses incurred when rendering services to the SANFL and SACA		514 718	-
Included in the Statement of Financial Position are the following related party transactions:			
Payable owed to the SANFL and SACA	7	10 360	61 214
Receivables owed by the SANFL and SACA	4	896 452	227 441
Income received on behalf of the SANFL and SACA not yet distributed to the SANFL and SACA	7,8	405 989	296 482

16. Cash flow information

(a) Reconciliation of cash

	Note		
Cash at bank		10 659 912	16 371 572
Other cash		6 600	2 100
	3	10 666 512	16 373 672

(b)	***Reconciliation of net cash provided by (used in) operating activities with profit (loss) after income tax***	01.07.13 to 31.10.13 $	2013 $
	Profit (Loss) after income tax	2 172 153	(1 376 883)
	Non-cash flows:		
	Depreciation and amortisation	379	921
	Increase (Decrease) in provisions	496 708	140 191
	Movements in assets/liabilities:		
	Trade and other receivables	(625 929)	(951 392)
	Stock	(183 533)	(7 202)
	Trade and other payables	428 426	1 568 036
	Related party loan account	(93 717)	265 261
	Deferred income	(5 090 518)	15 648 249
	Prepayments	(140 046)	(27 599)
	Other liabilities	573 079	-
	Net cash provided by (used in) operating activities	(2 462 998)	15 259 582

17. Financial risk management

The company's financial instruments consist mainly of deposits with banks, and accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	01.07.13 to 31.10.13 $	2013 $
Financial assets			
Cash and cash equivalents	3	10 666 512	16 373 672
Trade and other receivables	4	1 577 321	951 392
Total financial assets		12 243 833	17 325 064
Financial liabilities			
Financial liabilities at amortised cost:			
Trade and other payables	7(a)	2 141 626	1 713 200
Borrowings	8	3 721 544	2 315 261
Total financial liabilities		5 863 170	4 028 461

Financial risk management policies

The Board's overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management exposures are reviewed by the Board on a periodic basis. These include credit risk policies and future cash flow requirements.

Specific financial risk exposures and management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and equity price risk.

(a) *Credit risk*

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss for AOSMA.

AOSMA does not have any material credit risk exposure as its major source of revenue is the receipt of grants. Credit risk is further mitigated as 100% of the grant received from the State Government is in accordance with funding agreements which ensure regular funding for the term of the grant.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the Statement of Financial Position.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at note 4.

Credit risk related to balances with banks and other financial institutions is managed by the Board. Other than a nominal amount of cash on hand, surplus funds are only invested with major Australian financial institutions. The following table provides information regarding the credit risk relating to cash and cash equivalents.

Credit risk exposures (continued)		01.07.13 to 31.10.13	2013
Cash and cash equivalents:	Note	$	$
Cash on hand		6 600	2 100
Cash held with a major Australian financial institution		10 659 912	16 371 572
	3	10 666 512	16 373 672

(b) *Liquidity risk*

Liquidity risk arises from the possibility that AOSMA might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. AOSMA manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities
- maintaining a reputable credit profile
- managing credit risk related to financial assets
- only investing surplus cash with major financial institutions
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial liability and financial asset maturity analysis

	Contractual maturities			
	Within 1 year	1-5 years	More than 5 years	Total
31 October 2013	$	$	$	$
Financial liabilities due for payment:				
Trade and other payables	2 141 626	-	-	2 141 626
Loans and borrowings	171 544	3 550 000	-	3 721 544
Total expected outflows	2 313 170	3 550 000	-	5 863 170
Financial assets - cash flows realisable:				
Cash and cash equivalents	10 666 512	-	-	10 666 512
Trade and other receivables	1 577 321	-	-	1 577 321
Total anticipated inflows	12 243 833	-	-	12 243 833
Net inflow (outflow) on financial instruments	9 930 663	(3 550 000)	-	6 380 663
30 June 2013				
Financial liabilities due for payment:				
Trade and other payables	1 713 200	-	-	1 713 200
Loans and borrowings	265 261	2 050 000	-	2 315 261
Total expected outflows	1 978 461	2 050 000	-	4 028 461
Financial assets - cash flows realisable:				
Cash and cash equivalents	16 373 672	-	-	16 373 672
Trade and other receivables	951 392	-	-	951 392
Total anticipated inflows	17 325 064	-	-	17 325 064
Net inflow (outflow) on financial instruments	15 346 603	(2 050 000)	-	13 296 603

(c) *Market risk*

(i) *Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. AOSMA is also exposed to earnings volatility on floating rate instruments.

At 31 October 2013 AOSMA has secured loans of $3.55 million (June 2013: $2.05 million) (refer note 8). These loans are subject to a fixed rate of interest and therefore there is no exposure to changes in the variable interest rate.

(ii) *Price risk*

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held.

The company is not exposed to securities price risk as it has no investments held for trading or for medium to longer terms.

Net fair values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the Statement of Financial Position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

	01.07.13 to 31.10.13		2013	
	Net carrying value	Net fair value	Net carrying value	Net fair value
Financial assets	$	$	$	$
Cash and cash equivalents(i)	10 666 512	10 666 512	16 373 672	16 373 672
Trade and other receivables(i)	1 577 321	1 577 321	951 392	951 392
Total financial assets	12 243 833	12 243 833	17 325 064	17 325 064
Financial liabilities				
Trade and other payables(i)	2 141 626	2 141 626	1 713 200	1 713 200
Loans and borrowings(i)	3 721 544	3 721 544	2 315 261	2 315 261
Total financial liabilities	5 863 170	5 863 170	4 028 461	4 028 461

The fair values disclosed in the above table have been determined based on the following methodologies:

(i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other receivables and payables exclude amounts which are not considered a financial instrument such as unearned grant revenue.

18. Capital management

Management controls the capital of the entity to ensure that adequate cash flows are generated to fund its activities. The Board ensures that the overall risk management strategy is in line with this objective.

Risk management exposures are reviewed by the Board on a regular basis. These include credit risk exposures and future cash flow requirements.

The entity's capital consists of financial liabilities, supported by financial assets.

Management effectively manages the entity's capital by assessing the entity's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

There have been no changes to the strategy adopted by management to control the capital of the entity since the previous year.

19. Entity details

The registered office of the entity is:

Adelaide Oval, War Memorial Drive, North Adelaide, SA, 5006.

The principal place of business is:

Adelaide Oval, War Memorial Drive, North Adelaide, SA, 5006.

20. Members' guarantee

The entity is incorporated under the *Corporations Act 2001* and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of $10 each towards meeting any outstandings and obligations of the entity. At 31 October 2013 the number of members was eight.

Art Gallery Board

Functional responsibility

Establishment

The Art Gallery Board (the Board) is established pursuant to the *Art Gallery Act 1939* (the Gallery Act). The Board is responsible for the management of the Art Gallery of South Australia. For details of the Board's objectives refer note 1 to the financial statements.

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 31(1)(b) of the PFAA and section 20(3) of the Gallery Act provide for the Auditor-General to audit the accounts of the Board for each financial year.

Assessment of controls

Section 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Board in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether internal controls are consistent with the TIs with particular focus on TIs 2 and 28.

Scope of the audit

The audit program covered major financial systems to obtain sufficient evidence to form an opinion on the financial report and internal controls.

During 2013-14, specific areas of audit attention included:

- follow up of 2012-13 audit findings
- legal compliance
- compliance with Treasurer's Instructions
- board meeting minutes
- revenue
- expenditure
- payroll
- property, plant and equipment
- heritage collections
- cash and investments
- general ledger.

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the Art Gallery Board as at 30 June 2014, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the Art Gallery Board in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for all matters outlined under ‘Communication of audit matters’, are sufficient to provide reasonable assurance that the financial transactions of the Art Gallery Board have been conducted properly and in accordance with law.

Communication of audit matters

Issues identified during the course of the audit were detailed in a management letter to the Director of the Art Gallery of South Australia. A response to the letter has been received outlining planned actions to address the identified issues. The significant matters raised with the Board and the responses are detailed below.

Legal compliance

Non-compliance with the approved purpose of the bequests account

Audit review in prior years indicated the Section 21 Deposit Account titled ‘Art Gallery Board Bequests Account’ was not being used in accordance with the account’s specific purpose approved by the Treasurer. Audit identified that significant revenue and expenditure items not relating to bequests were being allocated to the bequests account, rather than the Board’s main operating account.

Audit recommended that the Board liaise with DTF to obtain the Treasurer’s approval to amend the purpose of the bequests account to reflect the Board’s intended use of the account.

Audit follow-up in 2013-14 identified that approval had still not been obtained from DTF to amend the purpose of the bequests account. Although Audit identified that transactions to certain fund codes are being appropriately allocated to the bequests account, revenue and expense items not relating to bequests also continue to be processed to the bequests account.

As a result, the Board continues to not comply with the Treasurer’s approved purpose of the bequests account.

The Board responded that in 2013-14 priority was given to the more critical issue of how various funds were being managed within this account. As part of this a guideline and policy was developed and approved by the Board and separate fund codes were established in the general ledger. As these measures are now in place and working effectively, the Board advised that formal approval from the Treasurer for a broadened use of the bequests account will be sought.

Bequests and donations guideline and policy

The Board established a bequests and donations guideline and policy in March 2013. The guideline established a number of processes and controls to ensure compliance with accounting practices and principles, benefactors’ wishes, and ethical standards, in managing bequests and donations received by the Board.

Audit noted that the guideline does not specifically address the following:

- checks to be performed to ensure expenditure incurred on specified funds is in accordance with relevant terms and conditions
- monitoring of bequeathed and donated funds with negative balances.

Audit understands processes were implemented to ensure these tasks are performed, however these processes are not formally documented in the guideline. As a result, the Board may not comply with the terms and conditions of all bequests and donations.

The Board responded that regular checks are performed to ensure that expenditure incurred on specified funds is in accordance with the terms and conditions of the bequest or donation. The Board advised that these practices will be formally documented in an amendment to the bequests and donations guideline and policy and submitted for approval.

Governance

No service level agreement (SLA) between the Board and DPC throughout 2013-14

Audit review in prior years indicated there was no current SLA in place between the Board and DPC.

Audit recommended that the Board liaise with DPC to finalise and approve an updated SLA as soon as possible. The SLA should address all areas where DPC provides support to the Board, including services provided by SSSA.

Audit follow-up in 2013-14 identified that no SLA between the Board and DPC was finalised and approved during the year.

The functions of Arts SA (and therefore the Board) transferred from DPC to the newly created Department of State Development (DSD) from 1 July 2014. In 2014-15 the Board will therefore have to liaise with DSD in order to define the relationship between the Board and DSD and to develop an SLA detailing the roles and responsibilities of each party, including services provided by SSSA.

As DSD is a newly created department, it may not fulfil past roles performed by DPC. As a result, the Board may be at risk of not meeting its statutory responsibilities if it has not ensured the relationship with DSD is defined by an SLA.

The Board responded that this issue is now being raised with DSD by Arts SA. Although a letter was sent to DPC in 2013 requesting an update on the status of this matter, no progress was made. The Board advised that this continues to be a matter between the broader department, now DSD, and SSSA, the agency providing the services.

Update and finalisation of a financial management compliance program

Audit has previously reported and recommended that the Board update its financial management compliance program (FMCP) to ensure all documentation is complete and achieves compliance with the requirements of TI 28.

Audit follow-up in 2013-14 identified that minimal progress has been made in updating the FMCP and the FMCP continues to be incomplete.

In the absence of a robust and complete FMCP, the Board may not detect non-compliance with its financial management obligations and requirements. The Board also continues to not comply with the requirements of TI 28.

The Board responded that progress was made on this project by the Board's small finance team in 2013-14, however as noted by Audit the FMCP is yet to be completed. This is due to the Board making the decision to adhere closely to the comprehensive FMCP template originally supplied by DPC in developing its own FMCP. The Board advised that it will continue to develop its FMCP and will ensure that it is a comprehensive and effective plan to manage financial compliance and complexity.

Completeness of risk management policy

TI 2 section 2.6.1 requires agencies to establish and maintain effective policies, procedures and systems for the identification, assessment, monitoring, management and annual review of financial and tax risks.

Audit review last year identified that the Board's established risk management policy did not address key elements of effective risk management. Audit also noted that the Board had not established a risk management procedure.

Audit recommended that the Board establish a risk management procedure outlining the Board's detailed approach to risk management.

Audit follow-up in 2013-14 identified that a risk management procedure was not completed. As a result, Board staff members may be unclear regarding required risk management practices and all risks may not be identified and managed in a consistent and effective manner. The Board also continues to not comply with the requirements of TI 2.

The Board responded that the suggested changes will be made to the Board's risk management policy and an accompanying procedure will be drafted and operationalised. The Board advised that a great deal of progress was made in the area of risk management in 2013-14. The audit committee, which was established at the beginning of the year, has made risk management a priority and a particular focus of this committee has been a detailed review of the Board's risk register. This review has been undertaken by management under the guidance of the audit committee, and this document is now currently in the process of being updated.

Central register of Board policies and procedures

In 2013-14 Board staff were required to follow both Board-specific and DPC-wide policies and procedures in the conduct of their work.

Audit review of the Board's policies and procedures framework last year indicated there was no central register of all policies and procedures applicable to Board staff. Audit advised that the establishment of a central register would ensure that staff are aware of all applicable policies and procedures and can easily access the policies and procedures relevant to the work they perform. It would also facilitate the monitoring of policies and procedures to ensure they are kept up-to-date in accordance with TI 2.

Audit recommended that the Board establish a central register of all policies and procedures applicable to Board staff. This register should be made available to and brought to the attention of all staff. Audit also recommended that the Board perform checks to ensure all policies and procedures on the central register are regularly reviewed and updated in accordance with TI 2.

Audit follow-up in 2013-14 identified that although a central register of all relevant policies and procedures applicable to Board staff was developed during the year, this was not easily accessible to all staff.

As the functions of Arts SA (and therefore the Board) transferred from DPC to the newly created DSD from 1 July 2014, the central register developed in 2013-14 needs review for appropriateness. In 2014-15 the Board will therefore need to liaise with DSD in order to determine which of DSD's policies and procedures are relevant to the operations of the Board, and whether it is appropriate for the Board to adopt them.

Board staff may not be aware of all of the policies and procedures that apply to them and may be unclear regarding their roles and responsibilities in the conduct of their work. As a result, inconsistent, non-compliant or ineffective practices may be adopted. This risk may be increased given DSD is a newly created department and will be undergoing its own change processes.

The Board responded that it agreed with Audit that an electronic copy of the register should be established on the Board's common drive. Staff will be made aware of the register's presence on the common drive through email and via announcements at general staff meetings once instituted.

The Board also responded that the Board's transfer from DPC to DSD will have an impact on the Board's policy environment. As DSD's policies and procedures are still very much in the development phase, the Board advised that it will take some time to update the corresponding Board policies and procedures. This however will be done as quickly as possible and the Board will be in constant liaison with DSD in this regard. Once completed the electronic central register will be finalised and made available to all staff.

Heritage collections

Significant Pissarro artwork purchase and payments

On 7 November 2013 the Board purchased a significant work of art by Camille Pissarro titled 'Prairie à Èragny'. This work was purchased for a total of USD4.253 million from Sotheby's in New York, which equated to a price paid by the Board of $4.593 million.

On 6 November 2013 the Board resolved to approve bidding up to an amount less than or equal to $4 million at auction for the work, including the buyer's premium, insurance and freight. The Board also resolved that if there was an anonymous donor present at the time of bidding, the bid limit could be increased in a manner consistent with the donor's additional contribution.

Audit review of the purchase identified three purchase approval and delegation matters for the Board's attention for future acquisitions.

Basis of purchase authority

The purchase of the Pissarro was authorised by the Board outside of the monetary limits detailed in TI 8 ($1.1 million). From discussions with Board staff, it was not clear whether the requirements of TI 8 apply to the Board or whether specific Board powers detailed in the Gallery Act prevail. It was also not clear whether the Board had sought advice on the applicability of TI 8 for the purchase of artworks valued greater than $1.1 million. Audit recommended that the Board consider obtaining this advice to ensure that all artwork purchases greater than $1.1 million are appropriately authorised in the future.

As a result, significant artwork purchases greater than $1.1 million may not be appropriately authorised for purchase by the Board if the purchase requirements of TI 8 are applicable to the Board.

The Board responded that it acknowledges that it would be useful to seek formal clarification on the applicability of TI 8 for the purchase of artworks.

Clarity for approved purchase financial arrangements

The Board approved a purchase price including buyer's premium, insurance and freight of $4 million. The final purchase price of $4.593 million (hammer price plus buyer's premium only) exceeded the total amount approved by the Board. Board staff identified that at the time of bidding, an anonymous bidder was present who agreed to pay the amount in excess of $4 million.

Audit obtained documentation to support the receipts from the anonymous donor and noted that two payments totalling $500 000 were received after the purchase of the work. A further amount of $150 000 was received from this donor however, as this amount was received by the Board on 28 October 2013 prior to the auction, Audit's view was that this amount had already been received by the Board when the Board approved the purchase price of $4 million and should not be classified as additional funds to cover the purchase price in excess of $4 million. On this basis, the purchase price for the work of $4.593 million exceeded the $4 million price approved by the Board and the additional $500 000 in funding received from the anonymous donor.

A lack of clarity in financial arrangements for major acquisitions may result in the Board making purchases of artwork that exceed Board approved purchase prices.

The Board responded that it does not concur that the purchase price exceeded the limit set by the Board. As identified by Audit, the Board clearly resolved that should an anonymous donor be present, who is well-known to the Board, provided he/she was willing to resource any bid over the approved amount, then bidding could exceed this level. He/she was present and willing on the day and the bid duly went past the approved figure in keeping with the resolution of the Board.

The Board also advised that it did not agree with Audit that the Board may have needed to use operating funds to meet the difference between the Board-approved limit and the hammer price. Firstly there was ample funding in the Art Gallery Foundation to meet the shortfall, if one existed. Secondly, the bid would not have exceeded the Board-approved figure had the anonymous bidder not been present and had not guaranteed that he/she would donate the difference from his/her own resources.

Supporting payment approval documentation

The Board made two instalment payments to Sotheby's for the work as follows:

- $1.521 million in December 2013
- $3.072 million in April 2014.

The payments were authorised in Basware by the DPC Chief Executive as the payment amounts exceeded the Basware authorisation limits of the Director of the Art Gallery of South Australia. Review of the DPC Chief Executive's financial delegations identified that although normal payment authority is up to $1.1 million, where a contract (including purchases) has been approved by Cabinet or Minister, the Chief Executive can approve payments significantly in excess of the payment amount of $4.593 million.

Audit was advised by Board staff that although a memorandum was prepared and signed by the Director of the Art Gallery of South Australia and endorsed by the DPC Chief Executive seeking approval from the Minister, it was not forwarded to the Minister through administrative oversight. The payments, therefore, were not supported by appropriate approval documentation.

Summary Audit comment

In summary, as described above, the Pissarro artwork acquisition noted three purchase and delegation matters. These were formally communicated to the Board for attention for future acquisitions and responses were received to the matters raised.

The Board advised that Audit's recommendation that policies and procedures be developed for purchasing artworks valued greater than $1.1 million is prudent and sensible and will be duly undertaken.

Reconciliation of additions in K-Emu and masterpiece general ledger

Audit review in prior years indicated the heritage collections reconciliation process between K-Emu records maintained by the Board and the masterpiece general ledger maintained by SSSA had not been occurring for a number of years. The Board advised that this was due to relevant information not being provided by SSSA during the year.

Audit recommended that the Board liaise with SSSA to ensure that general ledger information relating to heritage collections assets is provided to the Board on a monthly basis. Audit also recommended that the Board perform and document a monthly reconciliation between asset additions in the masterpiece general ledger and K-Emu.

Audit follow-up in 2013-14 identified that additions in the masterpiece general ledger have not been reconciled to additions recorded in K-Emu throughout the year as the required information was not provided to the Board by SSSA.

In the absence of a reconciliation process aimed at ensuring the completeness and accuracy of data entered into the masterpiece general ledger, there is a risk that the heritage collections assets recorded in the Board's financial statements may be misstated.

The Board advised that this matter will be escalated further with SSSA management.

Revenue

Authorisations for income recognition

Audit review in prior years indicated the Board did not have separate authorisations which specified the staff with the authority to raise an invoice or enter into contracts to generate revenue for the Board. Audit noted TI 2 section 2.8.1 requires that authorisations be established for the approval of income recognition.

Audit recommended that the Board establish financial delegations to specify which staff members have the authority to approve invoice request forms and to enter into revenue generating contracts.

Audit follow up in 2013-14 identified that although the Board is in the process of detailing these revenue delegations in a policy, this policy was not yet finalised.

As a result, Board staff may be unclear regarding their income raising authorities, roles and responsibilities, resulting in inconsistent or ineffective practices. The Board also continues to not comply with the requirements of TI 2.

The Board responded that management will finalise all revenue delegations and complete the policy that is currently being developed. This policy will then be made available to all relevant staff and recorded in the central policy register.

Payroll

Timeliness of review on bona fide and leave reports

Audit review last year identified instances where bona fide reports and leave reports had not been reviewed in a timely manner.

Audit recommended that the Board formally advise pay point managers to review and return all bona fide and leave reports in a timely manner (within one month of the relevant period end). Audit also recommended that the Board establish policies and procedures outlining bona fide and leave report review processes, including timeframes for review.

Audit follow-up in 2013-14 identified instances where bona fide reports and leave reports continued to not be reviewed in a timely manner. The Board also had not established formal policies and procedures outlining bona fide and leave return review processes.

As a result, invalid and inaccurate payroll payments may not be detected in a timely manner (employees paid after their termination date, errors in leave, pay classifications and overtime payments).

The Board responded that this matter has been tabled at the Board's Strategic Management Group (SMG) meetings on multiple occasions, reinforcing the importance of the timely review of bona fide and leave reports. A much firmer and formal approach will now be taken.

The Board also advised that a policy will be developed which sets out the review timeframe requirements. Any failure to adhere to this timeframe will be immediately raised with the SMG member directly and the issue will be placed on the formal agenda of SMG meetings.

Cash

Cash collection and banking controls

In 2013-14 the Government Services Group (GSG) of DPC performed an accounts receivable review over the operations of DPC accounts receivable (AR). This review identified a significant issue with cash collection and handling processes related specifically to Arts SA agencies. DPC's response to the GSG review was that DPC Corporate would engage with AR to improve the cash collection and receipting processes.

Audit review in June 2014 identified that although a number of improvements had been made to cash collection and receipting processes since the GSG report was issued, a number of issues still existed. As a result, the risk of misappropriation of cash remains.

The Board responded that it agrees with Audit's observation that a significant risk exists with current cash collection and handling practices. The Board advised that SSSA are charged with cash collection responsibilities and as such must make their own assessment on how to do this with the least amount of risk and maximum operational safety to personnel and assets.

TI 11 creditor account payment performance

TI 11 prescribes the policy for creditor account payments, including the development of relevant policies and procedures and the preparation of monthly reports to the governing body on account payment performance. A review of the Board's compliance with the requirements of TI 11 in 2013-14 identified instances of non-compliance, notably:

- monthly TI 11 reports were not being provided to the governing body
- policies and procedures in place do not detail TI 11 monthly reporting and late payment requirements.

Shared Services SA – financial systems and transaction processing environments

SSSA processes financial transactions on behalf of the Board under service level determinations. The main systems and control environments include accounts payable, payroll and general ledger financial functions.

Last year's report made specific comment on the progress being taken by SSSA to remediate key control weaknesses raised in prior years for the systems and control environments, in order to achieve a satisfactory ongoing standard of control operation over financial transaction processing.

As discussed in the commentary under 'Department of the Premier and Cabinet' elsewhere in Part B of this Report, audit review and evaluation of controls for the SSSA main accounts payable and payroll systems and environments concluded that controls met a generally satisfactory standard for 2013-14. Notwithstanding this overall conclusion, there were some specific matters that were raised with SSSA for corrective action and review for process and procedural improvement. The matters do not relate to Art Gallery Board transaction processing.

Interpretation and analysis of the financial report

Highlights of the financial report	2014 $'million	2013 $'million
Expenses		
Staff benefits	5	5
Other expenses	11	12
Total expenses	16	17
Income		
Revenues from SA Government	9	14
Other income	13	14
Total income	22	28
Net result	6	11
Net cash provided by (used in) operating activities	3	9
Net cash provided by (used in) investing activities	(7)	(3)
Assets		
Current assets	4	9
Non-current assets	651	640
Total assets	655	649
Total liabilities	2	3
Total equity	653	646

Statement of Comprehensive Income

Income

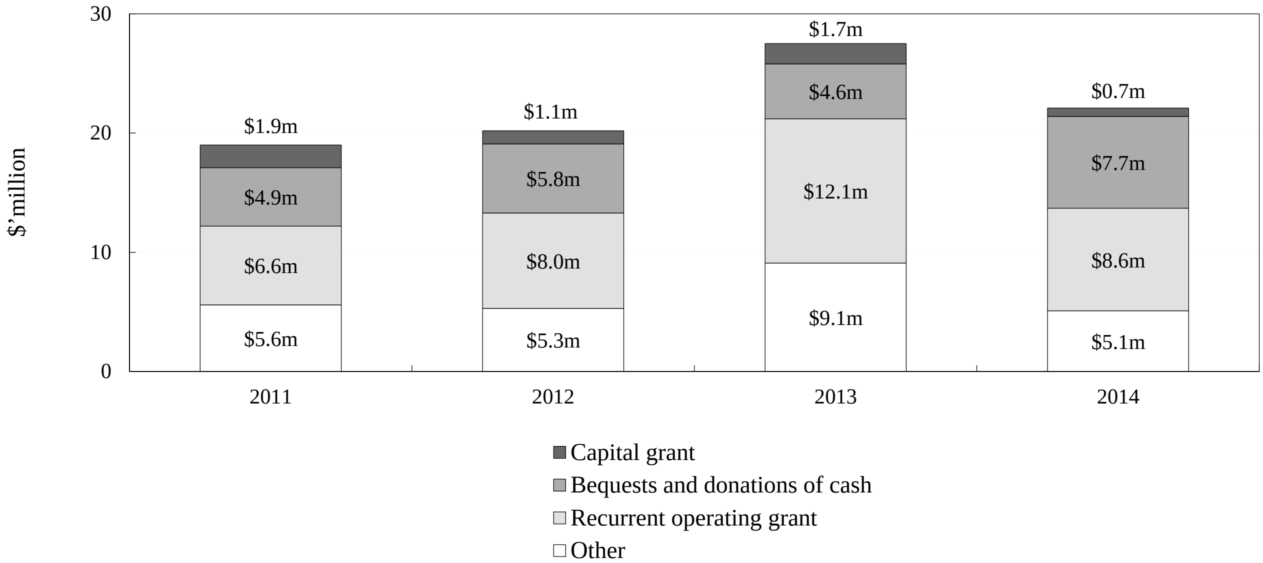
Total income decreased by $5.4 million to $22 million in 2013-14. The decrease in income is mainly due to:

- a $4.5 million decrease in revenues from SA Government
- a $1.7 million decrease in fees and charges, due mainly to higher admission fees in 2012-13 associated with the temporary Turner from the Tate exhibition
- a $903 000 decrease in sponsorships income, primarily due to a decrease in in-kind sponsorship received in 2012-13 relating to the temporary Turner from the Tate exhibition.

These decreases were offset by:

- a $1.7 million increase in donations of heritage assets, mainly due to the donation of a significant artwork by John Glover titled 'Baptism on the Ouse River' by Rev Henry Dowling valued at $3.2 million
- a $1.3 million increase in bequests and donations, largely resulting from the masterwork appeal associated with the purchase of a significant artwork by Camille Pissarro titled 'Prairie à Èragny' for $4.593 million.

For the four years to 2014, a structural analysis of the major income items for the Board is shown in the following chart.

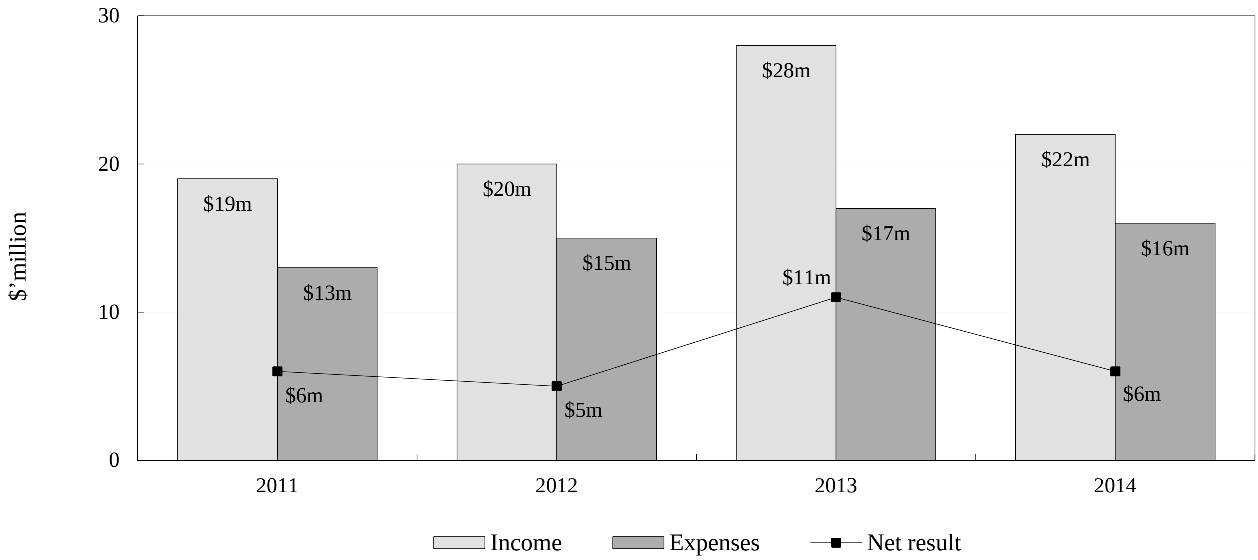


Bequests and donations and donations of heritage assets continue to be a significant source of income for the Board. Total bequests and donations and donations of heritage assets represented 35% (17%) of the Board's total income.

Net result

The net result for the year was a surplus of $6 million ($11 million).

The following chart shows the income, expenses and net results for the four years to 2014.



Statement of Financial Position

The total assets of the Board at 30 June 2014 were $655 million ($649 million), of which $603 million (92%) relates to the Board's heritage collections.

The increase in the value of the heritage collections in 2013-14 is a result of purchases and donations totalling $10.8 million. This largely relates to the purchase of an artwork by Camille Pissarro titled 'Prairie à Èragny' for $4.593 million and the donation of an artwork by John Glover titled 'Baptism on the Ouse River' by Rev Henry Dowling valued at $3.2 million.

Statement of Comprehensive Income
for the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Expenses:			
Staff benefits	4	5 443	5 171
Supplies and services	6	6 941	7 549
Accommodation and facilities	7	2 567	2 681
Depreciation	8	1 220	1 374
Net loss from the disposal of non-current assets	13	-	101
Total expenses		16 171	16 876
Income:			
Bequests and donations of cash	9	3 531	2 204
Donations of heritage assets		4 141	2 444
Fees and charges	10	488	2 218
Grants	11	943	1 605
Interest and investment income	12	469	974
Net gain from the disposal of non-current assets	13	301	-
Rent and facilities hire		147	140
Resources received free of charge	14	724	594
Sale of goods		907	1 256
Sponsorships	15	1 071	1 974
Other	16	121	261
Total income		12 843	13 670
Net cost of providing services		3 328	3 206
Revenues from (Payments to) SA Government:			
Recurrent operating grant	17	8 554	12 124
Capital grant		741	1 684
Total revenues from (payments to) SA Government		9 295	13 808
Net result		5 967	10 602
Other comprehensive income:			
Items that will not be reclassified to net result:			
Change in property, plant and equipment revaluation surplus	21	779	10 187
Total other comprehensive income		779	10 187
Total comprehensive result		6 746	20 789

Net result and total comprehensive result are attributable to the SA Government as owner

Statement of Financial Position
as at 30 June 2014

	Note	2014 $'000	2013 $'000
Current assets:			
Cash and cash equivalents	19	3 289	7 687
Receivables	20	228	716
Inventories		663	617
Investments	24	-	201
Total current assets		4 180	9 221
Non-current assets:			
Receivables	20	5	5
Property, plant and equipment	21	45 053	44 657
Heritage collections	22	602 949	592 128
Investments	24	3 440	3 144
Total non-current assets		651 447	639 934
Total assets		655 627	649 155
Current liabilities:			
Payables	25	640	1 040
Staff benefits	26	635	601
Provisions	27	39	35
Other	28	-	4
Total current liabilities		1 314	1 680
Non-current liabilities:			
Payables	25	76	69
Staff benefits	26	821	746
Provisions	27	138	128
Total non-current liabilities		1 035	943
Total liabilities		2 349	2 623
Net assets		653 278	646 532
Equity:			
Retained earnings		435 917	429 950
Revaluation surplus		217 361	216 582
Total equity		653 278	646 532

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	29
Contingent assets and liabilities	30

Statement of Changes in Equity
for the year ended 30 June 2014

	Revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2012	206 395	419 348	625 743
Net result for 2012-13	-	10 602	10 602
Loss on revaluation of land during 2012-13	(250)	-	(250)
Gain on revaluation of buildings during 2012-13	10 437	-	10 437
Total comprehensive result for 2012-13	10 187	10 602	20 789
Balance at 30 June 2013	216 582	429 950	646 532
Net result for 2013-14	-	5 967	5 967
Gain on revaluation of land during 2013-14	530	-	530
Gain on revaluation of buildings during 2013-14	249	-	249
Total comprehensive result for 2013-14	779	5 967	6 746
Balance at 30 June 2014	217 361	435 917	653 278

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

Statement of Cash Flows
for the year ended 30 June 2014

		2014	2013
		Inflows	Inflows
		(Outflows)	(Outflows)
Cash flows from operating activities:	Note	$'000	$'000
Cash outflows:			
Staff benefits		(5 295)	(4 940)
Supplies and services		(5 702)	(6 009)
Accommodation and facilities		(2 567)	(2 681)
Cash used in operations		(13 564)	(13 630)
Cash inflows:			
Sale of goods		902	1 225
Fees and charges		497	2 311
Bequests and donations		3 529	2 324
Grants		943	1 724
Sponsorships		177	384
Interest and investment income		500	907
Rent and facilities hire		150	203
Other receipts		152	247
Cash generated from operations		6 850	9 325
Cash flows from SA Government:			
Receipts from SA Government		9 719	13 381
Cash generated from SA Government		9 719	13 381
Net cash provided by (used in) operating activities	31	3 005	9 076
Cash flows from investing activities:			
Cash outflows:			
Purchase of heritage collections		(6 809)	(1 748)
Purchase of investments		(2 302)	(324)
Purchase of property, plant and equipment		(800)	(1 420)
Cash used in investing activities		(9 911)	(3 492)
Cash inflows:			
Proceeds from sale/maturity of investments		2 504	126
Proceeds from sale of heritage collections		4	-
Cash generated from investing activities		2 508	126
Net cash provided by (used in) investing activities		(7 403)	(3 366)
Net increase (decrease) in cash and cash equivalents		(4 398)	5 710
Cash and cash equivalents at 1 July		7 687	1 977
Cash and cash equivalents at 30 June	31	3 289	7 687

Notes to and forming part of the financial statements

1. Objectives of the Art Gallery Board (the Board)

The Board is constituted pursuant to section 4 of the *Art Gallery Act 1939*. The Board is charged with the management of the Art Gallery of South Australia (the Gallery) under the *Art Gallery Act 1939*.

The objectives of the Art Gallery of South Australia are to:

- collect heritage and contemporary works of art of aesthetic excellence and historical or regional significance

1. Objectives of the Art Gallery Board (the Board) (continued)

- ensure the preservation and conservation of the Gallery's collections
- display the collections and to program temporary exhibitions
- research and evaluate the collections and to make the collections and documentation accessible to others for the purposes of research and as a basis for teaching and communications
- document the collections within a central cataloguing system
- provide interpretative information about collection displays and temporary exhibitions and other public programs
- promote the Gallery's collections and temporary exhibitions
- ensure that the Gallery's operations, resources and commercial programs are managed efficiently, responsibly and profitably
- advise the SA Government on the allocation of South Australian resources to works of art, art collections, art museums and art associations.

2. Summary of significant accounting policies

2.1 Statement of compliance

The Board has prepared these financial statements in compliance with section 23 of the PFAA.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant AASs and comply with TIs and APSs promulgated under the provisions of the PFAA. The Board has applied AASs that are applicable for not-for-profit entities as the Board is not-for-profit.

AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Board for the reporting period ending 30 June 2014 (refer note 3).

2.2 Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Board's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes
- the selection and application of accounting policies in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures, which have been included in the financial statements:

  (a) income, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date and greater than $100 000 are separately identified and classified according to their nature

  (b) expenses incurred as a result of engaging consultants

  (c) staff TVSP information

  (d) staff whose normal remuneration is equal to or greater than the base executive remuneration level (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly, by the entity to those staff

  (e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The Board's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

2.2 Basis of preparation (continued)

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a 12 month operating cycle and are presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2014 and the comparative information presented for the year ended 30 June 2013.

2.3 Source of funds

The Board's principal source of current funding consists of grants from the State Government. In addition, the Board also receives monies from sales, admissions, donations, bequests, sponsorships, interest and investment income and other receipts, and uses the monies for the achievement of its objectives. Bequests, donations and grants can only be used in accordance with the terms and conditions attributable.

2.4 Income and expenses

Income and expenses are recognised in the Board's Statement of Comprehensive Income when and only when it is probable that the flow of economic benefits to or from the entity will occur and can be reliably measured. Income and expenses have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Dividend income is recognised when the right to receive a dividend has been established. Donations, bequests, subscriptions, grants and sponsorships are recognised as income in the period in which the Board obtains control over the income. Income from the sale of goods is recognised at the point of sale. Income from the rendering of a service is recognised when the Board obtains control over the income. Government grants are recognised as income in the period in which the Board obtains control over the grants.

Donated heritage collections received by the Board are recognised as income in the Statement of Comprehensive Income in the year of receipt at fair value.

Resources received free of charge

Resources received free of charge are recorded as income and expenditure in the Statement of Comprehensive Income at their fair value.

Under an arrangement with Arts SA and Artlab Australia, both divisions of DPC, Artlab Australia receives SA Government appropriation to perform conservation services on the heritage collections of the Gallery. The value of the work performed is recognised as resources received free of charge in income (refer note 14) and a corresponding amount included as conservation work expenditure in supplies and services (refer note 6).

Under an arrangement with SSSA, financial services and human resources are provided free of charge to the Board. The value of these services is recognised as resources received free of charge in income (refer note 14) and a corresponding amount included as a business services charge in supplies and services (refer note 6).

2.5 Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. The Board has a clearly identifiable operating cycle of 12 months. Therefore assets and liabilities that will be 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.

2.6 Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position include cash at bank and on hand, and short-term deposits held with BankSA. For the purposes of the Statement of Cash Flows, cash and cash equivalents are as defined above.

Cash is measured at nominal value.

2.7 Receivables

Receivables include amounts receivable from trade, prepayments and other accruals.

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

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Board will not be able to collect the debt. Bad debts are written off when identified.

2.8 Inventories

Inventories are measured at the lower of cost or their net realisable value. Cost of inventory is measured on the basis of the first-in, first-out method. Net realisable value is determined using the estimated sale proceeds less costs incurred in marketing, selling and distribution to customers. Inventories include books and publications held for sale.

The amount of any inventory write-down to net realisable value or inventory losses are recognised as an expense in the period the write-down or loss occurred. Any write-down reversals are recognised as an expense reduction.

2.9 Investments

Investments are brought to account at cost in accordance with APF IV, APS 2.1.

2.10 Non-current asset acquisition and recognition

The cost method of accounting is used for the initial recording of all acquisitions of assets. Cost is determined as the fair value of the assets given the consideration plus costs incidental to the acquisition. Assets donated during the year have been brought to account at fair value.

All non-current assets with a value of $10 000 or greater are capitalised.

2.11 Valuation of non-current assets

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.

Land and buildings and heritage collections are revalued every five years. 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. Non-current assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Any revaluation increment is credited to the revaluation surplus, except to the extent that it reverses a revaluation decrement of the same asset class previously recognised as an expense in the Statement of Comprehensive Income, in which case the increase is recognised as income in the Statement of Comprehensive Income.

Any revaluation decrement is recognised as an expense in the Statement of Comprehensive Income, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the revaluation surplus to the extent of the credit balance existing in the revaluation surplus for that asset class.

Upon revaluation, the accumulated depreciation has been restated proportionately with the change in gross carrying amount of the asset so that the carrying amount, after revaluation, equals its revalued amount.

Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

Land and buildings

An independent valuation of the land and buildings was conducted as at 30 June 2014 by Valcorp Australia Pty Ltd. The valuation of land and buildings as at 30 June 2014 was prepared on a fair value basis in accordance with AASB 116 and AASB 113.

Plant and equipment
Plant and equipment including computer equipment on acquisition, has been deemed to be held at fair value.

Heritage collections
The heritage collections are large and diverse. They include many items for which valuations are complex, given considerations of market value and their uniqueness.

The collections were previously valued as at 30 June 2011 by the following specialist valuers:

Collection	*Specialist valuer*
Australian paintings and sculptures	Mr J Jones
Australian, European and international decorative arts	Mr K Rayment
Asian art	Mr D Button
European art:	
European collection pre-1850	Mr P Matthiesen
British collection and European collection post-1850	Mr P Nahum
Australian prints and drawings	Ms S Thomas
European prints and drawings	Ms A Kirker
Australian and international photographs	Mr J Lebovic
Noye collection of photographic material	Mr M Treloar
Numismatics	Mr G Morton
Krichauf and Murray stamp collection	Mr B Parker

These valuers specialise in the valuation of heritage assets. In instances where there were sufficient observable transactions of similar assets to the subject asset (generally in second-hand markets), the market approach has been utilised to determine fair value. Inputs to the fair value measurement are considered level 2 in the fair value hierarchy as they have been observed from the market and the valuer has made relatively minor adjustments for differences in asset characteristics. Where possible, the valuations were based on recent market transactions for similar cultural and heritage assets and may include adjustment for factors specific to each asset including size, rarity, quality, condition, historical significance and associated restrictions.

Where the frequency of available market transactions has not permitted the use of observable inputs, the valuers have used significant professional judgement in determining the fair value measurements. These assets are therefore considered to be in level 3 of the fair value hierarchy.

Due to the size and nature of the collections the Board individually value all high value assets (greater than $350 000) with the remainder of the collections valued by establishing an average value through the random sampling of 2% of each collection.

The research library collections were valued by sampling 1% of the collections and providing a market valuation of the entire stock based on the sample. The values were determined by searching catalogues in second-hand and antiquarian bookshops. Where a value was not available, an estimate was provided by the Librarian, Ms Jin Whittington.

The archival collections, consisting of ephemera such as material on individual artists and galleries, was given a nil valuation as there is no reliable market value for this collection.

Fair value measurement
AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

The Board classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation.

Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.

Level 3: not traded in an active market and are derived from unobservable inputs.

The valuation processes and fair value changes are reviewed by the Board/Audit Committee at each reporting date.

Non-financial assets
In determining fair value, the Board has taken into account the characteristic of the asset (eg condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

The Board's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As the Board did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

Refer notes 21 and 23 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

2.12 Impairment of assets

All non-current assets are tested for indications of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

For revalued assets, an impairment loss is offset against the revaluation surplus.

2.13 Depreciation of non-current assets

All non-current assets, having a limited useful life, are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential. Assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, on an annual basis. Land and heritage collections are not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful life of the following classes of assets as follows:

Class of asset	*Useful life (years)*
Property, plant and equipment:	
Buildings and improvements	20-100
Plant and equipment	3-20

Heritage collections are kept under special conditions so that there is no physical deterioration and they are anticipated to have very long and indeterminate useful lives. No amount for depreciation has been recognised, as their service potential has not, in any material sense, been consumed during the reporting period.

2.14 Payables

Payables include creditors, accrued expenses and staff on-costs.

Creditors and accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period. All amounts are measured at their nominal amount and are normally settled within 30 days after the Board receives an invoice.

Staff on-costs include superannuation contributions and payroll tax with respect to outstanding liabilities for salaries and wages, LSL, annual leave and SERL.

2.15 Staff benefits

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 staff is estimated to be less than the annual entitlement of sick leave.

Salaries, wages, annual leave and SERL
Liabilities for salaries, wages, annual leave and SERL have been recognised as the amount unpaid at the reporting date at current remuneration rates. The annual leave liability and the SERL liability are expected to be payable within 12 months and are measured at the undiscounted amount expected to be paid.

LSL
The liability for LSL is measured as the present value of expected future payments to be made in respect of services provided by staff up to the end of the reporting period using the projected unit credit method.

The estimated liability for LSL is based on actuarial assumptions over expected future salary and wage levels, experience of staff departures and periods of service. These assumptions are based on staff data over SA Government entities. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

On-costs
Staff benefit on-costs (payroll tax and superannuation) are recognised separately under payables.

Superannuation
Contributions are made by the Board to several superannuation schemes operated by the State Government and private sector. 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 superannuation schemes. DTF centrally recognises the superannuation liability for the schemes operated by the State Government in the whole-of-government financial statements.

2.16 Workers compensation provision

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2014 provided by a consulting actuary engaged through the Public Sector Workforce Relations Division of DPC. The provision is for the estimated cost of ongoing payments to staff as required under current legislation.

2.17 Leases

The Board has entered into a number of operating lease agreements for vehicles and photocopiers where the lessors effectively retain all of the risks and benefits incidental to ownership of the items held under the operating leases. Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are charged to the Statement of Comprehensive Income in the periods in which they are incurred.

2.18 Comparative information

The presentation and classification of items in the financial statements and accompanying notes are consistent with prior periods except where specific accounting standards and/or APSs have required a change.

Where presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable to do so.

The restated comparative amounts do not replace the original financial statements for the preceding period.

2.19 Taxation

The Board is not subject to income tax. The Board is liable for payroll tax, FBT, GST and Emergency Services levy.

Income, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred by the Board as a purchaser is not recoverable from the ATO, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

The net GST receivable/payable to the ATO is not recognised as a receivable/payable in the Statement of Financial Position as the Board is a member of an approved GST group of which Arts SA, a division of DPC, is responsible for the remittance and collection of GST. As such, there are no cash flows relating to GST transactions with the ATO in the Statement of Cash Flows.

2.20 State Government funding

The financial statements are presented under the assumption of ongoing financial support being provided to the Board by the State Government.

2.21 Rounding

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

2.22 Insurance

The Board has arranged, through SAICORP, a division of SAFA, to insure all major risks of the Board. The excess payable is fixed under this arrangement.

2.23 ***Unrecognised contractual commitments and contingent assets and liabilities***

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

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.

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

2.24 ***Events after the reporting period***

Adjustments are made to amounts recognised in the financial statements where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

3. New and revised accounting standards

The Board did not voluntarily change any of its accounting policies during 2013-14.

In accordance with the new AASB 13, which became effective for the first time in 2013-14, the Board has:

- reviewed its fair value valuation techniques (both internal estimates and independent valuation appraisal) for non-financial assets to ensure they are consistent with the standard. Previously, the Board has used the cost approach or the market approach to determine fair value. The Board will continue to measure its non-financial assets using either the cost or market approach. The application of AASB 13 has not had a material impact on the fair value measurements
- included additional disclosures where required to assist users in assessing the valuation techniques and inputs used to ascertain fair value measurements used for asset and liability measurements.

Fair value hierarchy and other information is provided in notes 21, 22 and 23.

AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Board for the period ending 30 June 2014. The Board has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Board.

4. Staff benefits

	2014	2013
	$'000	$'000
Salaries and wages	3 990	4 122
Annual leave	362	93
Board fees	34	57
LSL	191	99
Payroll tax	253	258
SERL	12	-
Superannuation	446	425
Other staff related expenses	155	117
Total staff benefits	5 443	5 171

Remuneration of staff

	2014	2013
The number of staff whose remuneration received or receivable falls within the following bands:	Number	Number
$271 500 - $281 499	-	1
$291 500 - $301 499	1	-
Total	1	1

The table includes all staff who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of staff reflects all costs of employment including salaries and wages, superannuation contributions, fringe benefits, FBT paid or payable and any salary sacrifice benefits. The total remuneration received or receivable by these staff for the year was $296 000 ($280 000).

TVSPs

There were no TVSPs paid in 2013-14 or 2012-13.

5. Remuneration of board members

Members that were entitled to receive remuneration for membership during the 2013-14 financial year were:

Mr M Abbott QC (Chairman)
Mr A W Gwinnett (Deputy Chairman) (term expired 7 February 2014)
Mr N R Balnaves (appointed 15 August 2013)
Ms A Edwards
Ms F Gerard (resigned 18 July 2013)
Mr J N Phillips (appointed 8 February 2014)
Ms S Sdraulig
Ms S Tweddell
Ms T Whiting (resigned 25 June 2014)
Mr R Whitington QC

The number of board members whose remuneration received or receivable falls within the following bands:	2014 Number	2013 Number
$0 - $9 999	10	7
$10 000 - $19 999	-	2
Total	10	9

Remuneration of board members reflects all costs of performing board member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by the board members for the year was $37 000 ($62 000).

Amounts paid or payable to superannuation plans for board members were $3000 ($5000).

Unless otherwise disclosed, transactions between board members and/or their related entities, are on conditions, no more favourable than those that it is reasonable to expect the Board would have adopted if dealing with the related party at arm's length, in the same circumstances.

6. Supplies and services

	2014 $'000	2013 $'000
Administration expenses	264	356
Business services charge	187	177
Catering	119	136
Conservation work	653	468
Consultants	-	39
Contractors	260	31
Cost of goods sold	412	386
Freight, courier and postage	381	290
EDS charges	6	5
Entertainment	28	31
Fees - exhibitions and publications	150	1 372
Foreign currency losses	5	-
Information technology	105	134
Insurance and risk management	527	499
Inventory written off	82	13
Legal fees	6	5
Maintenance	315	400
Marketing and promotion	2 605	2 271
Materials	194	141
Minor equipment purchases and leasing	174	239
Motor vehicle expenses	39	38
Preservation activities	43	40
Projects	-	3
Public education	3	124
Travel and accommodation	251	234
Valuation expenses	23	18
Other	109	99
Total supplies and services	6 941	7 549

6. Supplies and services (continued)

	2014	2013
Supplies and services provided by entities within the SA Government:	$'000	$'000
Administration expenses	52	26
Business services charge	187	177
Conservation work	615	452
Entertainment	2	-
Fees - exhibitions and publications	24	33
Information technology	30	33
Insurance and risk management	527	499
Legal fees	3	5
Maintenance	206	154
Marketing and promotion	146	23
Materials	1	(1)
Motor vehicle expenses	27	14
Projects	-	3
Other	38	32
Total supplies and services - SA Government entities	1 858	1 450

Payments to consultants

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:	2014 Number	2014 $'000	2013 Number	2013 $'000
Below $10 000	-	-	-	-
Between $10 000 and $50 000	-	-	2	39
Total paid/payable to the consultants engaged	-	-	2	39

7. Accommodation and facilities

	2014	2013
	$'000	$'000
Accommodation	756	869
Facilities	660	707
Security	1 151	1 105
Total accommodation and facilities	2 567	2 681
Accommodation and facilities provided by entities within the SA Government:		
Accommodation	80	71
Facilities	405	488
Security	5	8
Total accommodation and facilities - SA Government entities	490	567

8. Depreciation

Buildings and improvements	1 176	1 304
Plant and equipment	44	70
Total depreciation	1 220	1 374

9. Bequests and donations of cash

Bequests	104	299
Donations	3 427	1 905
Total bequests and donations of cash	3 531	2 204

Bequests and donations can only be used in accordance with the terms and conditions attributable. Therefore depending on the terms and conditions, they are not available for the operating activities of the Gallery.

10. Fees and charges

	2014	2013
	$'000	$'000
Fees for services	372	327
Admissions to temporary exhibitions	116	1 891
Total fees and charges	488	2 218

11.	**Grants**	2014	2013
		$'000	$'000
	Commonwealth Government	161	100
	State Government	404	1 070
	Other external grants	378	435
	Total grants	943	1 605
	Grants received/receivable from entities within the SA Government:		
	State Government	404	1 070
	Total grants - SA Government entities	404	1 070

12.	**Interest and investment income**		
	Interest from entities within the SA Government	56	32
	Interest and investment income from entities external to the SA Government	413	942
	Total interest and investment income	469	974

13.	**Net gain (loss) from the disposal of non-current assets**		
	Heritage collections		
	Proceeds from disposal of heritage collections	4	-
	Net book value of heritage collections disposed of	-	-
	Net gain (loss) from disposal of heritage collections	4	-
	Investments		
	Proceeds from the sale of investments	2 504	126
	Net book value of investments disposed of	(2 207)	(227)
	Net gain (loss) from sale of investments	297	(101)
	Total assets		
	Total proceeds from disposal	2 508	126
	Total net book value of assets disposed of	(2 207)	(227)
	Total net gain (loss) from disposal of non-current assets	301	(101)

14.	**Resources received free of charge**		
	Resources received free of charge from entities within the SA Government:		
	Conservation services	537	417
	Business services	187	177
	Total resources received free of charge	724	594

15.	**Sponsorships**		
	Cash sponsorships	177	384
	In-kind sponsorships	894	1 590
	Total sponsorships	1 071	1 974
	Sponsorships received/receivable from entities within the SA Government:		
	Cash sponsorships	90	75
	In-kind sponsorships	-	-
	Total sponsorships	90	75

16.	**Other income**		
	Fundraising	31	110
	Insurance recoveries	57	-
	Other receipts	33	151
	Total other income	121	261

All other income relates to non-SA Government.

17.	**Recurrent operating grant**		
	Recurrent operating grant - (excluding additional exhibition funding) from Arts SA per initial budget advice	8 323	6 638
	Recurrent operating grant - additional exhibition funding from Arts SA per initial budget advice	-	100
	Additional one-off exhibition funding provided by Arts SA	150	448
	Additional other one-off funding provided by Arts SA	81	1 226
	Working capital	-	3 712
	Total recurrent operating grant	8 554	12 124

18. Auditor's remuneration

	2014	2013
	$'000	$'000
Audit fees paid/payable to the Auditor-General's Department for the audit of the financial statements	41	36
Audit fees paid/payable to other auditors for the audit of the Art Gallery Foundation*	16	8
Total audit fees	57	44

Other services

No other services were provided to the Board by the Auditor-General's Department or the other auditors.

* The Art Gallery Foundation 2013-14 audit fee amount comprises expenses relating to 2013-14 and 2012-13.

19. Cash and cash equivalents

	2014	2013
Deposits with the Treasurer	2 279	6 177
Deposits with BankSA	1 000	1 500
Cash on hand	10	10
Total cash and cash equivalents	3 289	7 687

Deposits with the Treasurer

Deposits with the Treasurer are a combination of funds held in the Art Gallery Board Bequests Account, an account held with the Treasurer of South Australia pursuant to section 21 of the PFAA, and funds held in the Premier and Cabinet Operating Account, an account held with the Treasurer of South Australia pursuant to section 8 of the PFAA.

Deposits with BankSA

Deposits with BankSA are funds held in term deposit facilities.

Cash on hand

Cash on hand includes petty cash, floats, change machines and an advance account.

Interest rate risk

Cash and cash equivalents are recorded at nominal value. Interest is calculated based on the average daily balances of the interest bearing funds. The interest bearing funds of the Board are held in the section 21 interest bearing account titled 'Art Gallery Board Bequests Account' and the BankSA accounts.

In 2013-14 deposits with the Treasurer were bearing a floating interest rate between 2.35% and 2.53% (2.79% and 3.36%). The interest rate for funds held with BankSA as at 30 June 2014 is 3.75% for the term deposit (4.3%).

20. Receivables

	2014	2013
Current:	$'000	$'000
Prepayments	14	5
Receivables	69	88
Accrued income	145	623
Total current receivables	228	716
Non-current:		
Receivables	5	5
Total non-current receivables	5	5
Total receivables	233	721

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables, prepayments and accrued income are non-interest bearing.

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.

(a) Maturity analysis of receivables - refer note 32.
(b) Categorisation of financial instruments and risk exposure information - refer note 32.

All receivables relate to non-SA Government.

21. Property, plant and equipment

	2014	2013
Land, buildings and improvements:	$'000	$'000
Land at fair value	5 130	4 600
Buildings and improvements at fair value	70 889	66 855
Accumulated depreciation at 30 June	(31 466)	(29 853)
Total land, buildings and improvements	44 553	41 602
Work in progress:		
Work in progress at cost	262	2 773
Total work in progress	262	2 773
Plant and equipment:		
Plant and equipment at cost (deemed fair value)	641	655
Accumulated depreciation at 30 June	(403)	(373)
Total plant and equipment	238	282
Total property, plant and equipment	45 053	44 657

Valuation of land and buildings

An independent valuation of the land and buildings was conducted as at 30 June 2014 by Valcorp Australia Pty Ltd. The valuation of land and buildings at 30 June 2014 was prepared on a fair value basis in accordance with AASB 116 and AASB 13.

The valuation was based on recent market transactions for similar land and buildings (non-specialised) in the area and includes adjustment for factors specific to the land and building being valued such as size and location. The valuer arrived at fair value using the market approach.

The valuer used depreciated replacement cost (DRC) for specialised land and buildings, due to there not being an active market for such land and buildings. The DRC considered the need for ongoing provision of government services; specialised nature of the assets, including the restricted use of the assets; the size, condition and location. The valuation was based on a combination of internal records, specialised knowledge and the acquisition/transfer costs.

Carrying amount of plant and equipment

All items of plant and equipment had a fair value at the time of acquisition that was less than $1 million or had an estimated useful life that was less than three years, and have not been revalued in accordance with APF III. The carrying value of these items are deemed to approximate fair value. These asset are classified in level 3 as there has been no subsequent adjustments to their value, except for management assumptions about the assets condition and remaining useful life.

All other non-current assets have been deemed to be held at fair value.

Impairment

There were no indications of impairment of property, plant and equipment as at 30 June 2014.

Movement reconciliation of property, plant and equipment

2014	Land $'000	Buildings and imprvmnts $'000	Work in progress $'000	Plant and equipment $'000	Total $'000
Opening balance at 1 July	4 600	37 002	2 773	282	44 657
Additions	-	56	781	-	837
Depreciation expense	-	(1 176)	-	(44)	(1 220)
Disposals	-	-	-	-	-
Transfers from capital work in progress	-	3 292	(3 292)	-	-
Revaluation increment (decrement)	530	249	-	-	779
Closing balance at 30 June	5 130	39 423	262	238	45 053

Movement reconciliation of property, plant and equipment (continued)

2013	Land $'000	Buildings and imprvmnts $'000	Work in progress $'000	Plant and equipment $'000	Total $'000
Opening balance at 1 July	4 850	27 728	1 230	352	34 160
Additions	-	-	1 684	-	1 684
Depreciation expense	-	(1 304)	-	(70)	(1 374)
Disposals	-	-	-	-	-
Transfers from capital work in progress	-	141	(141)	-	-
Revaluation increment (decrement)	(250)	10 437	-	-	10 187
Closing balance at 30 June	4 600	37 002	2 773	282	44 657

22. Heritage collections

	2014			2013		
	At valuation $'000	At cost $'000	Total $'000	At valuation $'000	At cost $'000	Total $'000
Australian paintings and sculptures	240 103	9 533	249 636	240 103	5 307	245 410
Australian and European decorative arts	28 363	1 214	29 577	28 363	1 051	29 414
Asian art	44 301	2 501	46 802	44 301	1 770	46 071
European paintings and sculptures	223 714	6 733	230 447	223 714	1 578	225 292
Prints, drawings and photographs	35 814	1 346	37 160	35 814	824	36 638
Numismatics	6 753	-	6 753	6 753	-	6 753
Philatelic material	450	-	450	450	-	450
Library	1 744	59	1 803	1 744	37	1 781
Archival collection	-	-	-	-	-	-
Collections on instalments	-	321	321	-	319	319
Total heritage collections	581 242	21 707	602 949	581 242	10 886	592 128

Reconciliation of carrying amounts of heritage collections

2014	Balance 01.07.13 $'000	Additions $'000	Disposals $'000	Balance 30.06.14 $'000
Australian paintings and sculptures	245 410	4 226	-	249 636
Australian and European decorative arts	29 414	163	-	29 577
Asian art	46 071	731	-	46 802
European paintings and sculptures	225 292	5 155	-	230 447
Prints, drawings and photographs	36 638	522	-	37 160
Numismatics	6 753	-	-	6 753
Philatelic material	450	-	-	450
Library	1 781	22	-	1 803
Archival collection	-	-	-	-
Collections on instalments	319	2	-	321
Total heritage collections	592 128	10 821	-	602 949

2013	Balance 01.07.12 $'000	Additions $'000	Disposals $'000	Balance 30.06.13 $'000
Australian paintings and sculptures	243 816	1 594	-	245 410
Australian and European decorative arts	28 821	593	-	29 414
Asian art	44 997	1 074	-	46 071
European paintings and sculptures	224 889	403	-	225 292
Prints, drawings and photographs	36 193	445	-	36 638
Numismatics	6 753	-	-	6 753
Philatelic material	450	-	-	450
Library	1 768	13	-	1 781
Archival collection	-	-	-	-
Collections on instalments	-	319	-	319
Total heritage collections	587 687	4 441	-	592 128

23. Fair value measurement

Fair value hierarchy

The Board categorises non-financial assets measured at fair value into a hierarchy based on the level of inputs used in measurement.

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 30 June 2014.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Board has no valuations categorised into level 1.

Fair value measurements at 30 June 2014

2014		Fair value	Level 2	Level 3
Recurring fair value measurements:	Note	$'000	$'000	$'000
Land	21	5 130	1 940	3 190
Buildings	21	39 423	252	39 171
Plant and equipment	21	238	-	238
Heritage collections	22	602 949	1 393	601 556
Total recurring fair value measurements		647 740	3 585	644 155

The Board did not measure any non-financial assets at fair value on a non-recurring basis as at 30 June 2014.

Comparative information for non-financial assets has not been provided as permitted by the transitional provisions of the new standard.

There were no transfers of assets between level 1 and 2 fair value hierarchy levels in 2014. The Board's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Fair value measurement - highest and best use

The Board's assets are held for preservation, cultural and heritage purposes and not held to derive a profit. The current use of all controlled assets is considered their highest and best use.

Valuation technique and inputs for level 3 fair value measurements

Level 3 fair value measurements - valuation technique and the inputs used for assets in 2014

Valuation techniques used to derive level 3 fair values are at notes 2 and 21. There were no changes in valuation techniques during 2014. The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

2014	*Fair value $'000*	*Valuation technique*	*Unobservable inputs*	*Range*
Recurring fair value measurements:				
Land	3 190	Market approach	Adjustment to market price	73.4%
Buildings	39 171	DRC	Useful life	40-100 years
Plant and equipment	238	Depreciated cost	Current replacement cost	at cost
Plant and equipment		Depreciated cost	Useful life	3-20 years
Heritage collections	355 452	Market approach	Valuer's adjustment to market transactions	(15%)-15%
Heritage collections	246 104	Market approach (average value)	Random sample	(30%)-30%
Total recurring fair value measurements	644 155			

Level 3 fair value measurements - valuation technique and the inputs used for assets in 2014 (continued)
Significant level 3 inputs utilised by the entity are derived and evaluated as follows:

Fair value of land with restricted use was determined using an adjusted market price of surrounding unrestricted land.

For heritage buildings, fair value has been estimated by the written-down replacement cost of a modern equivalent or reproduced comparable asset and not the replacement cost of the existing asset on a like with like materials basis of a modern equivalent or reproduced comparable asset.

As per APF III, APS 3.3 assets below the revaluation threshold are deemed to have been revalued to their fair values immediately following recognition at cost.

Heritage collections - adjusted market transactions
Where the frequency of available market transactions has not permitted the use of observable inputs, the valuers have used significant professional judgement in determining the fair value measurements.

Heritage collections - random sample
Due to the size and nature of the heritage collections, the Board separated the collections in to eight collection groups that are subject to a random sampling methodology and extrapolation of average values across the relevant collections. All holdings were divided into homogenous groups according to category. Sample sizes were selected using KE Software and based on 1% - 2% of the individual collection population.

Reconciliation for recurring fair value measurements - level 3

	Land $'000	Building $'000	Plant and equipment $'000	Heritage collections $'000	Total $'000
Opening balance at 1 July	2 900	37 002	282	590 737	630 921
Acquisitions and transfers from work in progress	-	3 092	-	6 678	9 770
Donated assets	-	-	-	4 141	4 141
Total gains (losses) for the period recognised in net result:*					
Depreciation	-	(1 172)	(44)	-	(1 216)
	-	(1 172)	(44)	-	(1 216)
Total gains (losses) for the period recognised in other comprehensive income:					
Revaluation increment (decrement)	290	249	-	-	539
	290	249	-	-	539
Closing balance at 30 June	3 190	39 171	238	601 556	644 155

* All gains and losses relate to assets held at the end of the reporting period and are unrealised.

24. Investments

	2014 $'000	2013 $'000
Current:		
Shares and other direct investments in companies	-	201
Total current investments	-	201
Non-current:		
Shares and other direct investments in companies	3 440	3 144
Total non-current investments	3 440	3 144
Total investments	3 440	3 345

The market value of investments as at 30 June 2014 is $4.4 million ($4.1 million).

25. Payables

Current:		
Creditors and accruals	549	953
Staff on-costs	91	87
Total current payables	640	1 040
Non-current:		
Staff on-costs	76	69
Total non-current payables	76	69
Total payables	716	1 109

25.	**Payables (continued)**	2014	2013
	Payables to SA Government entities:	$'000	$'000
	Creditors and accruals	226	526
	Staff on-costs	76	70
	Total payables - SA Government entities	302	596

As a result of an actuarial assessment performed by DTF, the percentage of the proportion of LSL taken as leave has remained at the 2013 rate of 40%, and the average factor for the calculation of employer superannuation on-cost is 10.3% (10.2%). These rates are used in the staff on-cost calculation.

The financial effect of the change in superannuation on-cost on staff on-costs and staff benefits expenses is immaterial.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Staff on-costs are settled when the respective staff benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to the amounts being payable on demand.

(a) Maturity analysis of payables - refer note 32.
(b) Categorisation of financial instruments and risk exposure information - refer note 32.

26.	**Staff benefits**	2014	2013
	Current:	$'000	$'000
	Annual leave	444	465
	LSL	151	115
	SERL	22	21
	Accrued salaries and wages	18	-
	Total current staff benefits	635	601
	Non-current:		
	LSL	821	746
	Total non-current staff benefits	821	746
	Total staff benefits	1 456	1 347

AASB 119 contains the calculation methodology for LSL liability. The actuarial assessment performed by DTF has provided a set level of liability for the measurement of LSL.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has decreased from 2013 (3.75%) to 2014 (3.5%).

This decrease in the bond yield, which is used as the rate to discount future LSL cash flows, results in a increase in the reported LSL liability.

The net financial effect of the changes in the methodology and actuarial assumptions is immaterial.

The salary inflation rate applied to annual leave remains constant at 4%. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

27.	**Provisions**	2014	2013
	Current:	$'000	$'000
	Provision for workers compensation	39	35
	Total current provisions	39	35
	Non-current:		
	Provision for workers compensation	138	128
	Total non-current provisions	138	128
	Total provisions	177	163
	Carrying amount at 1 July	163	129
	Increase in provision recognised	14	34
	Carrying amount at 30 June	177	163

28. Other liabilities

	2014	2013
Current:	$'000	$'000
Deferred assets	-	4
Total current other liabilities	-	4
Total other liabilities	-	4

29. Unrecognised contractual commitments

Operating lease commitments

	2014	2013
Commitments under non-cancellable operating leases at the reporting date not recognised as liabilities in the financial statements, are payable as follows:		
Within one year	63	20
Later than one year and not later than five years	57	13
Total operating lease commitments	120	33

The operating lease commitments comprise:

- non-cancellable motor vehicle leases, with rental payable monthly in arrears. No contingent rental provisions exist within the lease agreements and no options exist to renew the leases at the end of their terms
- a non-cancellable office under-lease, with rental payable monthly in advance. No contingent rental provisions exist within the lease agreement and no option exists to renew the lease at the end of its term.

Capital commitments

	2014	2013
Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial statements, are payable as follows:	$'000	$'000
Within one year	74	155
Total capital commitments	74	155

Remuneration commitments

	2014	2013
Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	285	277
Later than one year and not later than five years	19	296
Total remuneration commitments	304	573

Amounts disclosed include commitments arising from executive and other service contracts. The Board does not offer remuneration contracts greater than five years.

Other commitments

	2014	2013
The Board's other commitments are for contracts for works of art, exhibitions, security and cleaning:		
Not later than one year	8 128	2 298
Later than one year but not later than five years	3 010	2 322
Total other commitments	11 138	4 620

Contingent rental provisions within the security and cleaning contracts require the minimum contract payments to be increased by variable operating costs and wage rises. Options exist to renew the contracts for another 12 months.

30. Contingent assets and liabilities

Contingent assets

The Board has been named as a beneficiary in a number of testamentary bequests. By their nature it is not possible to accurately estimate the amount and timing of these bequests. Amounts paid to the Board as a result of these bequests will be recognised on receipt.

Contingent liabilities

The Board is not aware of any contingent liabilities as at 30 June 2014.

31. Cash flow reconciliation

	2014	2013
Reconciliation of cash and cash equivalents at 30 June	$'000	$'000
Cash and cash equivalents disclosed in the Statement of Financial Position	3 289	7 687
Balance as per Statement of Cash Flows	3 289	7 687

Reconciliation of net cash provided by (used in) operating activities to net cost of providing services	2014 $'000	2013 $'000
Net cash provided by (used in) operating activities	3 005	9 076
Revenues from SA Government	(9 295)	(13 808)
Non-cash items:		
Depreciation of property, plant and equipment	(1 220)	(1 374)
Donations of heritage collections	4 141	2 444
Gain (Loss) on sale of non-current assets	301	(101)
Movements in assets/liabilities:		
Receivables	(488)	57
Inventories	46	39
Payables	305	613
Staff benefits	(109)	(118)
Provisions	(14)	(34)
Net cost of providing services	(3 328)	(3 206)

32. Financial instruments/Financial risk management

32.1 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 and financial liability are disclosed in note 2.

		2014		2013	
Financial assets	Note	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Cash and cash equivalents:					
Cash and cash equivalents	19	3 289	3 289	7 687	7 687
Loans and receivables:					
Receivables(1)(2)	20	211	211	716	716
Available-for-sale financial assets:					
Investments	24	3 440	4 446	3 345	4 122
Financial liabilities					
Financial liabilities - at cost:					
Payables(1)	25	512	512	917	917

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. 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 levy receivables/payables, tax equivalents, Commonwealth tax, audit payables etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

(2) The receivables amount disclosed here, excludes prepayments. Prepayments are presented in note 20 as receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 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.

Foreign currency risk

Foreign currency risk arises from changes in the value of assets and liabilities denominated in foreign currency as exchange rates fluctuate.

The Board is exposed to currency risk on purchases of works of art made, in currencies other than Australian dollars. The Board does not generally hedge any future foreign currency purchases when contracted.

Credit risk

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

The carrying amount of financial assets as detailed in note 32.1 represents the Board's maximum exposure to credit risk.

Credit risk (continued)

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

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Currently the Board does not hold any collateral as security for any of its financial assets. There is no evidence to indicate that the financial assets are impaired.

32.2 Ageing analysis of financial assets

The following table discloses the ageing of financial assets past due:

	Past due by			
	Overdue for Less than 30 days	Overdue for 30-60 days	Overdue for More than 60 days	Total
2014	$'000	$'000	$'000	$'000
Not impaired:				
Receivables	8	-	8	16
2013				
Not impaired:				
Receivables	12	2	5	19

32.3 Maturity analysis of financial assets and financial liabilities

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

		Contractual maturities		
2014	Carrying amount	Less than 1 year	1-5 years	More than 5 years
Financial assets:	$'000	$'000	$'000	$'000
Cash and cash equivalents	3 289	3 289	-	-
Receivables	211	211	-	-
Investments	3 440	-	-	3 440
Total financial assets	6 940	3 500	-	3 440
Financial liabilities:				
Payables	512	512	-	-
Total financial liabilities	512	512	-	-
2013				
Financial assets:				
Cash and cash equivalents	7 687	7 687	-	-
Receivables	716	711	5	-
Investments	3 345	201	-	3 144
Total financial assets	11 748	8 599	5	3 144
Financial liabilities:				
Payables	917	917	-	-
Total financial liabilities	917	917	-	-

Liquidity risk

Liquidity risk arises where the Board is unable to meet its financial obligations as they are due to be settled. The Board is funded principally from grants from the SA Government. The Board works with Arts SA 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 Board generally settles accounts within 30 days from the date of the invoice or date the invoice is first received.

The Board's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

The carrying amount of financial liabilities recorded in note 32.1 represent the Board's maximum exposure to financial liabilities.

33. Events after the reporting period

There has not arisen in the interval between the end of the financial year and the date of this report, any other item, transaction or event of a material and unusual nature likely, in the opinion of the members of the Board, to affect significantly the operations of the Board, the results of those operations, or the state of affairs of the Board in subsequent financial years.

Attorney-General's Department

Functional responsibility

Establishment

The Attorney-General's Department (the Department or AGD) is an administrative unit established pursuant to the PSA.

Functions

The functions of the Department are to help create a secure, safe and fair South Australia by fostering justice and harmony through sound laws, protecting people's rights and strengthening communities.

The Department aims to:

- keep people safe in their homes, community and work
- champion fair and transparent access to justice
- protect people's rights and promote public confidence in state institutions and services
- be a high-performing organisation.

For more information about the Department refer notes 1, 2(c), and 4 to the financial statements and note A1 to the administered financial statements.

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 31(1)(b) of the PFAA provides for the Auditor-General to audit the accounts of the Department for each financial year.

Assessment of controls

Section 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Department in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether internal controls are consistent with the TIs with particular focus on TIs 2 and 28.

Scope of audit

The audit program covered major financial systems and was directed primarily to obtaining sufficient evidence to enable an opinion to be formed with respect to the financial report and internal controls.

During 2013-14, specific areas of audit attention included:

- cash, debtors and investments
- non-current assets

- payroll and employee entitlements
- expenditure, including grants and subsidies
- revenue
- taxation receipts and function
- statutory funds including the Crown Solicitor's Trust Account
- fines revenue and collection
- financial accounting and reporting
- financial management compliance program (FMCP).

Internal audit activities were reviewed to assess the risks of material misstatement of the financial report and to design and perform audit procedures.

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the Attorney-General's Department as at 30 June 2014, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the Attorney-General's Department in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for all the matters outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Attorney-General's Department have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in management letters to the Chief Executive and other officers responsible for the governance of the Department, including for administered activities. Major matters raised with the Department and the related responses are detailed below.

TIs 2 and 28

TIs 2 and 28 specify financial management requirements for agencies including the need to document key financial policies and procedures. TI 28 also requires agencies to develop and maintain an FMCP to review relevant policies and procedures, internal controls and financial reporting.

Policies and procedures

TI 2, section 2.5 requires each agency to ensure that policies, procedures and systems are properly documented and are regularly reviewed, revised where necessary and readily available to relevant staff.

The 2013-14 audit identified documentation from a number of business units that either had not been regularly reviewed or there was no evidence of the last review date on the documentation. Policies and procedures that do not reflect current processes increase the risk that control activities will not be performed effectively.

Audit recommended that AGD management remind business units of the need to:

- regularly review and update all policies, procedures and system documentation
- ensure documentation is aligned with corporate level policies
- record the date of last review to assist in scheduling subsequent reviews.

AGD advised this issue would be addressed through the use of a database to track payroll policy review dates and responsibilities, along with the finalisation of policies and procedures that are yet to be formally approved or where the documentation process is still being undertaken.

Legal compliance framework

During 2012-13 Audit identified that the Department's legislative/regulatory framework register was maintained on an ad hoc basis and was not being updated to record new requirements. The Department advised an updated legislative/regulatory framework register would be forwarded to the Chief Executive for approval and that it would work with its internal auditors to determine the best way to monitor compliance.

Follow-up in 2013-14 identified that the Department was continuing the process of updating the legislative/regulatory framework with legislation relevant to AGD's operations. The Department advised that the development of a comprehensive legislative compliance framework is scheduled for completion by December 2014. The Audit and Risk Management Committee are overseeing this work, which is led by the Office of the Chief Executive.

Risk management framework and policy

TI 28, section 28.6.1 requires agencies to develop, implement, document and maintain a robust and transparent FMCP, including an assessment of risk management.

Audit review of the Department's risk management framework and policy noted that it was last reviewed in September 2012 and was due for review in September 2013. At the time of the audit, the risk management framework and policy had not been updated. The Department advised that the risk management framework and policy would be updated and that a process has already been established with the Department's internal auditors to capture changes in the risk profile at a business unit level.

The Department currently captures risk at a business unit level, with risks being recorded on a number of risk management plans. The process for risk identification and the preparation and implementation of risk management plans varies between business units.

Audit identified that at the time of the 2013-14 audit the Department did not have a strategic risk register. The Department's internal auditors have facilitated a process to identify AGD strategic risks to be captured on an enterprise-wide risk register.

The Department advised the development of an enterprise risk register, that captures risk from across AGD, is due for completion by December 2014. The process to date has identified risks, while treatments are currently being determined and assessed. In addition to the enterprise risk register, AGD will be developing a process for escalation of risks captured at a business unit level into the enterprise risk register, where consequences are broader than a single business unit. The Audit and Risk Management Committee will oversee a regular program of reviewing business unit risk registers.

Review of the fraud and corruption policy and plan

TI 2, section 2.10 provides that an agency must establish a fraud policy and review the policy at least on an annual basis, a requirement that is reflected in the Department's fraud and corruption framework. Audit identified that the fraud and corruption framework was approved in October 2012 and due for review in September 2013. The associated fraud and corruption plan has also not been updated since it was established in 2010.

The Department identified that the fraud and corruption framework and associated plan were being revised to reflect the requirements of the *Independent Commissioner Against Corruption Act 2012*.

At the time of completion of the audit the fraud and corruption framework was with the Chief Executive for approval. Further, the Department communicated that as part of the broader process of updating the framework, policies relating to professional conduct, whistleblowers and employee performance were being created, or amended, and would include specific reporting obligations for employees.

The Department advised the fraud and corruption plan and fraud and corruption program will be updated by December 2014.

Payroll controls

The audit of payroll controls for the Department determined that, consistent with issues identified in previous years, bona fide and leave return reports were not always reviewed in a timely manner and were not certified by the pay point manager in all cases. The timely review of these reports provides assurance that:

- payments to employees are valid and authorised
- leave taken by employees is completely and accurately recorded.

The Department responded that the bona fide reports and leave return reports are now sent electronically to all pay point managers and office administrators, where applicable. Notes regarding what action is required are attached to every email to remind managers of their responsibilities. Correspondence will be sent to all business unit heads reminding them of their responsibilities in reviewing and certifying bona fide reports. In addition, the Department will be implementing an electronic leave processing system which will assist managers in certifying the leave return report.

The Department also advised that Human Resources keep a register of all human resource policies and details of when they are due for review. An officer is responsible for keeping the register up-to-date and informing the Director, Human Resources when a policy is due for review. Since completion of the audit a number of policies had been approved by the Chief Executive but there were a number that were still in development or under review.

Expenditure controls

Purchasing and receiving goods and services

During 2012-13, the audit of procedures for purchasing and receiving goods and services considered whether incompatible functions were effectively segregated. Audit recommended AGD consider whether the role of receiving goods could be segregated from the initiation of the requisition/order as instances were noted where the officer receipting the goods had either initiated the requisition and/or raised the purchase order with vendors.

Follow-up in 2013-14, identified that the Department had implemented a procedure in March 2014 which requires the officer receipting the goods to be independent from the officer who requisitions the goods. The Department advised this procedure would be incorporated into a revised payment of creditors account policy and that this requirement would be reinforced to staff once the policy was formally approved.

Basware access and review of Basware reports

The audit noted that the Department did not have its own policy for adding a new Basware user, modifying existing Basware access levels or granting special or acting delegations within Basware. The Department instead relies on the general policy established by SSSA. This policy provides a general guide to the management of Basware users, but does not provide guidance regarding the specific responsibilities within the Department's financial services team for the verification of user access change request forms prior to submission to SSSA.

Further, the audit identified that appropriate evidence is not maintained of the request from the manager/supervisor to add or modify Basware user access, in particular where the request for the change was made via the telephone.

The Department advised that the payment of creditors account policy will be amended to reflect that:

- all requests for Basware access for certifiers and/or requisitioners are supported by an independent officer within the user's section/unit
- any changes to user access will need to be endorsed by the user's manager/supervisor.

The audit also identified that Basware reports provided by SSSA that outline instances where super and special delegations have been utilised, or where manual approvals have been used, were not always reviewed in a timely manner. Further, the procedure governing the review of these reports did not specify a timeframe for the review, only that it is to be completed on a monthly basis.

The Department advised that the monthly review of Basware super and special delegations reports procedure will be updated to reflect that the review must be undertaken in a timely manner.

Bank account access

TI 2, section 2.12 requires agencies to safeguard all assets. Physical controls must be established and maintained over access to and use of assets. The audit identified that processes to ensure appropriate access to the Department's bank accounts:

- had only been undertaken on an ad hoc basis centrally following the transition to the Commonwealth Bank of Australia, as the Department's banking provider
- were not always supported by evidence of the review being performed
- were not outlined in any procedural documentation.

Further, in relation to the Residential Tenancies Fund and Residential Parks Fund bank accounts there:

- were a large number of staff who could authorise disbursements so that operations were not adversely impacted during staff absences.
- was no regular review of cheque signatories
- was no procedure for the regular review of cheque signatories.

Audit review of cheque signatories for these two accounts identified two instances where staff who had left the Department remained listed as authorised signatories.

The Department advised that a quarterly review of bank account access and cheque signatories will be completed by Financial Services in conjunction with relevant business units. A procedure will be developed and evidence retained of the review.

South Australian Government Radio Network assets (SAGRN assets)

Segregation of duties

The Hardcat asset register is used to maintain a listing of all SAGRN assets. Audit review identified that there is no segregation of duties in relation to the maintenance of the asset register, as a single officer approves asset acquisitions (up to $11 000), asset disposals (up to $20 000), processes adjustments to the register and monitors and reports on the register.

It was recommended that the Department implement appropriate segregation of duties for the addition, disposal, and adjustment of assets to the Hardcat asset register, as well as segregating the monitoring and reporting of information about SAGRN assets.

The Department advised that in 2014-15 the asset management policy and procedures will be updated to include the requirement for an independent officer to approve amendments, check acquisitions against supporting documentation and review quarterly reconciliations.

Review of Hardcat user access

The audit identified that there was no regular review of user access to Hardcat to ensure that user access is appropriate and consistent with users' roles and responsibilities. Audit review of Hardcat user access identified that an officer who did not appear to have a business need for update access had access to process changes to Hardcat. Audit recommended a regular review of Hardcat user access be performed.

The Department advised it will update the asset management policy and procedure to include the requirement for a biannual review of the user access to Hardcat.

Consumer and Business Services (CBS)

Audit matters arising from the audit of CBS communicated to the Department included:

- evidence of authorisation documentation to access the occupational licensing system (OLS) for licencing and registration users was not maintained
- lack of evidence of review of OLS annual returns issued by owner reports prior to invoicing to ensure the completeness of the invoices raised
- evidence of the monthly Births, Deaths and Marriages (BDM) system access review was not maintained
- consistent with 2012-13, there was no regular review of liquor and gaming system access.

In response to these matters the Department acknowledged the issues and advised the following:

- CBS will maintain physical evidence of authorisation for OLS user access changes.
- The OLS annual returns issued by owner reports will be reviewed prior to issuing invoices and the reviewing officer will sign and date the report as evidence of the review performed.

- Physical evidence of the regular review of access to the Births, Deaths and Marriages system and liquor and gaming system databases will be maintained in future.

Residential Tenancies Fund (RTF)

The Audit review of the RTF included the review of policies and procedures and assessment of controls, and verification of transactions in relation to bond lodgements, bond refunds, receipting and banking and bond lodgement and refund audits.

Monthly bond lodgement and refund audits are to be undertaken by the RTF. Consistent with issues identified in 2012-13, Audit review of these processes for 2013-14 identified that for the period July 2013 to October 2013 these audits were not undertaken on a timely basis and that no audits have been performed since November 2013.

AGD advised that the transition to a new banking provider during the year delayed a number of audits in late 2013. Additionally, the Department advised that all required bond audits have now been completed.

Audit's consideration of system access and other arrangements intended to prevent unauthorised access to systems and to restrict the performance of sensitive functions noted:

- CBS had implemented a new procedure governing access to the bond management system (BMS) in March 2014, requiring a quarterly review of user access. No evidence that this review had been undertaken was able to be provided at the time of the audit

- a number of instances where security bond refunds were approved within the BMS by officers who did not have the appropriate delegation

- a number of instances where the security bond refunds were approved by an applications officer after their term in an acting senior position (which had approval authority) had ended.

In response, AGD advised that the access reviews had been conducted on a periodic basis but evidence of the reviews was not maintained. AGD will undertake quarterly reviews and also review current delegations to ensure they support the current staffing structure.

Audit noted the Residential Tenancies instrument of delegation had not been updated since June 2012 and recent changes to the staffing of CBS, and recent amendments to the *Residential Tenancies Act 1995*, *Residential Tenancies Parks Act 2007* and associated regulations, were not reflected in the delegations.

AGD advised the instrument of delegation was currently being reviewed and would incorporate all relevant changes, with an annual review process being established for the future.

In addition, Audit review of bond lodgements and bond refunds also noted instances where the required:

- forms were not received from landlords and registered agents within the prescribed timeframes, and forms were not signed by the tenant

- forms, relating to bulk lodgements, were not processed in the BMS in a timely manner, resulting in delays to the banking of funds received

- the tenant's signature on the security bond refund form did not match to the signature on the lodgement of security bond form, and no evidence was provided to evidence that suitable documentation or authorisation was sighted to confirm the identification of the tenant.

AGD advised that:

- the education officer within CBS will remind staff and agents of their obligations to lodge bonds within the prescribed timeframes
- staff will ensure the bond lodgement forms are signed
- a new key performance indicator has been developed and will be reported on to ensure bond lodgements are processed within an acceptable period (no more than 15 days). A slower than anticipated uptake of online services has contributed to the current delays
- staff will be reminded to ensure signatures between the security bond refund form and bond lodgement form match.

Crown Solicitor's Office (CSO)

Lawmaster

Lawmaster is a system used by the CSO to support the administration of the CSO's legal practice and incorporates functions to monitor progress with individual matters, billing clients, other financial transactions relevant to matters, and follow-up of fees due. The audit of the CSO gives specific focus to the billing and debt follow-up functions supported by the system as well as recording information to support the operation of the CSO trust account.

Previous audits have identified that outstanding debts were not followed up regularly. Audit has recommended the CSO regularly review debtors outstanding for over 90 days and follow-up outstanding debts. In 2012-13, the Department advised that the monitoring of outstanding debts had been incorporated into an existing role within the Business Services section of the CSO and that debts would be reviewed and followed up as appropriate.

In 2013-14 Audit identified that the key debt reports had not been reviewed for the period between November 2013 and March 2014 due to staff turnover. Since March 2014, the CSO has dedicated a resource to review the outstanding debts and the level of debt has been reduced. A further review undertaken by the CSO resulted in $700 000 being identified as amounts that should not have been billed. Despite these efforts, there remained a number of older debts outstanding.

In response, the Department advised the regular monitoring of outstanding debts is now being undertaken and policies will be established to ensure staff absences do not impact on the review and follow-up of outstanding debts.

Audit review of the Lawmaster to Masterpiece accounts receivable (MPAR) reconciliation noted the reconciliations were not always prepared within the required timeframe and had not all been reviewed in a timely manner. Consistent with prior years there continue to be reconciling items between the two systems as a result of the incorrect processing of Lawmaster adjustments in MPAR. The audit confirmed that the volume of reconciling items has reduced in the current year and those that remain are investigated and resolved using manual journals to correct MPAR.

In response, the Department advised the need for a timely reconciliation had been reinforced to relevant staff and that resolution of remaining reconciling items is underway.

Previous audits of the CSO have identified a number of policies and procedures that: were not reviewed; had no review date; were in draft format and not yet endorsed; were not developed and documented for key areas. Audit recommended that AGD develop and document policies and procedures to ensure that they reflect current business practices. The 2013-14 Audit review found that a number of CSO policies and procedures had been approved and implemented. However it was noted that there were still some instances where procedures were in draft format and not yet endorsed, or were yet to be developed. In response to these matters AGD advised those issues would be addressed by 30 September 2014.

Lastly, a specific review of IT controls for the Lawmaster system identified some important matters for management attention. This review is discussed below under the heading 'CSO - Lawmaster practice management system IT controls'.

Victims of Crime (VOC) policies and procedures

For the previous two years Audit has identified that policies and procedures for VOC and debt recovery were in draft form. The Department has previously advised that these policies would be finalised following the completion of an internal audit review.

The 2013-14 audit identified that a relevant procedure, reflecting the changed internal control environment following the completion of the internal audit, was implemented in March 2014. It was observed that the procedure had not been formally approved by the Crown Solicitor. The Department has since advised that the Crown Solicitor approved the procedure subsequent to the audit.

Segregation of duties for VOC compensation assessment and payment approvals

Audit review of VOC compensation payments found instances where the claim assessment and the payment online in Basware were approved by the same officer. These assessments and payments were approved prior to the implementation of new procedures from March 2014. Previously, the CSO addressed the segregation of duties through alternative processes.

Since March 2014, different staff are required to approve the assessment and payment in Basware, in addition to the segregation of duties with regard to other internal processes. Audit review of the implementation of the revised procedure identified some instances where the officer approving the payment in Basware completed but did not sign a checklist supporting that the file had been appropriately reviewed.

In response, the Department advised that the requirements will be reinforced to staff and that compliance with the procedures would be verified through internal reviews to be undertaken by other CSO staff. The first internal review will occur in September 2014.

Crown Solicitor's Trust Account

Audit review of policies and procedures used to administer the use of the Crown Solicitor's Trust Account identified instances where policies regarding the operation of the Crown Solicitor's Trust Account had not been reviewed and updated for changes which had occurred. The Department advised the targeted date for the completion of the review of these policies is 30 September 2014.

The Crown Solicitor's Trust Account became an interest bearing account in order to reflect contractual, legal or other reasons which require funds that are held in the Crown Solicitor's Trust Account to accrue interest (which may then be paid to third parties). It was agreed with DTF that surplus interest, defined as interest earned greater than $30 000, would be forwarded to DTF on an annual basis.

The audit identified that the transfer of surplus interest earned as at 30 June 2013 to DTF did not occur during 2013-14 due to a change in personnel. The Department responded that the CSO will ensure that excess interest earned on the Crown Solicitor's Trust Account is remitted to DTF during the first quarter of each financial year.

Fines Enforcement and Recovery Unit (FERU)

On 3 February 2014 the *Statutes Amendment (Fines Enforcement and Recovery) Act 2013* (the FERU Act) came into operation. In response to these legislative changes the FERU was established within the Department. The unit is responsible for the recovery of overdue fine amounts owed to state and local government bodies, a function previously undertaken by the Fines Payment Unit of the Courts Administration Authority (CAA).

The new unit is also responsible for the recovery and enforcement of court fines and amounts relating to criminal injury compensation and VOC compensation.

During 2013-14 the Department's internal audit performed a review of the operations of the FERU and identified a number of matters requiring management attention. The internal audit review, which has been reviewed by Audit, identified:

- a large number of CAA staff have access to change the suitor bank account details in the Fines Management System (FATE) which exposes the FERU to the risk of paying the incorrect suitor. FERU management confirmed that the CAA require this access as it is responsible for setting up suitor details across a number of court registries and that the CAA perform data entry checks for amendments processed to FATE by the CAA. The FERU have not established their own data entry checks for changes to bank account details undertaken by FERU staff and it is unclear whether these changes are reviewed by the CAA

- the FERU has the authority to write-off and waive debts on behalf of issuing authorities. However, there is currently no formal documented policy to provide clarity around which FERU staff can process write-offs and waivers and what the triggers are for writing-off or waiving debt and fees at the operational level by collection officers. The audit noted that a write-off and waiver policy is currently in draft and the FERU are working towards finalising it

- VOC debt is recorded in Debtrak and it is not clear which VOC debt is recoverable. There are currently no documented procedures for the VOC debt recovery process, including how the judgement is communicated by the CSO to the FERU, in order to trigger the VOC debt recovery process. The audit also noted that enforcement actions applied to the non-VOC debt are not applied to the VOC debt due to these debts being outside of FATE

- a number of policies and procedures were created as part of the establishment of the FERU. These procedures were not finalised at the time of the internal audit review. In the interim the FERU have implemented tools to assist staff in performing their daily activities

- the FERU finance staff perform daily close-off processes for their internal and external registries. These processes involve a reconciliation of total transactions processed being prepared and signed by one officer, and then being independently reviewed by another officer. A number of instances were found where there was no evidence of the independent review

- the FERU has no documented business continuity plan.

The Department's response to the internal audit review indicated the following remedial actions:

- The FERU would clarify with CAA management whether changes to suitor details are being adequately monitored. If not, an exception report flagging changes to suitor banking details will be developed for checking by the FERU.

- The write-off and waiver procedure will be finalised and will clearly define the triggers for write-offs. In addition, exemption from the requirements of TI 5, particularly the requirements that debts cannot be written off where the debtor is an SA Government employee, and to maintain a write-off register, will be sought from the Treasurer.

- Procedures for VOC debt recovery will be drafted. An upgrade to Debtrak, to be completed by 31 December 2014, will enable much easier interrogation and cleansing of data.
- A list of required policies and procedures will be created and assigned to each area of the FERU for completion.
- The close-off process will be documented and internal checks conducted periodically to ensure requirements are being followed.
- The FERU will annually request confirmation from the CAA that is has a business continuity plan covering FATE in place, and that it has been regularly tested.

In addition to the internal audit findings, Audit identified that the access to the suitor payment text file, provided to SSSA on a fortnightly basis to process cheque payments, was not appropriately restricted as it was not a read-only file and was stored in a shared location. In response, the Department advised that the FERU will ensure the file sent by FATE to SSSA is in read-only format and stored in a manner which restricts access to particular members of the Finance team.

A specific Audit review of IT controls for FATE identified some important matters for management attention. This review is discussed below under the heading 'Fines management system'.

AGD SSSA findings

SSSA matters specific to AGD raised by Audit include:

- there is no independent check of the accuracy of details updated to the Masterpiece fixed asset register (MPFA) for asset additions
- a number of general ledger suspense and clearing account reconciliations were not reviewed by an independent officer or did not contain evidence of the timeliness of the review.

In response to the issues raised, the Executive Director, SSSA, advised they would review the recommendations to ensure they understand the respective roles of SSSA and the Department as part of the end-to-end process.

Shared Services SA – financial systems and transaction processing environments

SSSA processes financial transactions on behalf of the Department under service level determinations. The main systems and control environments include accounts payable, payroll and general ledger financial functions.

Last year's Report made specific comment on the progress being taken by SSSA to remediate key control weaknesses raised in prior years for the systems and control environments, in order to achieve a satisfactory ongoing standard of control operation over financial transaction processing.

As discussed in the commentary under 'Department of the Premier and Cabinet' elsewhere in Part B of this Report, Audit review and evaluation of controls for the SSSA main accounts payable and payroll systems and environments concluded that controls met a generally satisfactory standard for 2013-14. Notwithstanding this overall conclusion, there were some specific matters that were raised with SSSA for corrective action and review for process and procedural improvement. The matters did not relate to AGD transaction processing.

Information and communications technology and control

CSO - Lawmaster practice management system IT controls

Last year's Report also provided comment on matters arising from Audit's review of the Lawmaster practice management (Lawmaster) system which was implemented in 2012 and enhanced in 2013.

This review identified a number of matters that the CSO acknowledged would require attention. In particular, the CSO needed to establish an escrow arrangement with the application vendor, perform a post-implementation review of the new application, and develop certain security and user access related policies and procedures. Also the CSO needed to reassess its segregation of duties relating to change management, review specific user access and password controls, and assess the requirement of audit logging for the new system.

In 2013-14, Audit undertook an update review of matters previously raised. Whilst certain matters have been addressed there were some matters that still required attention.

In response to outstanding matters, the Department advised that a regular access review process is to be implemented, along with an assessment of the adequacy of current logging and reporting of database changes by vendors. The performance of a post-implementation security review of Lawmaster is also to be considered by the AGD Audit and Risk Management Committee.

The Department also advised that disaster recovery and business continuity plans and appropriate IT security policies and procedures for the CSO will be addressed through the CSO's incorporation into the Department's proposed information security management system initiative by the end of March 2015.

Fines management system

As discussed above under the heading 'Fines Enforcement and Recovery Unit', the FERU was established in 2013-14. To support the administration of the legislative changes which established the FERU, FERU staff access the FATE system to track and manage relevant fines. The CAA also maintain access to process offender payments of enforced expiation or court imposed pecuniary sums.

The FATE system software is owned and administered by the CAA and is a subset of the criminal case management system (CrimCase). Under this arrangement, the CAA continue to provide administration and service support for the FATE system. This system is located on a government mainframe partition within the State Government network (StateNet).

During 2013-14 Audit performed a review of certain aspects of the general IT control environment of the FATE system with a focus on the FERU.

Audit's review identified that following the establishment of the FERU, a memorandum of administrative arrangements (MoAA) was drafted to formalise and facilitate arrangements between the AGD and the CAA. Audit noted that this MoAA is still in a draft status and hence not formally approved and endorsed.

Audit also noted that both AGD and the CAA have the ability to develop functionality changes to the FATE system. CAA maintain a formal change management procedure to control this process. During the course of the review AGD produced a draft FERU change management procedure that, at the time of preparation of this Report, was awaiting formal endorsement.

In addition, Audit noted that system changes were not reviewed from an AGD perspective when the CAA developed and submitted these changes to the CAA Change Advisory Board (CAB) for approval. These changes had the ability to impact the functionality of the FATE system.

A further matter related to the lack of user segregation of duties applied between developer and production networks. The AGD and CAA developers had access to the production environment in order to perform certain data change tasks and bug fixes on request, but this arrangement increased the risk that inappropriate or unauthorised changes could be made to the system.

Finally, Audit considered that additional procedural guidance was required for both AGD and CAA staff relating to user access management and also formal user access reviews needed to occur. In particular reviews of access associated with AGD developers and agency managers that maintained some permissions normally associated with system owner/administrators.

As a result of the review, Audit made the following recommendations:

- AGD and CAA finalise the MoAA for the service management and enhancement of the fines processing system
- AGD formalise the draft FERU change management procedure and have an AGD representative present at CAA CAB meetings
- AGD work with the CAA to implement a formal periodic change review process and both parties formalise procedures relating to user access management and user reviews
- AGD revisit the requirement for developers and agency managers to maintain their current ability to add/modify user accounts and permissions and, CAA also examine whether it has similar permissions assigned to the FATE system.

The response to Audit's findings and recommendations was positive. Key remediation initiatives include finalising the MoAA, adjustments to the FERU change management procedure including a formal change review, having AGD representation on the CAA CAB and creation of formal user access management and review procedures. It was expected that all remediation activities would be actioned by the end of February 2015.

Forensic Science SA (FSSA) - forensic laboratory information management system project

In January 2013 FSSA entered into a contractual arrangement through the Minister with an external system provider for the implementation of a new forensic laboratory information management system (LIMS). The new LIMS will replace three main existing legacy systems.

The contractual arrangement included software licensing, configuration, maintenance and support over a 20 year term at a cost of $4.712 million (GST exclusive).

The proposed LIMS system is being implemented through a phased approach:

- phase 1 (focus on the case management capability common across all FSSA sections, and replacement of the current Biology/DNA system)
- phase 2 (extend the LIMS system to the remaining FSSA laboratory processes).

A review of project developments to date indicate that phase 1 of the project is currently 12 months behind schedule.

The Department indicated that the project is at a critical stage where the phase 1 implementation plan (with revised timeframes and costs) was being developed following completion of functional specifications. In addition, other matters including business continuity planning and IT security documentation are being addressed.

Interpretation and analysis of the financial report

Highlights of the financial report - controlled items

	2014 $'million	2013 $'million
Expenses		
Employee benefits expenses	133	123
Supplies and services	52	54
Other expenses	14	12
Total expenses	199	189
Income		
Revenues from fees and charges	76	74
Recoveries	16	15
Other	10	11
Total income	102	100
Net cost of providing services	(97)	(89)
Revenues from SA Government	99	92
Net result and total comprehensive result	2	3
Net cash provided by (used in) operating activities	-	3
Assets		
Current assets	37	39
Non-current assets	14	13
Total assets	51	52
Liabilities		
Current liabilities	23	24
Non-current liabilities	26	29
Total liabilities	49	53
Total equity	2	(1)

Statement of Comprehensive Income

Expenses

During 2013-14 total expenses increased by $10 million to $199 million. This included increases in employee benefits expenses of $9.5 million and an increase in grants and subsidies expenses of $2 million, offset by decreases in supplies and services expenses of $2 million.

Employee benefits expenses represents 67% of total expenditure which reflects the legal, advisory and compliance activities the Department undertakes through the employment of staff (refer note 5 to the financial statements for details).

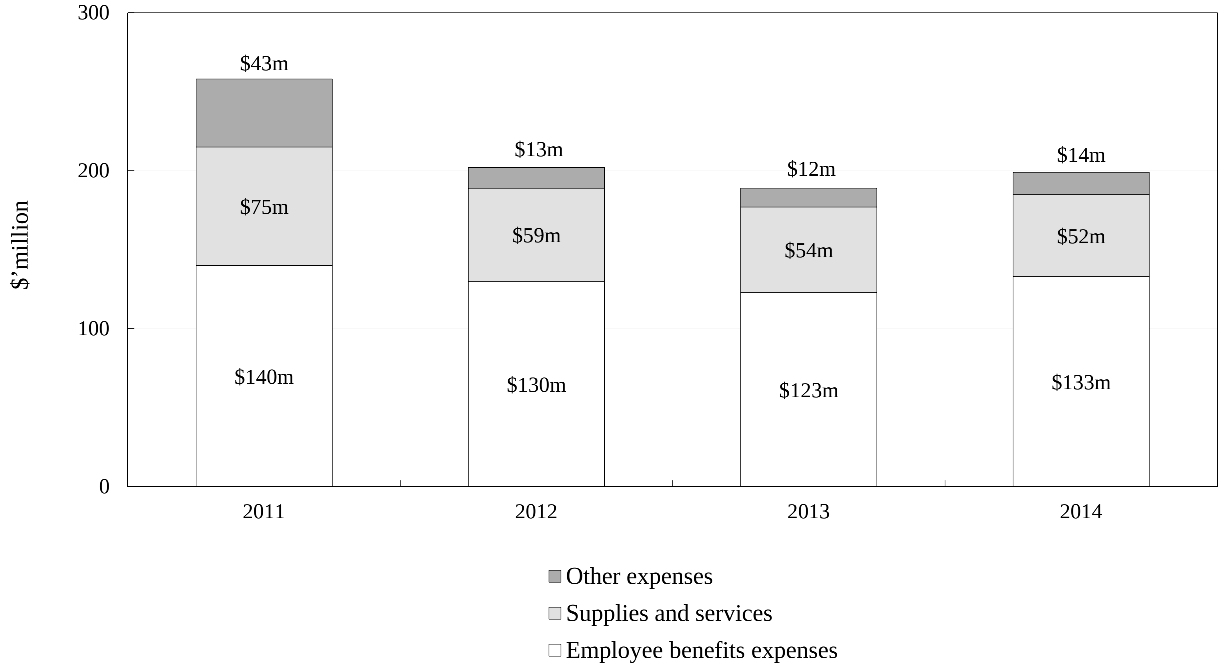
The increase in employee benefits expenses reflects an increase in salaries and wages of $2 million, increase in annual leave and LSL expenditure of $3 million and an increase of $3 million in TVSP payments.

The increase in grants and subsidies expenses relates to an increase in community legal centre grants of $799 000, an increase in late night safety grants of $658 000 and an increase in crime prevention grants of $292 000.

The decrease in expenditure for supplies and services relates mainly to a decrease in legal fees of $859 000, a reduction in IT infrastructure charges for Justice Technology Services and IT of $713 000 and reduction of contract staff payments of $855 000.

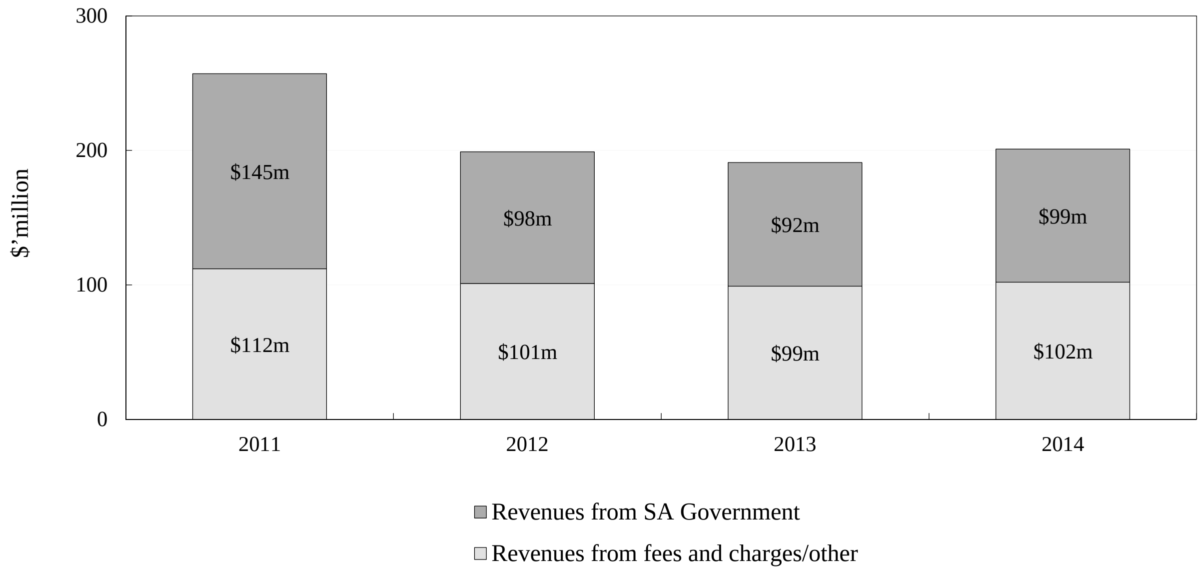
ICT expenses of $14.8 million, accommodation expenses of $16.1 million and grants and subsidies expenses of $10.7 million represent 21% of total expenses (refer notes 6 and 7 to the financial statements for details).

The following chart analyses the main expense items for the Department for the four years to 2014.



Income

The following chart analyses the main sources of income, excluding donated resources, for the Department for the four years to 2014.



The Department collected $76 million in fees and charges which represents 74% of total income. Note 11 to the financial statements discloses fees and charges.

In 2013-14 revenues from the SA Government increased by $7 million to $99 million due a $5 million increase in funding for the FERU and a $3 million increase in funding for the establishment of the South Australian Civil and Administrative Tribunal.

Statement of Financial Position

In 2013-14 total assets decreased by $1 million to $51 million. This reduction is due mainly to a decrease in cash and cash equivalents of $2.8 million, offset by an increase in non-current assets of $1.9 million.

Current assets include cash and cash equivalents which decreased by $2.8 million to $25.8 million at 30 June 2014 mainly due to a decrease in the accrual appropriation account to $12.4 million at 30 June 2014 ($16.9 million). The account is with the Treasurer and can only be used with the Treasurer's or Under Treasurer's approval. Receivables decreased due to a decrease in CSO activities.

Total liabilities have decreased by $4 million to $49 million due mainly to a decrease in payables of $5 million associated with the amount owed to the Department of Planning, Transport and Infrastructure for transactions made on behalf of the Office for Recreation and Sport as at 30 June 2013. This decrease was offset by an increase in the liability for employee benefits of $1.7 million which was mainly due to an increase in LSL liability due to the change in discount rates and an increase in annual leave liability.

Statement of Cash Flows

The following table summarises the net cash flows for the four years to 2014.

	2014 $'million	2013 $'million	2012 $'million	2011 $'million
Net cash flows				
Operating	-	3	9	6
Investing	(4)	(3)	(1)	(5)
Financing	1	(1)	(1)	-
Change in cash	(3)	(1)	7	1
Cash and cash equivalents at 30 June	26	29	30	23

Highlights of the financial statements - administered items

The administered items of the Department are identified in note A1 to the administered financial statements.

	2014 $'million	2013 $'million
Expenses		
Payments to Consolidated Account	350	318
Grants and subsidies	44	44
Other expenses	96	90
Total expenses	490	452
Income		
Taxation revenue	303	311
Revenues from SA Government	76	66
Other income	160	115
Total income	539	492
Net revenue from providing services	49	40
Other comprehensive income	8	13
Total comprehensive result	57	53

	2014 $'million	2013 $'million
Net cash provided by (used in) operating activities	81	48
Assets		
Current assets	507	429
Non-current assets	193	181
Total assets	700	610
Liabilities		
Current liabilities	135	106
Non-current liabilities	90	87
Total liabilities	225	193
Total equity	475	417

Statement of Administered Comprehensive Income

Income

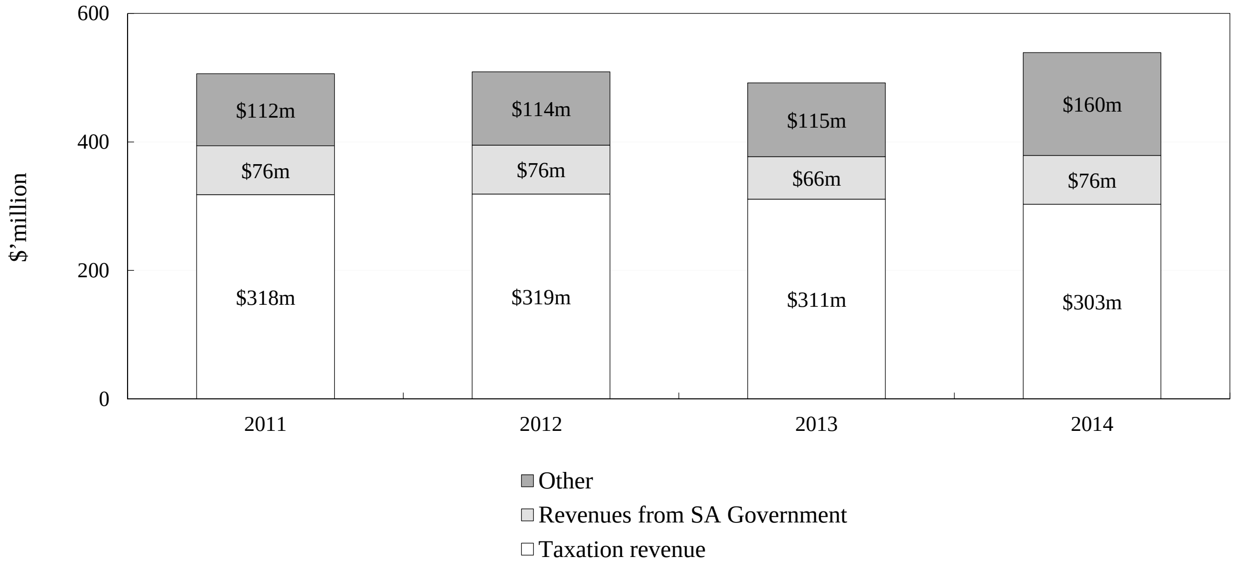
Total administered income increased by $47 million to $539 million ($492 million) due mainly to an increase in revenues from SA Government of $10 million, revenue received for fines and related fees of $29 million and an increase in recoveries and other income of $14 million. The increase in revenues from SA Government is due to funding for the Independent Commissioner Against Corruption, and funding increases for Native Title matters and the South Australian Computer Aided Dispatch system.

Income administered by the Department includes taxation receipts collected on behalf of government.

Taxation receipts comprise gaming tax collected pursuant to the *Gaming Machines Act 1992* (GM Act), and taxation receipts collected from operations at the Adelaide Casino. Note A2 to the administered financial statements provides further details on taxation revenue.

The Department collected $303 million in administered taxation revenue which represents 56% of total income for 2013-14. The Department also received revenues from the SA Government of $76 million which represents a further 14% of total income. Note A3 to the administered financial statements discloses revenues from the SA Government.

The following chart analyses the main sources of income administered by the Department for the four years to 2014.



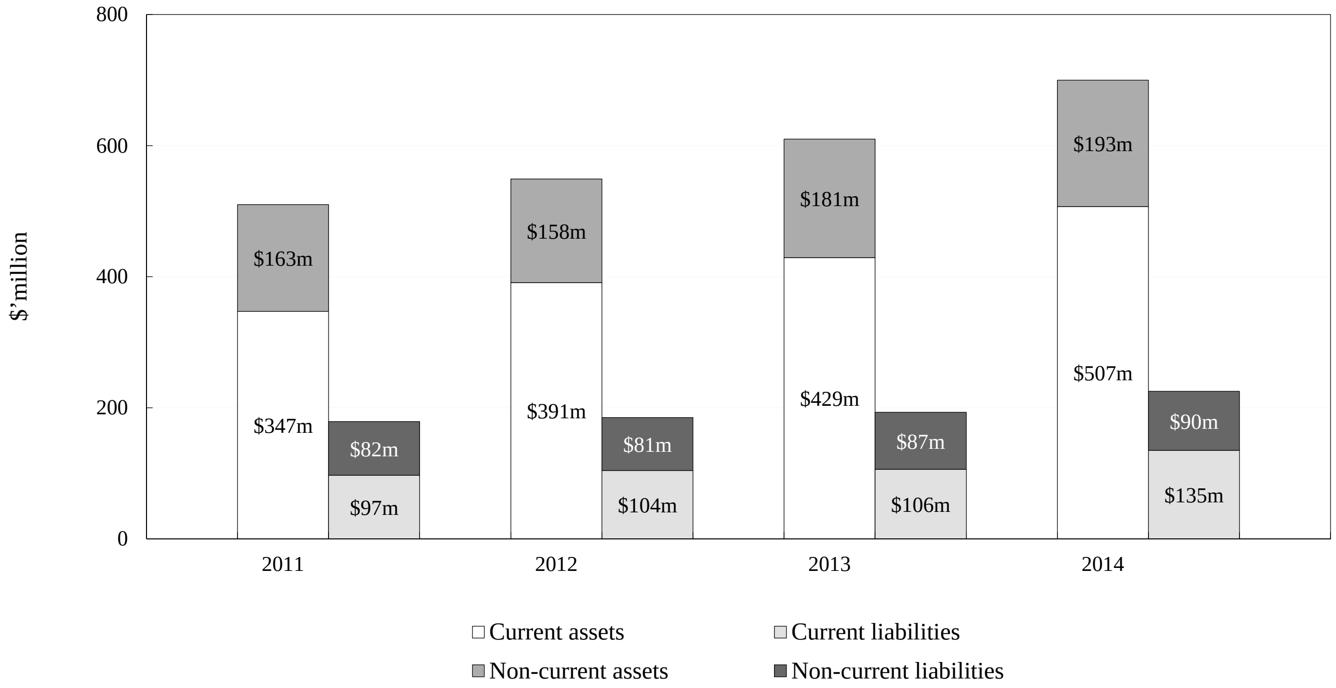
Expenses

Total administered expenses increased by $38 million to $490 million. Payments to the Consolidated Account for gaming taxation of $350 million and grants and subsidies of $44 million are the Department's largest administered expenses and represent 80% of total expenditure.

The increase in total expenses is mainly due to a $32 million increase in taxation payments to the Consolidated Account as a result of increases to gaming machines taxation and casino operations taxation.

Statement of Administered Financial Position

The following chart analyses the administered assets and liabilities of the Department for the four years to 2014.



In 2013-14 total assets increased by $90 million to $700 million. This was due mainly to increases in cash and cash equivalents of $72 million, increases in investments of $16 million and an increase in property, plant and equipment of $3 million.

The cash position at 30 June 2014 is principally attributable to the receipt of $27 million of fines and related fees from the newly established FERU, an increase in receipts from SA Government of $9.4 million, increased VOC levies of $4.3 million, an increase in other receipts of $17.3 million and a decrease in payment for investments of $12 million.

The Department also administers investments totalling $235 million in common funds operated by the Public Trustee which are exposed to movements in the value of the underlying common fund assets. Investments increased by $16 million during 2013-14.

Total liabilities have increased by $32 million to $225 million due mainly to an increase of $7.2 million in security bonds lodged and a $20 million payable to DTF in relation to the payment of fines and related fees outstanding as at 30 June 2014 (refer note A22 to the administered financial statements for details).

Statement of Administered Cash Flows

The following table summarises the administered net cash flows for the four years to 2014.

	2014 $'million	2013 $'million	2012 $'million	2011 $'million
Net cash flows				
Operating	81	48	79	46
Investing	(9)	(18)	(15)	(33)
Financing	-	-	(6)	-
Change in cash	72	30	58	13
Cash and cash equivalents at 30 June	367	295	265	207

Further commentary on operations

VOC Fund

The Department is responsible for administering the *Victims of Crime Act 2001* (the VOC Act). The VOC Fund is reported in the administered financial statements of the Department.

The VOC Act establishes principles for the treatment of VOC and provides rights to statutory compensation for injuries suffered as a result of criminal offences. Injury can include physical injury or mental illness if they are the result of the crime, but does not include property loss or damage.

The maximum compensation that may be awarded under the VOC Act is $50 000 in addition to costs and disbursements. A claim can succeed without a known offender.

Compensation is paid where an offence has been admitted or proven beyond reasonable doubt. In cases where no person has been charged with an offence, the applicant's evidence must be corroborated. Where an offence has not been established, the Attorney-General has discretion to make an ex gratia payment to the claimant.

Recoveries from offenders

The VOC Act empowers the Attorney-General to recover the cost of compensation payments from offenders who were convicted of the offence to which the compensation relates. Recovery of amounts is difficult as most compensation claims are for unknown offenders. This is demonstrated by the following:

- The amounts recovered directly from offenders during the year totalled $619 000 ($797 000).
- Outstanding amounts at 30 June 2014 were $79.5 million ($82 million). Since the inception of the VOC Fund, $55 million ($55 million) has been notionally written off.

A further $2.1 million ($2.3 million) was recovered from offenders pursuant to the *Criminal Asset Confiscation Act 2005.*

In order to supplement these funds a levy is imposed by the VOC Act on all persons convicted of offences and on expiation notices. Total VOC income for 2013-14 was $51 million ($49 million) and included VOC levies totalling $38 million ($35 million) and revenues from the SA Government of $8 million ($8 million). Total VOC expenses for 2013-14 was $20 million ($19 million) and included compensation payments of $12 million ($11 million), grants of $3 million ($3 million) and legal and other costs incurred in the administration of the VOC Fund of $5 million ($5 million).

The net result for the VOC was a surplus of $32 million. Total cash and cash equivalents increased by $34 million to $166 million ($132 million).

The recovery of the cost of compensation payments from offenders who were convicted of the offence to which the compensation relates was transferred from the CSO to the FERU on 3 February 2014.

Residential Tenancies Fund (RTF)

The *Residential Tenancies Act 1995* (the RT Act) is administered by the Commissioner for Consumer Affairs and reflected as an administered activity of the Department. The RTF consists of amounts received by the Commissioner by way of security bonds and other amounts paid into the RTF under the RT Act. The Commissioner will make repayments in respect of security bonds from the RTF.

Income derived from investment of the RTF is applied towards the costs of administering and enforcing the RT Act, education of landlords and tenants about their statutory and contractual rights and obligations, and operations of the Residential Tenancies Tribunal.

Security bonds received by the Commissioner during 2013-14 increased by $1 million to $84 million ($83 million). Security bonds refunded for 2013-14 increased by $6 million to $77 million ($71 million).

Investments of fund monies totalling $179 million are held by the Public Trustee in common funds. These are exposed to movements in the value of the underlying common fund assets. Investments increased by $12 million during 2013-14.

Fines Enforcement and Recovery Unit (FERU)

As discussed earlier, on 3 February 2014 the FERU Act came into operation. In response to these legislative changes the FERU was established within the AGD.

The unit was formed by combining the functions of the Fines Payment Unit from the Courts Administration Authority and the functions of the CSO debt recovery unit.

The unit is responsible for managing the recovery of debts associated with penalties that relate to:

- court fees and fines
- Victims of Crime levies
- overdue and current expiation fees
- third party suitor amounts such as local government parking fines.

In addition, the unit is responsible for recovering compensation payments paid pursuant to the *Criminal Injuries Compensation Act 1978* and *Victims of Crime Act 2001*

The unit operates from two registries, one in the city and a call centre at Port Adelaide. The unit also manages a range of external payments options such as Australia Post, Centrelink, Service SA, direct debit and BPay and a web-based payment facility.

These receivables are not recorded in the Statement of Administered Financial Position as there is significant uncertainty as to the amount that will be collected. Instead, revenue is recorded in the Statement of Administered Comprehensive Income when monies are received.

As at 29 June 2014 the unit recorded approximately $293 million in receivables for fines and other related payments and $79.5 million in receivables for VOC. The $293 million in receivables for fines and other payments includes $6 million not yet due and $2.7 million of receivables where the debtors are not locatable.

The total amount of debt under active management in relation to fines was $171 million of which $134 million is subject to time payment arrangements, $11 million is subject to restriction on transacting business with motor registration/suspension of drivers licences and $24 million which was subject to an enforcement determination in the last 42 days.

Of the total debt outstanding, $26 million relates to debtors located interstate or overseas.

For the period of establishment to 4 July 2014 the FERU has collected $41.9 million.

Other administered funds

The Commissioner for Consumer Affairs is also responsible for the following administered statutory funds that are separate reporting entities that are reflected in the administered activities of the Department:

- Agents Indemnity Fund
- Second-hand Vehicles Compensation Fund.

In addition, the Department is responsible for the Professional Standards Council in South Australia which is a separate reporting entity. The financial results of the Professional Standards Council are also reflected as an administered activity of the Department.

For more information on the purpose and financial activities of these funds, refer note A1 to the administered financial statements and the Commissioner for Consumer Affairs' annual report.

Taxation

Taxation revenue for 2013-14 totalled $303 million ($311 million). Taxation revenue principally comprises gaming machine taxes totalling $288 million ($286 million).

Gaming machine administration

Section 5 of the GM Act provides that the Liquor and Gambling Commissioner is responsible to the Independent Gambling Authority for the scrutiny of the operations of all licensees under the GM Act.

Under the GM Act the operations of gaming machines in licensed premises must return winnings to players of not less than 85% in the case of machines installed prior to 31 May 2001, and 87.5% in the case of machines installed subsequent to that date. A prescribed percentage of the net gambling revenue is then required to be paid to the Treasurer (Consolidated Account).

The *Gaming Machines (Miscellaneous) Amendment Act 2005* was proclaimed on 13 January 2005. Key provisions of this Act included the:

- introduction of gaming machine entitlements for each authorised gaming machine licence
- transferability of gaming machine entitlements at a fixed price.

Provisions reflecting the maximum number of gaming machines that can be operated under a licence did not come into effect until 1 July 2005.

On 14 July 2011 the SA Government introduced a new approved trading system to allow eligible persons to purchase and sell gaming machine entitlements. Full details are prescribed in the Gaming Machines Regulations 2005.

Under the new approved trading system the purchase price of a gaming machine entitlement is no longer fixed at $50 000. This means that when a trading round is announced an eligible person can submit a written offer to:

- purchase a gaming machine entitlement and specify the highest price that they would be willing to pay for the entitlement if their offer was accepted
- sell a gaming machine entitlement and specify the lowest price that they would be willing to accept as payment for the entitlement if their offer was accepted.

The following table summarises gaming machine activity for four years to 2014.

	2014	2013	2012	2011
	Number	Number	Number	Number
Machines (installed as at 30 June)	12 561	12 613	12 688	12 726

	2014	2013	2012	2011
	$'million	$'million	$'million	$'million
Turnover	7 966	7 911	7 996	7 989
Amount won	7 265	7 180	7 253	7 243
Net gambling revenue	731	731	743	745
Tax	288	286	291	292

Independent Gaming Corporation Limited (IGC)

Pursuant to section 25 of the GM Act, the Liquor and Gambling Commissioner granted the Gaming Machine Monitor licence to IGC. IGC is, under this licence, responsible for monitoring the operations of gaming machine licensees.

Section 75 of the GM Act specifically provides for the accounts and operations of IGC to be audited by the Auditor-General.

With respect to the 2013-14 operations, the audit of IGC is complete and an unmodified Independent Auditor's Report was issued for the 2013-14 financial statements of IGC.

Statement of Comprehensive Income
for the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Expenses:			
Employee benefits expenses	5	132 705	123 246
Supplies and services	6	52 046	54 076
Grants and subsidies	7	10 677	8 763
Depreciation and amortisation expense	8	2 175	2 309
Donated asset		5	-
Net loss from disposal of non-current assets	33	20	-
Other expenses	9	1 028	1 085
Total expenses		198 656	189 479
Income:			
Revenues from fees and charges	11	76 047	73 880
Recoveries	12	15 516	15 456
Commonwealth revenue		5 376	4 631
Grants and subsidies	13	3 629	4 133
Donated asset	31	11	1 386
Other income	14	1 551	856
Total income		102 130	100 342
Net cost of providing services		(96 526)	(89 137)
Revenues from SA Government	15	98 944	91 801
Net result		2 418	2 664
Other comprehensive income:			
Items that will not be reclassified to net result:			
Changes in property, plant and equipment revaluation surplus		-	-
Total other comprehensive result		-	-
Total comprehensive result		2 418	2 664

Net result and total comprehensive result are attributable to the SA Government as owner

Statement of Financial Position
as at 30 June 2014

	Note	2014 $'000	2013 $'000
Current assets:			
Cash and cash equivalents	16	25 836	28 652
Receivables	17	10 824	10 930
Total current assets		36 660	39 582
Non-current assets:			
Property, plant and equipment	18(a)	10 830	11 069
Intangible assets	19(a)	3 934	1 787
Total non-current assets		14 764	12 856
Total assets		51 424	52 438
Current liabilities:			
Payables	21	9 974	14 451
Employee benefits	22	12 120	8 912
Provisions	23	464	302
Lease incentives liability		678	688
Other current liabilities	24	76	28
Total current liabilities		23 312	24 381
Non-current liabilities:			
Payables	21	1 997	2 129
Employee benefits	22	21 487	23 020
Provisions	23	1 537	1 502
Lease incentives liability		1 470	2 147
Total non-current liabilities		26 491	28 798
Total liabilities		49 803	53 179
Net assets		1 621	(741)
Equity:			
Revaluation surplus		396	396
Retained earnings		1 225	(1 137)
Total equity		1 621	(741)

Total equity is attributable to the SA Government as owner

	Note
Unrecognised contractual commitments	26
Contingent assets and liabilities	28

Statement of Changes in Equity
for the year ended 30 June 2014

	Note	Revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2012		396	4 065	4 461
Net result for 2012-13		-	3 009	3 009
Total comprehensive result for 2012-13		-	3 009	3 009
Transactions with SA Government as owner:				
Prior period adjustments to equity		-	(44)	(44)
Other movements for administrative restructure		-	(6 491)	(6 491)
Balance at 30 June 2013		396	539	935
Prior period adjustments to equity	32	-	(1 676)	(1 676)
Restated balance at 30 June 2013		396	(1 137)	(741)
Net result for 2013-14		-	2 418	2 418
Total comprehensive result for 2013-14		-	2 418	2 418
Transactions with SA Government as owner:				
Other movements for administrative restructure		-	(56)	(56)
Balance at 30 June 2014		396	1 225	1 621

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

Statement of Cash Flows
for the year ended 30 June 2014

	Note	2014 Inflows (Outflows) $'000	2013 Inflows (Outflows) $'000
Cash flows from operating activities:			
Cash outflows:			
Employee benefit payments		(131 471)	(125 143)
Payments for supplies and services		(58 022)	(54 442)
GST paid to the ATO and suppliers		(9 534)	(11 053)
Grants and subsidies		(10 677)	(8 763)
Payments for Paid Parental Leave Scheme		(437)	(374)
Other payments		(1 022)	(875)
Cash used in operations		(211 163)	(200 650)
Cash inflows:			
Fees and charges		75 987	76 276
Recoveries		15 516	18 039
GST recovered from the ATO and customers		9 307	10 590
Receipts from Commonwealth		5 376	4 631
Grants and subsidies received		3 629	1 549
Receipts for Paid Parental Leave Scheme		432	392
Other receipts		1 551	765
Cash generated from operations		111 798	112 242
Cash flows from SA Government:			
Receipts from SA Government		98 944	91 801
Cash generated from SA Government		98 944	91 801
Net cash provided by (used in) operating activities	25	(421)	3 393
Cash flows from investing activities:			
Cash outflows:			
Purchase of property, plant and equipment		(1 310)	(2 734)
Purchase of intangible assets		(2 229)	(942)
Cash used in investing activities		(3 539)	(3 676)
Net cash provided by (used in) investing activities		(3 539)	(3 676)
Cash flows from financing activities			
Cash outflows:			
Cash transferred for administrative restructure		-	(1 209)
Cash used in financing activities		-	(1 209)
Cash inflows:			
Cash received from restructured activities		1 144	-
Cash generated from financing activities		1 144	-
Net cash provided by (used in) financing activities		1 144	(1 209)
Net increase (decrease) in cash and cash equivalents		(2 816)	(1 492)
Cash and cash equivalents at 1 July		28 652	30 144
Cash and cash equivalents at 30 June	16	25 836	28 652

Disaggregated Disclosures - Expenses and Income
for the year ended 30 June 2014

(Activities - refer note 4)	1	2	3	4	5
Expenses:	$'000	$'000	$'000	$'000	$'000
Employee benefits expenses	81 327	5 789	4 474	5 457	1 061
Supplies and services	31 668	965	1 696	1 360	256
Grants and subsidies	1 118	8 782	-	-	10
Depreciation and amortisation expense	1 496	14	52	74	10
Donated asset	-	-	-	-	-
Net loss from the disposal of non-current assets	20	-	-	-	-
Other expenses	772	-	-	-	-
Total expenses	116 401	15 550	6 222	6 891	1 337
Income:					
Revenues from fees and charges	38 423	-	7 084	-	82
Recoveries	8 561	574	22	10	9
Commonwealth revenues	-	5 070	-	-	20
Grants and subsidies	494	71	28	23	9
Donated asset	11	-	-	-	-
Other income	-	-	1 438	-	44
Total income	47 489	5 715	8 572	33	164
Net cost of providing services	(68 912)	(9 835)	2 350	(6 858)	(1 173)
Revenues from (Payments to) SA Government	-	-	-	-	-
Net result	(68 912)	(9 835)	2 350	(6 858)	(1 173)

(Activities - refer note 4)	6	7	8	9
Expenses:	$'000	$'000	$'000	$'000
Employee benefits expenses	1 358	1 808	7 305	3 746
Supplies and services	321	669	5 981	3 580
Grants and subsidies	-	5	1	-
Depreciation and amortisation expense	12	6	315	82
Donated asset	-	-	-	-
Net loss from the disposal of non-current assets	-	-	-	-
Other expenses	-	-	-	-
Total expenses	1 691	2 488	13 602	7 408
Income:				
Revenues from fees and charges	-	-	-	-
Recoveries	2	3	5 627	108
Commonwealth revenues	-	-	286	-
Grants and subsidies	7	10	2 833	-
Donated asset	-	-	-	-
Other income	-	65	-	-
Total income	9	78	8 746	108
Net cost of providing services	(1 682)	(2 410)	(4 856)	(7 300)
Revenues from (Payments to) SA Government	-	-	-	-
Net result	(1 682)	(2 410)	(4 856)	(7 300)

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2014 (continued)

(Activities - refer note 4)	10	11	Total
Expenses:	$'000	$'000	$'000
Employee benefits expenses	20 380	-	132 705
Supplies and services	5 550	-	52 046
Grants and subsidies	761	-	10 677
Depreciation and amortisation expense	114	-	2 175
Donated asset	5	-	5
Net loss from disposal of non-current assets	-	-	20
Other expenses	256	-	1 028
Total expenses	27 066	-	198 656
Income:			
Revenues from fees and charges	30 458	-	76 047
Recoveries	600	-	15 516
Commonwealth revenues	-	-	5 376
Grants and subsidies	154	-	3 629
Donated asset	-	-	11
Other income	4	-	1 551
Total income	31 216	-	102 130
Net cost of (revenue from) providing services	4 150	-	(96 526)
Revenues from (Payments to) SA Government	-	98 944	98 944
Net result	4 150	98 944	2 418

Disaggregated Disclosures - Expenses and Income
for the year ended 30 June 2013

(Activities - refer note 4)	1	2	3	4	5
Expenses:	$'000	$'000	$'000	$'000	$'000
Employee benefits expenses	77 157	5 434	17 569	3 348	3 520
Supplies and services	34 989	712	7 170	811	749
Grants and subsidies	1 430	7 079	111	132	-
Depreciation and amortisation expense	1 746	8	107	79	7
Other expenses	1 030	4	37	2	2
Total expenses	116 352	13 237	24 994	4 372	4 278
Income:					
Revenues from fees and charges	37 823	132	29 341	6 027	85
Recoveries	8 630	672	916	182	96
Commonwealth revenues	28	4 249	48	10	2
Grants and subsidies	387	27	46	9	9
Donated asset	-	-	-	-	-
Other income	44	-	-	812	-
Total income	46 912	5 080	30 351	7 040	192
Net cost of providing services	(69 440)	(8 157)	5 357	2 668	(4 086)
Revenues from (Payments to) SA Government	-	-	-	-	-
Net result	(69 440)	(8 157)	5 357	2 668	(4 086)

(Activities - refer note 4)	6	7	8	9
Expenses:	$'000	$'000	$'000	$'000
Employee benefits expenses	5 212	1 154	1 269	1 339
Supplies and services	1 753	319	376	820
Grants and subsidies	-	10	-	-
Depreciation and amortisation expense	82	15	16	16
Other expenses	3	1	1	1
Total expenses	7 050	1 499	1 662	2 176
Income:				
Revenues from fees and charges	124	116	30	30
Recoveries	140	30	34	34
Commonwealth revenues	2	10	-	-
Grants and subsidies	14	3	3	3
Donated asset	-	-	-	-
Other income	-	-	-	-
Total income	280	159	67	67
Net cost of providing services	(6 770)	(1 340)	(1 595)	(2 109)
Revenues from (Payments to) SA Government	-	-	-	-
Net result	(6 770)	(1 340)	(1 595)	(2 109)

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2013 (continued)

(Activities - refer note 4)	10	11	12	Total
Expenses:	$'000	$'000	$'000	$'000
Employee benefits expenses	4 417	2 827	-	123 246
Supplies and services	4 531	1 846	-	54 076
Grants and subsidies	1	-	-	8 763
Depreciation and amortisation expense	84	149	-	2 309
Other expenses	3	1	-	1 085
Total expenses	9 036	4 823	-	189 479
Income:				
Revenues from fees and charges	107	65	-	73 880
Recoveries	4 645	77	-	15 456
Commonwealth revenues	2	280	-	4 631
Grants and subsidies	3 624	8	-	4 133
Donated asset	1 386	-	-	1 386
Other income	-	-	-	856
Total income	9 764	430	-	100 342
Net cost of providing services	728	(4 393)	-	(89 137)
Revenues from (Payments to) SA Government	-	-	91 801	91 801
Net result	728	(4 393)	91 801	2 664

Disaggregated Disclosures - Assets and Liabilities
as at 30 June 2014

(Activities - refer note 4)	1	2	3	4	5
Current assets:	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	173	-	-	-	-
Receivables	5 742	63	1 503	4	56
Non-current assets:					
Property, plant and equipment	5 521	21	117	554	96
Intangible assets	645	-	-	-	-
Total assets	12 081	84	1 620	558	152
Current liabilities:					
Payables	6 326	225	250	192	55
Employee benefits	7 669	458	426	351	83
Provisions	294	18	16	13	3
Lease incentives liability	346	1	7	35	6
Other current liabilities	-	-	-	-	-
Non-current liabilities:					
Payables	1 275	79	66	37	14
Employee benefits	13 719	847	708	401	155
Provisions	981	61	51	29	11
Lease incentives liability	749	3	16	75	13
Total liabilities	31 397	1 692	1 540	1 133	340
Net assets	(19 316)	(1 608)	80	(575)	(188)

(Activities - refer note 4)	6	7	8	9
Current assets:	$'000	$'000	$'000	$'000
Cash and cash equivalents	-	-	10	-
Receivables	-	24	3 239	161
Non-current assets:				
Property, plant and equipment	13	15	3 287	1 188
Intangible assets	-	-	7	339
Total assets	13	39	6 543	1 688
Current liabilities:				
Payables	30	61	732	1 254
Employee benefits	128	216	652	519
Provisions	5	8	25	20
Lease incentives liability	1	1	206	74
Other current liabilities	-	-	-	38
Non-current liabilities:				
Payables	18	30	135	67
Employee benefits	196	319	1 451	719
Provisions	14	23	104	51
Lease incentives liability	2	2	446	161
Total liabilities	394	660	3 751	2 903
Net assets	(381)	(621)	2 792	(1 215)

Disaggregated Disclosures - Assets and Liabilities as at 30 June 2014 (continued)

(Activities - refer note 4)	10	11	Total
Current assets:	$'000	$'000	$'000
Cash and cash equivalents	-	25 653	25 836
Receivables	32	-	10 824
Non-current assets:			
Property, plant and equipment	18	-	10 830
Intangible assets	2 943	-	3 934
Total assets	2 993	25 653	51 424
Current liabilities:			
Payables	849	-	9 974
Employee benefits	1 618	-	12 120
Provisions	62	-	464
Lease incentives liability	1	-	678
Other current liabilities	-	-	76
Non-current liabilities:			
Payables	276	-	1 997
Employee benefits	2 972	-	21 487
Provisions	212	-	1 537
Lease incentives liability	3	-	1 470
Total liabilities	5 993	-	49 803
Net assets	(3 000)	25 653	1 621

Disaggregated Disclosures - Assets and Liabilities
as at 30 June 2013

(Activities - refer note 4)	1	2	3	4	5
Current assets:	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	173	-	-	-	-
Receivables	5 248	80	405	1 034	653
Non-current assets:					
Property, plant and equipment	5 720	115	368	439	593
Intangible assets	884	18	57	145	92
Total assets	12 025	213	830	1 618	1 338
Current liabilities:					
Payables	11 406	232	372	949	599
Employee benefits	5 725	451	356	909	574
Provisions	195	15	12	31	19
Lease incentives liability	335	7	22	55	35
Other current liabilities	9	-	-	-	-
Non-current liabilities:					
Payables	1 340	113	87	221	140
Employee benefits	14 482	1 222	937	2 389	1 509
Provisions	945	79	61	156	98
Lease incentives liability	1 061	21	68	174	110
Total liabilities	35 498	2 140	1 915	4 884	3 084
Net assets	(23 473)	(1 927)	(1 085)	(3 266)	(1 746)

(Activities - refer note 4)	6	7	8	9
Current assets:	$'000	$'000	$'000	$'000
Cash and cash equivalents	-	-	-	-
Receivables	34	48	-	1
Non-current assets:				
Property, plant and equipment	536	103	29	4
Intangible assets	83	16	4	1
Total assets	653	167	33	6
Current liabilities:				
Payables	109	30	25	121
Employee benefits	236	57	62	111
Provisions	8	2	2	4
Lease incentives liability	31	5	2	-
Other current liabilities	-	-	-	-
Non-current liabilities:				
Payables	39	11	14	25
Employee benefits	422	117	156	273
Provisions	28	8	11	18
Lease incentives liability	100	19	5	1
Total liabilities	973	249	277	553
Net assets	(320)	(82)	(244)	(547)

Disaggregated Disclosures - Assets and Liabilities as at 30 June 2013 (continued)

(Activities - refer note 4)	10	11	12	Total
Current assets:	$'000	$'000	$'000	$'000
Cash and cash equivalents	-	10	28 469	28 652
Receivables	2 896	531	-	10 930
Non-current assets:				
Property, plant and equipment	1 288	1 874	-	11 069
Intangible assets	199	288	-	1 787
Total assets	4 383	2 703	28 469	52 438
Current liabilities:				
Payables	423	185	-	14 451
Employee benefits	365	66	-	8 912
Provisions	12	2	-	302
Lease incentives liability	86	110	-	688
Other current liabilities	10	9	-	28
Non-current liabilities:				
Payables	194	(55)	-	2 129
Employee benefits	2 047	(534)	-	23 020
Provisions	133	(35)	-	1 502
Lease incentives liability	240	348	-	2 147
Total liabilities	3 510	96	-	53 179
Net assets	873	2 607	28 469	(741)

Notes to and forming part of the financial statements

1. Objectives of the Attorney-General's Department (the Department)

The aim of the Department is to help create an inclusive, safe and fair South Australia. This will be achieved by fostering justice and harmony through sound laws, protecting people's rights and strengthening communities.

The Department aims to:

- keep people safe in their homes, community and work
- champion fair and transparent access to justice
- protect peoples' rights and promote public confidence in our institutions and services
- be a high-performing organisation.

2. Summary of significant accounting policies

(a) Statement of compliance

The Department has prepared these financial statements in compliance with section 23 of the PFAA.

The financial statements are general purpose financial statements which have been prepared in accordance with applicable AASs and comply with TIs and APSs promulgated under the provisions of the PFAA.

The Department has applied AASs that are applicable to not-for-profit entities, as the Department is a not-for-profit entity.

AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Department for the reporting period ending 30 June 2014 (refer note 3).

(b) Basis of preparation

The preparation of the financial statements requires:

(b) Basis of preparation (continued)

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Department's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures, which have been included in this financial report:

  (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature

  (b) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income)

  (c) employee TVSP information

  (d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees

  (e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The Department's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a 12 month operating cycle and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2014 and the comparative information presented.

(c) Reporting entity

The Department is a government department of the State of South Australia, established pursuant to the PSA. The Department is an administrative unit acting on behalf of the Crown.

The Department produces both departmental and administered financial statements. The departmental financial statements include income, expenses, assets and liabilities, controlled or incurred by the Department in its own right. The administered financial statements include income, expenses, assets and liabilities which the Department administers on behalf of the SA Government but does not control. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for controlled items.

For the purposes of accrual accounting and external financial reporting, the Ombudsman, Police Ombudsman, Guardianship Board and Office of the Public Advocate are included in the financial reporting entity of the Department.

The Ombudsman and the Police Ombudsman undertake investigations into complaints or matters under their respective Acts without interference from the Department and both report separately to Parliament on their operations. The Guardianship Board is a court-like tribunal which has the power to make important decisions affecting the lives and property of persons over whom it has jurisdiction. The Public Advocate provides education, investigation, advocacy and guardianship services in accordance with its statutory functions. The Guardianship Board and Public Advocate were established pursuant to the *Guardianship and Administration Act 1993* and are not subject to the direction of the Minister in the performance of their functions under the Act.

(c) Reporting entity (continued)

Administered items of the Department include:

- Consumer and Business Services
  - liquor subsidies
  - taxation receipts (casino, gaming, gambling, liquor, lottery licences)
  - Agents Indemnity Fund
  - Second-hand Vehicles Compensation Fund
  - Residential Tenancies Fund
- Victims of Crime Fund
- Crown Solicitor's Trust Account
- SA Computer Aided Dispatch
- SA Government Radio Network
- Contribution to Legal Services Commission for Legal Aid
- State Rescue Helicopter Service
- Other
  - Child Abuse Protection program
  - Expensive State Criminal Cases
  - Fines Enforcement and Recovery Unit
  - Legal Practitioners Act Fund
  - Industrial Relations Court and Commission & Workers Compensation Tribunal
  - Independent Commissioner Against Corruption
  - Professional Standards Council
  - Native Title
  - Special Acts - Payment of Ministerial Salary and Allowances
  - Special Acts - Payment of Statutory Officer Salaries
  - War Graves

(d) Transferred functions

2013-14

Fines Enforcement and Recovery Unit

The Statute Amendment (Fines Enforcement and Recovery) Bill 2013 passed Parliament on 23 July 2013. As part of this Bill, responsibility for the administration of fines has moved during 2013-14 from the Courts Administration Authority, and a dedicated Fines Enforcement and Recovery Unit was established within the Department.

(e) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or APSs have required a change.

Where presentation or classification of items in the financial statements has been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

The restated comparative amounts do not replace the original financial statements for the preceding period.

(f) Rounding

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

(g) Taxation

The Department is not subject to income tax. The Department is liable for payroll tax, FBT, GST, Emergency Services levy and local government rate equivalents.

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 ATO, 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

- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

(g) Taxation (continued)

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

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

(h) Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provides information about conditions that existed at 30 June. Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

(i) Income

Income is recognised to the extent that it is probable that the flow of economic benefits to the Department will occur and can be reliably measured.

Income has been aggregated according to its nature and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

Fees and charges

Revenues from fees and charges are derived from the provision of goods and services to other SA Government agencies and to the public. This revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.

Contributions (grants)

Contributions are recognised as an asset and income when the Department obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met ie the amount can be reliably measured and the flow of resources is probable.

Contributions can be either for general assistance or a particular purpose and will usually be subject to terms and conditions set out in a contract, correspondence, or by legislation governing the contribution.

Generally, the Department has obtained control or the right to receive for:

- contributions with unconditional stipulations – this will be when the agreement becomes enforceable ie the earlier of when the receiving entity has formally been advised that the contribution (eg grant application) has been approved; agreement/contract is executed; and/or the contribution is received
- contributions with conditional stipulations – this will be when the enforceable stipulations specified in the agreement occur or are satisfied; that is income would be recognised for contributions received or receivable under the agreement.

All contributions received by the Department have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt.

Resources received free of charge

Resources received free of charge are recorded as revenue in the Statement of Comprehensive Income at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

Revenues from SA Government

Appropriations for program funding are recognised as revenues when the Department obtains control over the funding. Control over appropriations is normally obtained upon receipt.

Net gain on non-current assets

Income from the disposal of non-current assets is recognised when the control of the asset has passed to the buyer and determined by comparing proceeds with carrying amount. When revalued assets are sold, the revaluation increments are transferred to retained earnings.

Other income
Other income consists of refunds and other recoveries.

(j) Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits from the Department will occur and can be reliably measured.

Expenses have been aggregated according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

Employee benefits expenses
Employee benefits expenses include all costs related to employment including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

Superannuation
The amount charged to the Statement of Comprehensive Income represents the contributions made by the Department to the superannuation plan in respect of current services of current departmental staff. DTF centrally recognises the superannuation liability in the whole-of-government financial statements.

Net loss on sale of investments
A loss on an available-for-sale financial asset shall be recognised in other comprehensive income until the financial asset is derecognised. At that time, the cumulative gain or loss previously recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment.

Depreciation and amortisation
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. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to tangible assets such as property, plant and equipment.

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 value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter.

Land, non-current assets held for sale and library collections are not depreciated.

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

Class of assets	*Depreciation method*	*Useful life (years)*
Buildings and other structures	Straight-line	5-80
Leasehold improvements	Straight-line	Life of lease
Plant and equipment	Straight-line	1-16
Intangible assets	Straight-line	1-10
Information technology	Straight-line	3-12
Mobile transport assets	Straight-line	2-16
Radio network assets	Straight-line	5-40

Grants and subsidies
For contributions payable, the contribution will be recognised as a liability and expense when the entity has a present obligation to pay the contribution and expense recognition criteria are met.

All contributions paid by the Department have been contributions with unconditional stipulations attached.

Grants and subsidies (continued)
Contributions can be either for general assistance or a particular purpose and will usually be subject to terms and conditions set out in a contract, correspondence, or by legislation governing the contribution.

Payments to SA Government
Payments to the SA Government include the return of surplus cash pursuant to the cash alignment policy, taxation revenue and fines and related fees paid directly to the Consolidated Account.

(k) Current and non-current classification
Assets and liabilities are characterised as either current or non-current in nature.

Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within 12 months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the Department has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

(l) Assets
Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Cash and cash equivalents
Cash and cash equivalents in the Statement of Financial Position includes cash at bank and on hand, deposits held at call and other short-term, highly liquid investments with maturities of three months or less that are readily converted to cash and which are subject to insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Cash is measured at nominal value.

Receivables
Receivables include amounts receivable from goods and services, GST input tax credits recoverable, prepayments and other accruals.

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

Other debtors arise outside the normal course of providing goods and services to other agencies and to the public.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Department will not be able to collect the debt. These are generally receivables that are 90 days or more overdue. Bad debts are written off when identified.

Other financial assets
Investments represent funds deposited with the Public Trustee. These investments have been designated as available-for-sale financial assets as they are held with the intention to dispose of the asset, if required, to ensure sufficient cash flow to meet bond repayments or claims on administered funds. Investments are made by way of notional unit holdings in a selection of common funds managed by the Public Trustee. The proportion of unit holdings is dependent upon the investment strategy adopted.

Investments are measured at fair value in accordance with unit prices at balance date as advised by the applicable fund manager.

Investments are classified as either current or non-current. Those to be rolled over within 12 months are classified as current investments.

Revaluation increments and decrements are recognised in the investment market value reserve except where, and to the extent, the decrement exceeds the balance of the reserve which is recognised as expenses or the increment reverses previous decrements which are recognised as revenue.

Non-current asset acquisition and recognition
Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation. Where assets are acquired at no value or minimal value they are recorded at their fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal cost as part of a restructuring of administrative arrangements then the assets are recognised at book value ie the amount recorded by the transferor public authority immediately prior to restructure.

The Department capitalises all non-current physical assets with a value of $10 000 or greater. Items with an acquisition cost less than $10 000 are expensed in the year of acquisition.

Revaluation of non-current assets
All non-current tangible assets are valued at written down current cost (a proxy for 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.

Every three years the Department revalues its leasehold improvements, library collections, plant and equipment, IT equipment, buildings and structures and radio network. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Any revaluation increment is credited to the revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as an expense, in which case the increase is recognised as income. Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the revaluation surplus to the extent of the credit balance existing in revaluations reserve for that asset class.

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.

Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

Impairment
All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

For revalued assets an impairment loss is offset against the respective revaluation surplus.

Intangible assets
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 Department 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 of 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 are expensed.

Subsequent expenditure on intangible assets has not been capitalised. This is because the Department has been unable to attribute this expenditure to the intangible asset rather than to the Department as a whole.

Fair value measurement
AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

The Department classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation:

Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.

Level 3: not traded in an active market and are derived from unobservable inputs.

Non-financial assets
In determining fair value, the Department has taken into account the characteristic of the asset (eg condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

The Department's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible within the next five years. As the Department did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

The carrying amount of non-financial assets with a fair value at the time of acquisition that was less than, $1 million or had an estimated useful life that was less than three years, are deemed to approximate fair value.

Refer notes 18(a), 20, and 30 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

(m) Liabilities
Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Payables
Payables include creditors, accrued expenses, employment on-costs and Paid Parental Leave Scheme payable.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Department.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

The Paid Parental Leave Scheme payable represents amounts that the Department has received from the Commonwealth Government to forward onto eligible employees via the Department's standard payroll processes. That is, the Department is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance Office.

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Employee benefit on-costs include superannuation contributions and payroll tax in respect to outstanding liabilities for salaries and wages, LSL, annual leave and SERL.

The Department 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.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement.

Leases (continued)
The Department has a number of operating leases and payments that are expensed on a basis that is representative of the pattern of benefits derived from the leased asset.

- *Lease incentives*
  All incentives for the agreement of new or renewed operating leases are recognised as an integral part of the net consideration agreed for the use of the leased asset. Incentives received to enter into operating leases are recognised as a liability.

  The aggregate benefits of lease incentives received by the Department in respect of operating leases have been recorded as a reduction of rental expense over the lease term, on a straight-line basis.

  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.

Employee benefits
These benefits accrue for employees 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.

- *Wages, salaries, annual leave, sick leave and SERL*
  The liability for salaries and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date. In 2013-14 employees were paid on 26 June for the pay period ending 27 June 2014. Accordingly, at 30 June 2014, there was a one day salary and wages accrual.

  The annual leave liability and the SERL liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages, annual leave and the SERL liability are payable later than 12 months, the liability is measured at present value.

  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.

- *LSL*
  The liability for LSL 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 estimated liability for LSL is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

  The current portion of LSL reflects the Department's past experience of LSL.

Provisions
Provisions are recognised when the Department has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Department expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are discounted for the time value of money and the risks specific to the liability.

A liability has been reported to reflect workers compensation claims. The workers compensation liability, which was based on an actuarial assessment, was provided by the Public Sector Workforce Relations Division of DPC of the outstanding liability as at 30 June 2014. The provision is for the estimated cost of ongoing payments to employees as required under current legislation. The workers compensation provision is based on an actuarial assessment prepared by Taylor Fry Consulting Actuaries.

Provisions (continued)
The Department is responsible for the payment of workers compensation claims.

(n) Unrecognised contractual commitments and contingent assets and liabilities

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

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

3. New and revised accounting standards and policies

The Department did not voluntarily change any of its accounting policies during 2013-14.

In accordance with the new AASB 13, which became effective for the first time in 2013-14, the Department has:

- reviewed its fair value valuation techniques (both internal estimates and independent valuation appraisal) for non-financial assets to ensure they are consistent with the standard. Previously, the Department has used the cost approach or the market approach to determine fair value. The Department will continue to measure its non-financial assets using either the cost or market approach. The application of AASB 13 has not had a material impact on the fair value measurements

- included additional disclosures where required to assist users in assessing the valuation techniques and inputs used to ascertain fair value measurements used for asset and liability measurements.

Fair value hierarchy and other information is provided in notes 18(a), 20 and 30.

AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Department for the period ending 30 June 2014. The Department has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Department.

4. Activities of the Department

Information about the Department's activities are set out in the Disaggregated Disclosures Schedule. An activity is a grouping of related subactivities that contribute to the achievement of agency and government objectives.

Activities from 2013-14

Activity 1: Legal and Justice Services

This activity is responsible for the provision of legal services by the Crown Solicitor's Office, Office for the Director of Public Prosecutions, Solicitor-General, as well as services provided by Forensic Science SA for coronial and police investigations. This activity also includes the Parliamentary Counsel and Justice Technology Services who provide a range of information technology services to justice related agencies.

Activity 2: Legislation and Policy Services

This activity is responsible for providing specialist legal policy advice and developing and reviewing legislative proposals. It also undertakes research and policy development, and provides statistical and evaluation services related to criminal, civil and social justice matters.

Activity 3: Registration Services

This activity is responsible for registering and maintaining the particulars relating to births, deaths and marriages, Justices of the Peace, incorporated associations and security and investigation agents. The registration of these particulars ensures transparency in business dealings.

Activity 4: Advocacy and Guardianship Services

This activity is responsible for:

- providing information and advice about the operation of the state mental health, guardianship and administration and advance care directives legislation and related issues

- ensuring persons with a mental incapacity have their rights to autonomy and least restrictive intervention respected

Activity 4: ***Advocacy and Guardianship Services (continued)***

- acting as a guardian of last resort
- determining matters regarding involuntary treatment for mental health issues as well as guardianship and administration matters for people who have a mental incapacity.

Activity 5: ***Equal Opportunity***

This activity is responsible for promoting equality of opportunity for all South Australians through the administration of anti-discrimination legislation. This is achieved through:

- promoting equal opportunity principles to all South Australians
- examining and responding to complaints of discrimination
- providing information, education and training to encourage compliance with the legislation.

Activity 6: ***Police Ombudsman***

Included in this activity is the requirement to maintain public confidence in, and proper accountability of the South Australia Police. These objectives are pursued through the provision of investigation oversight and where misconduct is found, recommendations of disciplinary measures are made.

Activity 7: ***Ombudsman Services***

The objective of this activity is to ensure that the public receives fair treatment from government bodies and that public administration is reasonable and just. This is pursued through the provision of investigation and resolution services including the review of freedom of information determinations.

Activity 8: ***Industrial Relations***

The objective of this activity is to provide services to ensure the rights and obligations of employees are protected and the relevant law applied to prevent and resolve workplace disputes.

Activity 9: ***Fines Enforcement and Recovery Unit***

The Fines Enforcement and Recovery Unit delivers an effective fines collection function for the State.

The Fines Enforcement and Recovery Unit is under the direction of the Fines Enforcement and Recovery Officer who will have the necessary powers to operate an efficient and contemporary debt collection and enforcement function.

Activity 10: ***Consumer and Business Services***

Consumer and Business Services is responsible for the promotion and protection of consumers' interests in South Australia.

Consumer and Business Services carries out a diversified role such as licensing, dispute resolution, revenue collection, and compliance with various legislative requirements. It includes services to consumers, businesses, licensed traders, and parties to residential tenancy agreements. Consumer and Business Services is also responsible for the regulation of liquor licensing, gambling (including the casino) and wagering.

Consumer and Business Services leads policy development and provides educational and awareness campaigns to ensure an informed community that is able to conduct its business fairly, efficiently, competitively and safely.

Activity 11: ***General/Not attributable***

Certain items of the Department are not allocated to activities.

Activities from 2012-13

Activity 1: ***Legal and Justice Services***

This activity is responsible for the provision of legal services by the Crown Solicitor's Office, Office for the Director of Public Prosecutions, Solicitor-General, as well as services provided by Forensic Science SA for coronial and police investigations. This activity also includes the Parliamentary Counsel and Justice Technology Services who provide a range of information technology services to justice related agencies.

Activity 2: ***Legislation and Policy Services***

This activity is responsible for providing specialist legal policy advice and developing and reviewing legislative proposals.

Activity 3: ***Consumer and Business Services***
This activity is responsible for the promotion and protection of consumers' interests in South Australia by ensuring that South Australian legislation supports and protects all citizens and that the South Australian public has access to consumer focussed services.

Activity 4: ***Liquor Regulatory Services***
This activity deals with encouraging responsible attitudes towards the promotion, sale, supply, consumption and use of liquor products; to minimise the harm associated with these products; and to ensure the sale, supply and consumption of liquor is conducted in a way that contributes to, and does not detract from, the amenity of South Australian community life.

Activity 5: ***Gambling Regulatory Services***
This activity encourages responsible attitudes towards the promotion, sale, supply and use of gambling products; to minimise the harm associated with these products; and to maintain public confidence in the State's gambling industries.

Activity 6: ***Advocacy and Guardianship Services***
This activity is responsible for providing services to promote and protect the rights of people with reduced mental capacity and, where appropriate their carers.

Activity 7: ***Equal Opportunity***
This activity is responsible for promoting equality of opportunity for all South Australians through the administration of anti-discrimination legislation.

Activity 8: ***Police Ombudsman***
Included in this activity is the requirement to maintain public confidence in, and proper accountability of the South Australia Police through the provision of complaint investigation and resolution services.

Activity 9: ***Ombudsman Services***
This activity covers the investigation and complaints resolutions against State and local government agencies. It is focused on ensuring that the public receives fair treatment from government bodies and that public administration is reasonable and just.

Activity 10: ***Workers Rehabilitation***
This comprises the functions of the WorkCover Ombudsman, Workers Compensation Tribunal and Medical Panels SA. These functions support the fair and effective operation of the workers rehabilitation and compensation scheme, the resolution of workers compensation disputes through conciliated agreement or judicial decision and support to independent medical panels which answer questions arising in relation to work injuries.

Activity 11: ***Employee Advocacy***
This comprises the functions of the Employee Ombudsman and the conciliation and arbitration function of the Industrial Relations Commission. These functions help ensure the rights of all parties under South Australian workplace law are protected and to assist parties to resolve their differences by agreement, or otherwise, hear and determine cases in a fair and timely manner.

Activity 12: ***General/Not attributable***
Certain items of the Department are not allocated to activities.

5. Employee benefits expenses

	2014 $'000	2013 $'000
Salaries and wages	90 832	88 828
Employee on-costs - superannuation	12 592	11 621
Annual leave	8 924	7 787
TVSPs (refer below)	7 609	4 391
Employee on-costs - other	5 995	5 544
LSL	3 542	1 624
Board fees	1 682	1 659
SERL	491	723
Workers compensation	480	503
Other	558	566
Total employee benefits expenses	132 705	123 246

TVSPs	2014	2013
	$'000	$'000
Amount paid during the reporting period to separated employees:		
TVSPs	7 609	4 391
Annual leave, LSL and SERL paid to these employees	2 247	1 260
Recovery from DTF	(7 998)	(4 193)
Net cost to the Department	1 858	1 458

The number of employees who received TVSPs during the reporting period was 67 (36).

Remuneration of officers	2014	2013
The number of officers whose remuneration received or receivable falls within the following bands:	Number	Number
$138 000 - $141 499[2]	-	34
$141 500 - $151 499[1]	47	14
$151 500 - $161 499	9	7
$161 500 - $171 499	9	8
$171 500 - $181 499	3	8
$181 500 - $191 499[1]	5	4
$191 500 - $201 499	2	7
$201 500 - $211 499[1]	13	19
$211 500 - $221 499	14	4
$221 500 - $231 499	5	-
$231 500 - $241 499	-	2
$241 500 - $251 499	3	3
$251 500 - $261 499[1]	3	4
$261 500 - $271 499	3	8
$271 500 - $281 499[1]	10	3
$281 500 - $291 499	1	4
$291 500 - $301 499	2	4
$301 500 - $311 499[1]	5	2
$311 500 - $321 499	3	3
$321 500 - $331 499[1]	4	1
$331 500 - $341 499[1]	2	2
$341 500 - $351 499[1]	3	1
$351 500 - $361 499	1	-
$361 500 - $371 499	1	-
$371 500 - $381 499[1]	1	1
$381 500 - $391 499[1]	1	1
$391 500 - $401 499[1]	1	1
$421 500 - $431 499[1]	1	1
$431 500 - $441 499[1]	1	-
$441 500 - $451 499	-	1
$451 500 - $461 499	1	-
$461 500 - $471 499	1	-
$471 500 - $481 499	-	2
$481 500 - $491 499	-	1
$491 500 - $501 499	1	-
$501 500 - $511 499[1]	1	1
$531 500 - $541 499	2	-
$541 500 - $551 499[1]	1	-
$551 500 - $561 499	1	-
$611 500 - $621 499[3]	-	1
Total	161	152

(1) Includes payment of LSL, annual leave, termination benefits for officers who have left the Department.

(2) This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2012-13.

(3) Includes a cash payment of LSL entitlement accrued in previous years.

Remuneration of officers by category	2014 Number	2013 Number
Legal	109	102
Executive	22	21
Other	30	29
Total	161	152

The table includes all officers who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of officers reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. Total remuneration received or due and receivable by these officers was $36.7 million ($32.6 million).

6. Supplies and services

	2014 $'000	2013 $'000
Accommodation	16 080	15 729
ICT	14 821	15 534
Office expenses	2 034	1 746
Outsourced services	1 818	1 885
Contract staff	1 621	2 476
SSSA charges	1 541	1 651
Staff payments	1 532	1 524
Legal fees	1 479	2 338
Telephone related expenses	1 284	1 304
Laboratory supplies	1 278	1 221
Promotions and publications	1 053	1 057
Repairs, maintenance and minor purchases	987	964
Motor vehicle expenses	909	1 009
Consultancies	661	455
Tax payments	644	749
Storage and archive costs	448	491
Insurance	137	97
Minor works	94	158
Other	3 625	3 688
Total supplies and services	52 046	54 076

Supplies and services provided by entities within the SA Government:		
Accommodation	15 577	15 001
ICT	2 821	2 057
Office expenses	98	3
Contract staff	-	24
SSSA charges	1 541	1 651
Staff payments	-	92
Telephone related expenses	841	729
Promotions and publications	31	46
Motor vehicle expenses	81	824
Repairs, maintenance and minor purchases	15	13
Storage and archive costs	12	5
Insurance	137	97
Minor works	-	934
Other	954	521
Total supplies and services - SA Government entities	22 108	21 997

The total supplies and services amount disclosed includes GST amounts not recoverable from the ATO due to the Department not holding a valid tax invoice or payments relating to third party arrangements.

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:	2014 Number	2014 $'000	2013 Number	2013 $'000
Below $10 000	12	42	27	81
Between $10 000 and $50 000	15	302	9	189
Above $50 000	4	317	2	185
Total paid/payable to the consultants engaged	31	661	38	455

7. Grants and subsidies

	2014	2013
Grants to:	$'000	$'000
Community legal centres	6 080	5 281
Crime prevention grants	1 452	1 160
South Australian Native Title Service	550	800
Grants by:		
Native Title Unit	325	367
Other	2 270	1 155
Total grants and subsidies	10 677	8 763

Grants and subsidies provided to entities within the SA Government for:		
Community legal centres	145	-
Crime prevention grants	283	245
Native Title Unit	325	365
Other	152	122
Total grants and subsidies - SA Government entities	905	732

8. Depreciation and amortisation expense

Depreciation:		
Plant and equipment	858	1 092
Leasehold improvements	858	658
Information technology	252	286
Total depreciation	1 968	2 036
Amortisation:		
Intangible assets	207	273
Total amortisation	207	273
Total depreciation and amortisation expense	2 175	2 309

9. Other expenses

Witness expenses	502	570
Doubtful debt expense	1	204
Transfer of asset to administered	227	-
Other	298	311
Total other expenses	1 028	1 085

Other expenses paid/payable to entities within the SA Government:		
Witness expenses	502	570
Total other expenses - SA Government entities	502	570

10. Auditor's remuneration

Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	298	303
Total auditor's remuneration	298	303

Other services

No other services were provided by the Auditor-General's Department.

11. Revenues from fees and charges

Licence and regulatory fees	29 988	29 509
Legal services	19 963	17 883
Network services	12 839	13 546
Recovery of expenditure	7 895	8 073
Forensic services	5 190	4 651
Other	172	218
Total revenues from fees and charges	76 047	73 880

Fees and charges received/receivable from entities within the SA Government:		
Legal services	13 989	17 382
Network services	12 839	13 546
Recovery of expenditure	7 895	8 073
Forensic services	4 455	3 845
Other	19	25
Total revenues from fees and charges - SA Government entities	39 197	42 871

12. Recoveries

Recovery of expenditure for:	2014 $'000	2013 $'000
Crown Solicitor's Office	7 399	6 860
Industrial Relations Court and Commission	5 135	4 469
Consumer and Business Services	550	556
Crime Statistics	475	549
Business operations	114	138
Human resource services	57	133
WorkCover Ombudsman	5	415
Other	1 781	2 336
Total recoveries	15 516	15 456

Recoveries received/receivable from entities within the SA Government:		
Crown Solicitor's Office	5 545	4 519
Industrial Relations Court and Commission	5 135	4 469
Business operations	84	111
Human resources	39	119
WorkCover Ombudsman	5	415
Consumer and Business Services	-	10
Other	-	1 389
Total recoveries - SA Government entities	10 808	11 032

13. Grants and subsidies

Grants received:		
Medical Panels SA	2 382	2 583
Industrial Relations Court and Commission	-	742
WorkCover Ombudsman	419	-
Crown Solicitor's Office	135	135
Other	693	673
Total grants and subsidies received	3 629	4 133

Grants received from SA Government entities:		
Medical Panels SA	2 382	2 583
Industrial Relations Court and Commission	-	742
Crown Solicitor's Office	135	135
Other	689	583
Total grants from SA Government entities	3 206	4 043

14. Other income

Other	1 551	856
Total other income	1 551	856

15. Revenues from SA Government

Revenues from SA Government:		
Appropriations from Consolidated Account pursuant to the *Appropriation Act*	85 898	84 076
Appropriations received from the Treasurer's Contingency Fund	13 046	7 725
Total revenues from SA Government	98 944	91 801

Total revenues from government consists of $85.9 million ($84.1 million) for operational and capital funding. For details on the expenditure associated with the operational funding received refer notes 5 to 10. There were no material variations between the amount appropriated and the expenditure associated with this appropriation. Additional amounts were received during the year from the Treasurer's Contingency Fund.

16. Cash and cash equivalents

	2014 $'000	2013 $'000
Deposits with the Treasurer(1)	25 656	28 327
Cash and cheques in transit	124	268
Cash on hand (including petty cash)(2)	56	57
Total cash and cash equivalents	25 836	28 652

16. Cash and cash equivalents (continued)

(1) *Deposits with the Treasurer*
Includes funds held in the Accrual Appropriation Excess Funds Account of $12.4 million ($16.9 million). The balances of these funds are not available for general use ie funds can only be used in accordance with the Treasurer's/Under Treasurer's approval.

(2) *Interest rate risk*
Cash on hand is non-interest bearing. Deposits with the Treasurer earn a floating interest rate, based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

17. Receivables

	2014	2013
	$'000	$'000
Receivables	10 465	10 411
Allowance for doubtful debts	(794)	(794)
GST receivable	536	693
Prepayments	617	620
Total receivables	10 824	10 930
Receivables from SA Government entities:		
Receivables	10 150	10 583
Allowance for doubtful debts	(741)	(741)
Total receivables from SA Government entities	9 409	9 842

Movement in the allowance for doubtful debts
The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (ie calculated on past experience and current and expected changes in client credit rating) that a receivable is impaired.

An allowance for impairment loss has been recognised in other expenses in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

Movements in the allowance for doubtful debts (impairment loss)	2014	2013
	$'000	$'000
Carrying amount at 1 July	794	593
Increase (Decrease) in the allowance	-	201
Carrying amount at 30 June	794	794

Interest rate and credit risk
Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables, prepayments and accrued revenues are non-interest bearing.

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.

(a) Maturity analysis of receivables - refer note 30.
(b) Categorisation of financial instruments and risk exposure information - refer note 30.

18. *(a) Property, plant and equipment*

	2014	2013
Leasehold improvements:	$'000	$'000
Leasehold improvements at fair value	13 849	13 106
Accumulated amortisation	(6 517)	(5 660)
Total leasehold improvements	7 332	7 446
Plant and equipment:		
Plant and equipment at fair value	11 279	10 945
Accumulated depreciation	(9 122)	(8 366)
Total plant and equipment	2 157	2 579
Information technology:		
Information technology at fair value	6 914	6 731
Accumulated depreciation	(6 359)	(6 108)
Total information technology	555	623

18. *(a)* ***Property, plant and equipment (continued)***

	2014	2013
Library collections:	$'000	$'000
Library collections at cost (deemed fair value)	407	407
Total library collections	407	407
Capital work in progress:		
Capital work in progress at cost	379	14
Total capital work in progress	379	14
Total property, plant and equipment	10 830	11 069

(1) Valuations of leasehold improvements, plant and equipment were performed by Martin Burns MBA BAppSc Property Resource Management AAPI an independent Certified Practising Valuer of Liquid Pacific Pty Ltd as at 30 June 2012.

(2) There were no indications of impairment of plant and equipment at 30 June 2014.

Carrying amount of library collections
All items within the library collections have a fair value at the time of acquisition that was less than $1 million or had an estimated useful life that was less than three years, and have not been revalued in accordance with APF III. The carrying value of these items are deemed to approximate fair value. These assets are classified in level 3 as there has been no subsequent adjustments to their value, except for management assumptions about the assets' condition and remaining useful life.

Resources received free of charge
Resources received free of charge are recorded as revenue in the Statement of Comprehensive Income at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

(b) ***Property, plant and equipment movement schedule***

2014	Leasehold imprvmnts $'000	Plant and equipment $'000	Information technology $'000	Library collections $'000	Capital works in progress $'000	Total property, plant and equipment $'000
Carrying amount at 1 July	7 446	2 579	623	407	14	11 069
Additions	744	450	184	-	592	1 970
Depreciation and amortisation	(858)	(858)	(252)	-	-	(1 968)
Assets donated free of charge	-	11	-	-	-	11
Donated asset	-	(5)	-	-	-	(5)
Disposals	-	(20)	-	-	-	(20)
Other changes	-	-	-	-	(227)	(227)
Carrying amount at 30 June	7 332	2 157	555	407	379	10 830
2013						
Carrying amount at 1 July	5 253	2 808	811	407	229	9 508
Additions	1 465	873	98	-	443	2 879
Depreciation and amortisation	(658)	(1 092)	(286)	-	-	(2 036)
Transfer from (to) work in progress	-	-	-	-	(550)	(550)
Asset donated free of charge	1 386	-	-	-	-	1 386
Disposals	-	(11)	-	-	-	(11)
Other changes	-	1	-	-	(108)	(107)
Carrying amount at 30 June	7 446	2 579	623	407	14	11 069

19. *(a)* ***Intangible assets***

	2014	2013
Computer software:	$'000	$'000
Internally developed computer software	3 444	3 297
Accumulated amortisation	(2 932)	(2 725)
Total computer software	512	572
Work in progress:		
Intangible work in progress at cost	3 422	1 215
Total work in progress	3 422	1 215
Total intangible assets	3 934	1 787

19. ***(a) Intangible assets (continued)***

The internally developed computer software and work in progress relates to Forensic Science SA's Case Management Database software. There were no indications of impairment of intangible assets at 30 June 2014.

(b) Intangibles movement schedule

	Computer software	Intangible work in progress	Total intangibles
2014	$'000	$'000	$'000
Carrying amount at 1 July	572	1 215	1 787
Additions	147	2 207	2 354
Depreciation and amortisation	(207)	-	(207)
Carrying amount at 30 June	512	3 422	3 934
2013			
Carrying amount at 1 July	741	345	1 086
Additions	-	932	932
Transfers from (to) work in progress	104	(54)	50
Depreciation and amortisation	(273)	-	(273)
Other changes	-	(8)	(8)
Carrying amount at 30 June	572	1 215	1 787

20. Fair value measurement

Fair value hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The Department categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement.

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 30 June 2014:

Fair value measurements

2014		Level 3	Total
Recurring fair value measurements:	Note	$'000	$'000
Leasehold improvements	18	7 332	7 332
Information technology	18	555	555
Library collections	18	407	407
Plant and equipment	18	2 157	2 157
Total recurring fair value measurements		10 451	10 451

Comparative information for non-financial assets has not been provided as permitted by the transitional provisions of the new standard.

There were no transfers of assets between level 1 and 2 fair value hierarchy levels in 2014. The Department's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Valuation techniques and inputs

The following table summaries the quantitative information about the significant unobservable inputs used in level 3 fair value measurement:

Description	*Fair value at 30.06.14* $'000	*Valuation technique*	*Unobservable inputs*	*Range of inputs* $/m(2)	*Years*
Leasehold improvements	7 332	Depreciated replacement cost (DRC)(1)	Current market replacement cost/useful life	500 - 1 500	- Life of lease
Information technology	555	(DRC)(1)	Current market replacement cost/useful life	Original equipment manufacturer (OEM) model configuration/ purchase date	3 - 12
Library collections	407	Cost	Current year average purchase cost	Range of prices and volumes of purchases	-
Plant and equipment	2 157	DRC(1)	Current market replacement cost/useful life	OEM model configuration/ location/purchase date	1 - 16

(1) Due to the nature of the asset, fair value was assessed using DRC approach. Key assumptions were the assessed remaining life, rate of consumption and application purpose of the assets.

Reconciliation of fair value measurements - level 3

2014	Leasehold imprvmnts $'000	Information technology $'000	Library collections $'000	Plant and equipment $'000	Total $'000
Carrying amount at 1 July	7 446	623	407	2 579	11 055
Additions	744	184	-	450	1 378
Assets donated free of charge	-	-	-	11	11
Disposals	-	-	-	(20)	(20)
Donated asset	-	-	-	(5)	(5)
	8 190	807	407	3 015	12 419
Gains (Losses) for the period recognised in net result:					
Depreciation and amortisation	(858)	(252)	-	(858)	(1 968)
	(858)	(252)	-	(858)	(1 968)
Closing balance at 30 June	7 332	555	407	2 157	10 451

The gains (losses) in operating result included changes in unrealised gains (losses) for assets still held at the end of the reporting period. The amount of these changes included in the various line items are as follows:

	Leasehold imprvmnts $'000	Information technology $'000	Library collections $'000	Plant and equipment $'000	Total $'000
Revaluation increment (decrement)	-	-	-	-	-
Impairment losses	-	-	-	-	-
Impairment reversals	-	-	-	-	-
Depreciation	(858)	(252)	-	(756)	(1 866)

21. Payables

	2014 $'000	2013 $'000
Current:		
Accruals	5 851	11 625
Creditors	2 425	1 523
Employee on-costs	1 675	1 275
Other current payables	23	28
Total current payables	9 974	14 451
Non-current:		
Employee on-costs	1 997	2 129
Total non-current payables	1 997	2 129
Total payables	11 971	16 580
Payables to SA Government entities:		
Accruals	2 409	8 053
Creditors	613	463
Employee on-costs	1 720	1 667
Total payables to SA Government entities	4 742	10 183

DTF has performed an actuarial assessment of LSL as at 30 June 2014. The percentage of the proportion of LSL taken as leave remains unchanged from the 30 June 2013 percentage rate of 40% and the average factor for the calculation of employer superannuation on-cost is 10.3% (10.2%). These rates are used in the employment on-cost calculation.

The financial effect of the change in the superannuation on-cost rate on employment on-costs and employee benefits expenses is immaterial.

Interest rate and credit risk
Creditors and accruals are raised for all amounts billed but unpaid and are settled within the normal terms of payment of 30 days, unless otherwise agreed. 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.

(a) Maturity analysis of payables - refer note 30.
(b) Categorisation of financial instruments and risk exposure information - refer note 30.

22. Employee benefits

	2014	2013
Current:	$'000	$'000
Annual leave	7 356	6 554
Accrued salaries and wages	379	-
LSL	3 792	1 795
SERL	593	563
Total current employee benefits	12 120	8 912
Non-current:		
LSL	21 487	23 020
Total non-current employee benefits	21 487	23 020
Total employee benefits	33 607	31 932

AASB 119 contains the calculation methodology for LSL liability. An actuarial assessment performed by DTF was used to calculate the liability.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has decreased from 2013 (3.75%) to 2014 (3.5%).

This decrease in the bond yield, which is used as the rate to discount future LSL cash flows, results in an increase in the reported LSL liability.

The net financial effect of the changes in the current financial year is an increase in the LSL liability of $516 000 and employee benefits expenses of $48 000. The impact on future periods is impracticable to estimate as the LSL liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

The actuarial assessment performed by DTF left the salary inflation rate at 4%. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

The public sector SERL entitlement applies as from 1 July 2012 to public sector employees who have completed 15 or more years of effective service and who are employed under the PSA.

23. Provisions

	2014	2013
Current:	$'000	$'000
Provisions for workers compensation	464	302
Total current provisions	464	302
Non-current:		
Provisions for workers compensation	1 537	1 502
Total non-current provisions	1 537	1 502
Total provisions	2 001	1 804
Movement in provisions:		
Carrying amount at 1 July	1 804	1 715
Increase (Decrease) in provisions recognised	197	89
Carrying amount at 30 June	2 001	1 804

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Public Sector Workforce Relations Division of DPC.

24. Other liabilities

	2014	2013
Current:	$'000	$'000
Other	76	28
Total current other liabilities	76	28
Other liabilities from SA Government entities:		
Other	-	10
Total other liabilities from SA Government entities	-	10

25. Cash flow reconciliation

	2014	2013
Reconciliation of cash and cash equivalents at 30 June:	$'000	$'000
Balance as per the Statement of Cash Flows	25 836	28 652
Cash and cash equivalents disclosed in the Statement of Financial Position	25 836	28 652

Reconciliation of net cash provided by (used in) operating activities to net cost of providing services

	2014	2013
Net cash provided by (used in) operating activities	(421)	3 393
Revenues from SA Government	(98 944)	(91 801)
Non-cash items:		
Depreciation and amortisation expense	(2 175)	(2 309)
Loss on disposal	(20)	(9)
Donated asset	(16)	-
Bad debt write-off	-	(201)
Non-current assets accrual in payables	556	167
Adjustment on restructure	-	6 568
Other non-cash items	1 224	-
Movements in assets/liabilities:		
Receivables	(106)	(1 665)
Lease incentives receivable	-	(1 779)
Payables	4 609	(3 935)
Employee benefits	(1 675)	1 793
Provisions	(197)	(89)
Lease incentives liability	687	699
Other liabilities/borrowings	(48)	31
Net cost of providing services	(96 526)	(89 137)

26. Unrecognised contractual commitments

Operating lease commitments

	2014	2013
Commitments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	13 740	12 091
Later than one year but not longer than five years	33 794	33 872
Later than five years	8 837	6 174
Total operating lease commitments	56 371	52 137

The accommodation and office equipment leases are non-cancellable leases with rental payable monthly in advance.

Contingent rental provisions within the accommodation lease agreements provide for the minimum lease payments to be increased on specified rent review dates. Options exist to renew the accommodation leases at the end of the term of the lease.

Expenditure commitments - remuneration	2014	2013
Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:	$'000	$'000
Within one year	18 184	17 103
Later than one year but not longer than five years	37 774	34 284
Later than five years	40	361
Total expenditure commitments - remuneration	55 998	51 748

Amounts disclosed include commitments arising from executive contracts. The Department does not normally offer fixed-term remuneration contracts greater than five years.

Other commitments

	2014	2013
Grants(1)	50	424
Motor vehicles(2)	1 059	1 037
Other(3)	637	148
Total other commitments	1 746	1 609
Within one year	1 302	1 162
Later than one year but not longer than five years	444	447
Total other commitments	1 746	1 609

Other commitments (continued)

(1) Grant amounts payable under agreements in respect of which the grantee has yet to provide the services required under the agreement.

(2) Agreements for the provision of motor vehicles to executive officers or sections (ie pool vehicles) are leased from SAFA through their agent LeasePlan Australia. There are no purchase options available to the Department.

(3) Other commitments relate to purchase orders placed for goods and services before 30 June 2014.

27. Transferred functions

2013-14

Transferred in

Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2013, from 3 February 2014 the Department took on responsibility for the Fines Enforcement and Recovery function from the Courts Administration Authority (CAA).

Assets and liabilities relating to this function were transferred to the Department as at 3 February 2014.

	Transferred from CAA $'000	Total $'000
Current assets:		
Cash and cash equivalents	906	906
Total current assets	906	906
Non-current assets:		
Receivables	-	-
Property, plant and equipment	10	10
Intangible assets	-	-
Total non-current assets	10	10
Total assets	916	916
Current liabilities:		
Payables	36	36
Employee benefits	254	254
Total current liabilities	290	290
Non-current liabilities:		
Payables	57	57
Employee benefits	559	559
Total non-current liabilities	616	616
Total liabilities	906	906
Total net assets transferred in	10	10

Net assets transferred into the Department as a result of the administrative restructure were at the carrying amount. The net assets transferred in were treated as a contribution from the Government as owner.

Total income and expenses attributable to the Fines Enforcement and Recovery function for 2013-14 were:

	CAA 01.07.13 to 31.01.14 $'000	AGD 03.02.14 to 30.06.14 $'000	Total $'000
Income:			
Revenues from SA Government	7 382	3 896	11 278
Other income	1 931	100	2 031
Total income	9 313	3 996	13 309
Expenses:			
Employee benefits	4 901	3 182	8 083
Supplies and services	2 824	2 692	5 516
Other expenses	1 525	-	1 525
Total expenses	9 250	5 874	15 124
Net result	63	(1 878)	(1 815)

28. Contingent assets and liabilities

There are no contingent assets and liabilities as at 30 June 2014.

29. Remuneration of board and committee members

Members that were entitled to receive remuneration for membership during the 2013-14 financial year were:

Guardianship Board

J A Abbey (term expired 09.02.14)
J E Anderson
M Bagato (appointed 23.01.14)
G M Berce
E M Bishop
G B Box
K Boxall (resigned 20.01.14)
R A Clancy
L Clark*
J F Clarke (appointed 23.01.14)
D T Coyte
J Curtis (resigned 01.07.13)
K M J Dahl*
B M Day
L A Denson
D Dorstyn
A P Durkin
P C Gaughwin
L Gilfillan
D E Gursansky
R C Halliday
K J Hoffensetz
E Huxtable
A G King
E Koussidis (term expired 04.08.13)
J Lammersma
F H Lampard (appointed 23.01.14)
S A Langton
C D Lester
A Macolino
R Maerschel
A V McLean
S Mclean (term expired 16.02.14)
K J Millar
J J Moore*
J M Petrie
N J Rainford
G L D Rawson
T M Rymill
E A Salna (term expired 12.01.14)
I L Shephard
L V Sheppeard
P L Simpson
E F Skinner
G N Twohig
J H Worrall (resigned 01.09.13)

Health Practitioners Tribunal

T W Abrahams
K A Adams-Leask*
C P Alderman*
K R Allen
J G Angove (term expired 25.08.13)
M L B Ardlie (appointed 28.11.13)
L J Banner
J S Barron (term expired 12.01.14)
C Belford (term expired 25.08.13)
D C Blaikie (term expired 25.08.13)
C C Bindon (appointed 29.08.13)
A Booth*
R Boyd
B D Branson*
G M Brideson (appointed 29.08.13)
M I Brown (term expired 25.08.13)
M E Burnett (appointed 29.08.13)*
N Burton
L Z Chen (appointed 29.08.13)
M C De Rohan
L E Denley (appointed 29.08.13)
B M Dilettoso
D J Donaghey*
K M Duffy*
J S Dunstone (appointed 29.08.13)
V Farmer
M H Feldman
L Feng (appointed 29.08.13)
C D Field (appointed 29.08.13)
J M Fuss (term expired 25.08.13)
N C Galatis
P C Gaughwin (appointed 29.08.13)
M Gheisar (term expired 25.08.13)
P A Glover (appointed 29.08.13)
E Golding
J L Graham*
N K Grbin (term expired 25.08.13)
T C Hill (term expired 25.08.13)
A C Holliday*
R F Horden (appointed 29.08.13)
K A Hough*
S R Joslin (term expired 25.08.13)
D M Kay (appointed 29.08.13)
T M Kent (term expired 12.01.14)
M A Kirkman
J M Kitschke (term expired 12.01.14)
L R Knolder (appointed 28.11.13)
A T Lindschau (appointed 29.08.13)
R A Mack
M P Matthews (term expired 25.08.13)
C Mailo (appointed 29.08.13)
R J Marotti*
K H McEwan (appointed 29.08.13)
J M McKat (appointed 28.11.13)
J C McMahon
D J Mensforth
M B Mildren (term expired 25.08.13)
J Menz (term expired 25.08.13)
A M Milich (appointed 29.08.13)*
H L Moddy
M R Moy
N B Murry
A R Nankivell (term expired 25.08.13)
S M Newell (term expired 25.08.13)
T Namow (appointed 29.08.13)
D Ng
M F O'Keefe
K O Osborne (appointed 29.08.13)
T Parmiter*
M P W Parsons
A C Patten (appointed 29.08.13)
N P Reynolds (appointed 29.08.13)
D T Riseley
P D Roberts (term expired 25.08.13)
K F Rooney (term expired 25.08.13)
S D Rogers (appointed 29.08.13)
L Rose (appointed 29.08.13)
D A Sainsbury*
A Salerno (term expired 25.08.13)
J F Scott
L M Siegloff (appointed 29.08.13)
C J Simpson (appointed 29.08.13)
J E Smith (appointed 29.08.13)
W H Squire
B H Steele
B B Stefan-Rasmus*
M A Steffens (appointed 28.11.13)
J I Stephenson (term expired 25.08.13)
B R Supple (appointed 29.08.13)
G W Taylor (term expired 12.01.14)
D N Thakur
A R S Thomas (term expired 25.08.13)
K A Thornton (appointed 29.08.13)*
R L Timbs
I P Todd
D Tsiopelas (appointed 29.08.13)
F J Van Der Linden (term expired 25.08.13)
A L Van Essen
J Viccajee (term expired 12.01.14)
C A Wagner
S M Waters (appointed 29.08.13)
D J Welch (appointed 29.08.13)*
G P West (term expired 25.08.13)
M Wharton (appointed 29.08.13)*
S E White*

Health Practitioners Tribunal (continued)

M F Griec (term expired 25.08.13)
D C Gurry (term expired 30.06.14)
D E Gurasansky (appointed 29.08.13)
N M Haensel*
R E Hardy
W A Harvey (appointed 29.08.13)*
K G Harris (term expired 25.08.13)
R C Heah
M Heartfield (term expired 12.01.14)
P J Henschke (appointed 29.08.13)
T Hewitt (term expired 12.01.14)
M B Pattison
C M Pearce (term expired 25.08.13)
A M Pierce
C J Pirone (appointed 29.08.13)*
G R Pitcher
K L Plastow
M B Porter (appointed 29.08.13)
C Pratten (appointed 28.11.13)
J Prider (term expired 12.01.14)
T L R Quarmby
S M Raphael (appointed 29.08.13)
C L Whiteford
L M Whiteway (appointed 29.08.13)
L K M Wiles (appointed 29.08.13)
P J Williams (term expired 25.08.13)
A Wilson
P Y Wilson (term expired 30.06.14))
R L Young (term expired 25.08.13)

Residential Tenancies Tribunal

M S Alvino
H J Anderson
S W Andrew (term expired 30.06.14)
J Bakas (appointed 01.07.13)
J Barnes (appointed 01.07.13)
P V Carey
P J Duffy
J S Dunstone
I W Garnham
S Georgiadis
B E Johns
P K Mickan
A M Radin (appointed 01.07.13)
T M Rymill (term expired 30.06.14)
S J G Thomas (appointed 01.07.13)
G N Twohig
R T Vincent

SA Classification Council

B E Biggins
M J Dawson
A P Durkin
E Huxtable
G S Karzis
J J Redman

Forensic Science Advisory Committee

B J Kearney*
A P Kimber*
C M Mealor*
A P Moss (term expired 07.12.2013)*
G J Stevens*
M J Wieszyk*

South Australian Sentencing Advisory Council

P J Alexander
S C Callaghan (term expired 30.01.2014)
L J Chapman
P Dickson (term expired 30.01.2014)
K P Duggan
M A Guong (term expired 30.01.2014)
I D Leader-Elliott
D A McLennan
G Mead (term expired 30.01.2014)
C M Mealor (term expired 30.01.2014)
E F Nelson (term expired 30.01.2014)
M J O'Connell
I D Press*
K K Thomas*
B Waldron (term expired 30.01.2014)
M R Woods (term expired 30.01.2014)

* In accordance with DPC Circular 16, government employees did not receive any remuneration for board/committee duties during the financial year.

The number of members whose remuneration received or receivable falls within the following bands:	2014 Number	2013 Number
$0 - $9 999	186	164
$10 000 - $19 999	17	8
$20 000 - $29 999	6	9
$30 000 - $39 999	4	5
$40 000 - $49 999	2	1
$50 000 - $59 999	3	1
$60 000 - $69 999	4	3
$70 000 - $79 999	2	2
$80 000 - $89 999	-	1
$100 000 - $109 999	1	-
$110 000 - $119 999	-	1
$120 000 - $129 999	-	1
$140 000 - $149 999	1	-
$180 000 - $189 999	-	1
$210 000 - $219 999	-	1
$270 000 - $279 999	1	-
Total	227	198

29. Remuneration of board and committee members (continued)

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was $1.8 million ($1.8 million).

Amounts paid to a superannuation plan for board/committee members was $150 000 ($170 000).

Remuneration for members of the Residential Tenancies Tribunal is paid for by the Residential Tenancies Fund. Activities of the Residential Tenancies Fund are administered by the Department and included within administered activity 5. Payments to these members are included above.

Unless otherwise disclosed, transactions between members are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

30. Financial instruments/Financial risk management

(a) 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 note 2.

		2014		2013	
Financial assets	Note	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Cash and cash equivalents:					
Cash and cash equivalents	16	25 836	25 836	28 652	28 652
Loans and receivables:					
Receivables[(1)(2)]	17	9 671	9 671	9 617	9 617
Financial liabilities					
Financial liabilities at cost:					
Payables[(1)]	21	7 980	7 980	13 176	13 176
Other liabilities	24	76	76	28	28

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. 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 levy receivables/payables, tax equivalents, Commonwealth tax etc, they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

(2) Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 17 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 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.

Fair value

The Department does not recognise any financial assets or financial liabilities at fair value (refer note 2).

Credit risk

The Department has no significant concentration of credit risk. The Department has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

Allowances for impairment of financial assets are calculated on past experiences and expected changes in client credit rating. Currently the Department does not hold any collateral as security for any of its financial assets. Other than receivables there is no evidence to indicate that financial assets are impaired. The following table discloses the ageing of financial assets past due. There are no financial assets administered by the Department past due.

(b) Ageing analysis of financial assets

The following table discloses the ageing of financial assets which are past due, analysed into those assets which are impaired and not impaired:

(b) Ageing analysis of financial assets (continued)

	Past due by			
2014	Overdue for less than 30 days $'000	Overdue for 30-60 days $'000	Overdue for more than 60 days $'000	Total $'000
Not impaired:				
Receivables[(1)]	679	172	1 147	1 998
Impaired:				
Receivables	-	-	794	794
2013				
Not impaired:				
Receivables[(1)]	1 113	163	1 439	2 715
Impaired:				
Receivables	-	-	794	794

(c) Maturity analysis of financial assets and liabilities

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

		Contractual maturities		
2014	Carrying amount	Less than 1 year	1-5 years	More than 5 years
Financial assets:	$'000	$'000	$'000	$'000
Cash and cash equivalents	25 836	25 836	-	-
Receivables[(1)]	9 671	9 671	-	-
Total financial assets	35 507	35 507	-	-
Financial liabilities:				
Payables[(1)]	7 980	7 980	-	-
Lease incentives	2 148	678	1 470	-
Total financial liabilities	10 128	8 658	1 470	-
2013				
Financial assets:				
Cash and cash equivalents	28 652	28 652	-	-
Receivables[(1)]	9 617	9 617	-	-
Total financial assets	38 269	38 269	-	-
Financial liabilities:				
Payables[(1)]	13 176	13 176	-	-
Lease incentives	3 533	698	2 835	-
Total financial liabilities	16 709	13 874	2 835	-

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables.

Liquidity risk

The Department is funded principally from appropriations by the SA Government. The Department works with DTF 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 outflows.

The continued existence of the Department in its present form, and with its present programs, is dependent on State Government policy and on continuing appropriations by Parliament for the Department's administration and programs. The Department aims to settle undisputed accounts within 30 days from the date the invoice is first received.

The Department's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

Market risk

The Department currently holds no interest bearing financial instruments and is not exposed to interest rate risk.

Sensitivity disclosure analysis

A sensitivity analysis has not been undertaken for the interest rate risk of the Department as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial.

31. Donated asset

In 2012-13

This represents a transfer of the fitout of the office accommodation for the Industrial Relations Courts and Commission from the Department of Planning, Transport and Infrastructure.

32. Prior period adjustments to equity

Adjustments have been made relating to 2012-13 transactions that were not recorded in the 2012-13 financial statements. This amounts to $1.7 million and has been disclosed as a prior period adjustment to equity in the Statement of Changes in Equity. This includes a receivables adjustment of $722 000 for the Crown Solicitor's Office, $500 000 software expenses and $354 000 of other expenses.

33. Net loss from disposal of non-current assets	2014	2013
Plant and equipment:	$'000	$'000
Proceeds from disposal	-	-
Net book value of assets disposed	20	-
Net loss from disposal of plant and equipment	20	-
Total net loss from disposal of non-current assets	20	-

34. Events after reporting period

SafeWork SA

As a result of restructuring of administrative arrangements outlined in The South Australian Government Gazette on 26 June 2014, the Department gained administrative responsibility for SafeWork SA from DPC effective 1 July 2014.

Statement of Administered Comprehensive Income
for the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Expenses:			
Payments to Consolidated Account		349 766	317 977
Grants and subsidies	A8	44 389	44 066
Victims of Crime payments	A9	12 302	10 838
State Rescue Helicopter Service charges	A10	11 593	10 796
Employee benefits expenses	A11	18 692	15 068
Depreciation and amortisation	A12	6 330	5 506
Donated asset		11	-
Net loss from disposal of non-current assets	A7	610	-
Other expenses	A13	46 007	47 503
Total expenses		489 700	451 754
Income:			
Taxation revenue	A2	302 856	311 201
Revenues from SA Government	A3	75 904	66 200
Commonwealth revenue		15 893	15 695
Grants and subsidies received	A4	2 516	2 475
Interest and investment	A5	19 105	19 596
Victims of Crime levies		37 638	34 896
Fines and related fees		29 285	-
Fees and charges		2 959	3 199
Government radio network recoveries		24 300	23 985
Recoveries and other income	A6	28 852	14 860
Total income		539 308	492 107
Net result		49 608	40 353
Other comprehensive income:			
Items that will not be reclassified to net result:			
Changes in property, plant and equipment revaluation surplus		-	4 497
Other movements for restructure activities		(52)	(130)
Items that will be reclassified subsequently to net results when specific conditions are met:			
Market value movement of investments		7 884	7 992
Total comprehensive result		57 440	52 712

Statement of Administered Financial Position
as at 30 June 2014

	Note	2014 $'000	2013 $'000
Current assets:			
Cash and cash equivalents	A14	366 973	294 631
Receivables	A15	32 692	35 301
Investments	A16	107 022	99 396
Total current assets		506 687	429 328
Non-current assets:			
Investments	A16	127 995	120 111
Intangible assets	A18(a)	728	-
Property, plant and equipment	A17(a)	64 041	61 329
Total non-current assets		192 764	181 440
Total assets		699 451	610 768
Current liabilities:			
Payables	A20	7 962	6 689
Employee benefits	A21	1 132	619
Lease incentives liability		72	-
Other current liabilities	A22	125 480	98 536
Total current liabilities		134 646	105 844
Non-current liabilities:			
Payables	A20	115	105
Employee benefits	A21	1 246	1 119
Lease incentives liability		580	-
Other non-current liabilities	A22	88 049	86 325
Total non-current liabilities		89 990	87 549
Total liabilities		224 636	193 393
Net assets		474 815	417 375
Equity:			
Investment market value reserve		12 623	4 739
Revaluation surplus		18 369	18 369
Retained earnings		443 823	394 267
Total equity		474 815	417 375
Unrecognised contractual commitments	A24		
Contingent assets and liabilities	A25		

Statement of Administered Changes in Equity
for the year ended 30 June 2014

	Note	Investment market value reserve $'000	Revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2012		1 270	9 349	353 543	364 162
Net result for 2012-13		-	-	40 353	40 353
Gain on revaluation of radio network assets during 2012-13		-	4 842	-	4 842
Loss on revaluation of information technology assets during 2012-13		-	(155)	-	(155)
Loss on revaluation of building and other structures during 2012-13		-	(190)	-	(190)
Gain (Loss) taken to equity		7 992	-	-	7 992
Other movement for restructure activities		-	-	(130)	(130)
Total comprehensive result for 2012-13		7 992	4 497	40 223	52 712
Balance at 30 June 2013		9 262	13 846	393 766	416 874
Prior period error adjustments to equity	A28	-	-	501	501
Transfer between equity components		(4 523)	4 523	-	-
Restated balance at 30 June 2013		4 739	18 369	394 267	417 375
Net result for 2013-14		-	-	49 608	49 608
Other movements for restructure activities		-	-	(52)	(52)
Gain (Loss) taken to equity		7 884	-	-	7 884
Total comprehensive result for 2013-14		7 884	-	49 556	57 440
Balance at 30 June 2014		12 623	18 369	443 823	474 815

Statement of Administered Cash Flows
for the year ended 30 June 2014

	Note	2014 Inflows (Outflows) $'000	2013 Inflows (Outflows) $'000
Cash flows from operating activities:			
Cash inflows:			
Taxation receipts		302 856	311 201
Bond lodgements		83 927	83 344
Receipts from SA Government		75 759	66 398
Victims of Crime levies		39 039	34 726
Fines		27 260	-
Government radio network recoveries		24 300	23 985
Receipts from Commonwealth		15 893	15 695
Interest and investment receipts		10 687	11 675
Bond guarantee receipts		7 328	6 901
Fees and charges		2 959	3 199
Grants and subsidies received		2 516	2 475
Other receipts		32 893	15 637
Cash generated from operations		625 417	575 236
Cash outflows:			
Payments to Consolidated Account		(329 722)	(320 233)
Bond refunds		(76 887)	(71 420)
Grants		(44 389)	(44 066)
Employee benefit payments		(17 981)	(14 462)
Victims of Crime payments		(12 302)	(10 838)
Bond guarantee payments		(7 158)	(6 901)
Other payments		(56 252)	(58 976)
Cash used in operations		(544 691)	(526 896)
Net cash provided by (used in) operating activities	A23	80 726	48 340
Cash flows from investing activities:			
Cash outflows:			
Payments for investments		-	(12 000)
Purchase of property, plant and equipment		(9 108)	(6 313)
Cash used in investing activities		(9 108)	(18 313)
Net cash provided by (used in) investing activities		(9 108)	(18 313)
Cash flows from financing activities:			
Cash inflows:			
Proceeds from lease fitout		724	-
Cash generated from financing activities		724	-
Net cash provided by (used in) financing activities		724	-
Net increase (decrease) in cash and cash equivalents		72 342	30 027
Cash and cash equivalents at 1 July		294 631	264 604
Cash and cash equivalents at 30 June	A14	366 973	294 631

Schedule of Income and Expenses attributable to Administered Activities for the year ended 30 June 2014

(Activities - refer note A1)	1	2	3	4	5	6
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000
Payments to Consolidated Account	327 917	-	-	1 022	-	-
Grants and subsidies	2 682	625	3 232	-	-	305
Victims of Crime payments	-	-	12 302	-	-	-
State Rescue Helicopter Service charges	-	-	-	11 593	-	-
Employee benefits expenses	-	-	846	1	4 502	1 004
Depreciation and amortisation expense	-	-	7	-	17	1 765
Donated asset	-	-	11	-	-	-
Net loss from the disposal of non-current assets	-	-	-	-	-	-
Other expenses	2 169	1 086	3 110	89	1 655	3 335
Total expenses	332 768	1 711	19 508	12 705	6 174	6 409
Income:						
Taxation receipts	302 856	-	-	-	-	-
Revenues from SA Government	2 801	-	7 946	9 027	-	5 752
Commonwealth revenue	-	-	-	-	-	-
Grants and subsidies received	-	-	-	622	-	787
Interest and investment revenues	-	8 521	3 537	-	7 035	-
Victims of Crime levies	-	-	37 638	-	-	-
Fines and related fees	-	-	-	-	-	-
Fees and charges	2 774	-	-	-	-	-
Government radio network recoveries	-	-	-	-	-	-
Donated asset	-	-	-	-	-	-
Recoveries and other income	22 070	460	2 376	3 447	517	83
Total income	330 501	8 981	51 497	13 096	7 552	6 622
Net result	(2 267)	7 270	31 989	391	1 378	213

(Activities - refer note A1)	7	8	9	10	11	Total
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000
Payments to Consolidated Account	-	-	20 051	-	776	349 766
Grants and subsidies	36 175	79	-	-	1 291	44 389
Victims of Crime payments	-	-	-	-	-	12 302
State Rescue Helicopter Service charges	-	-	-	-	-	11 593
Employee benefits expenses	-	1 847	4	3 689	6 799	18 692
Depreciation and amortisation expense	-	4 254	-	257	30	6 330
Donated asset	-	-	-	-	-	11
Net loss from the disposal of non-current assets	-	610	-	-	-	610
Other expenses	-	19 799	7 244	1 851	5 669	46 007
Total expenses	36 175	26 589	27 299	5 797	14 565	489 700
Income:						
Taxation receipts	-	-	-	-	-	302 856
Revenues from SA Government	20 282	7 647	-	8 189	14 260	75 904
Commonwealth revenue	15 893	-	-	-	-	15 893
Grants and subsidies received	-	-	-	-	1 107	2 516
Interest and investment revenues	-	-	-	-	12	19 105
Victims of Crime levies	-	-	-	-	-	37 638
Fines and related fees	-	-	29 285	-	-	29 285
Fees and charges	-	-	-	-	185	2 959
Government radio network recoveries	-	24 300	-	-	-	24 300
Donated asset	-	-	-	3 895	(3 895)	-
Recoveries and other income	-	(204)	-	19	84	28 852
Total income	36 175	31 743	29 285	12 103	11 753	539 308
Net result	-	5 154	1 986	6 306	(2 812)	49 608

Schedule of Income and Expenses attributable to Administered Activities for the year ended 30 June 2013

(Activities - refer note A1)	1	2	3	4	5
Expenses:	$'000	$'000	$'000	$'000	$'000
Payments to Consolidated Account	316 225	-	-	1 020	-
Grants and subsidies	3 143	236	3 445	-	-
Victims of Crime payments	-	-	10 838	-	-
State Rescue Helicopter Service charges	-	-	-	10 796	-
Employee benefits expenses	-	-	1 145	-	3 884
Depreciation and amortisation expense	-	-	7	-	17
Other expenses	7 632	795	3 099	55	2 473
Total expenses	327 000	1 031	18 534	11 871	6 374
Income:					
Taxation receipts	311 201	-	-	-	-
Revenues from SA Government	2 605	-	7 650	8 624	-
Commonwealth revenue	-	-	-	-	-
Grants and subsidies received	-	-	-	607	-
Interest and investment revenues	-	8 877	3 505	-	7 205
Victims of Crime levies	-	-	34 896	-	-
Fees and charges	3 043	-	-	-	-
Government Radio Network recoveries	-	-	-	-	-
Recoveries and other income	7 467	451	3 149	2 844	513
Total income	324 316	9 328	49 200	12 075	7 718
Net result	(2 684)	8 297	30 666	204	1 344

(Activities - refer note A1)	6	7	8	9	Total
Expenses:	$'000	$'000	$'000	$'000	$'000
Payments to Consolidated Account	-	-	-	732	317 977
Grants and subsidies	189	35 149	144	1 760	44 066
Victims of Crime payments	-	-	-	-	10 838
State Rescue Helicopter Service charges	-	-	-	-	10 796
Employee benefits expenses	828	-	1 497	7 714	15 068
Depreciation and amortisation expense	1 754	-	3 695	33	5 506
Other expenses	5 479	-	19 849	8 121	47 503
Total expenses	8 250	35 149	25 185	18 360	451 754
Income:					
Taxation receipts	-	-	-	-	311 201
Revenues from SA Government	3 257	19 454	6 884	17 726	66 200
Commonwealth revenue	-	15 695	-	-	15 695
Grants and subsidies received	796	-	-	1 072	2 475
Interest and investment revenues	-	-	-	9	19 596
Victims of Crime levies	-	-	-	-	34 896
Fees and charges	-	-	-	156	3 199
Government Radio Network recoveries	-	-	23 985	-	23 985
Recoveries and other income	32	-	364	40	14 860
Total income	4 085	35 149	31 233	19 003	492 107
Net result	(4 165)	-	6 048	643	40 353

Schedule of Assets and Liabilities attributable to Administered Activities as at 30 June 2014

(Activities - refer note A1)	1	2	3	4	5	6
Current assets:	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	29 841	70 628	165 693	153	13 669	4 733
Receivables	22 328	1 640	1 488	1 107	2 608	219
Investments	-	28 061	-	-	78 961	-
Non-current assets:						
Investments	-	27 690	-	-	100 305	-
Intangible assets	-	-	-	-	728	-
Property, plant and equipment	-	-	-	-	35	14 602
Total assets	52 169	128 019	167 181	1 260	196 306	19 554
Current liabilities:						
Payables	40	13	873	929	958	242
Employee benefits	-	-	82	1	-	101
Lease incentives liability	-	-	-	-	-	-
Other current liabilities	25 147	-	-	-	79 716	-
Non-current liabilities:						
Payables	-	-	15	-	-	15
Employee benefits	-	-	158	-	-	160
Lease incentives liability	-	-	-	-	-	-
Other non-current liabilities	-	-	-	-	88 049	-
Total liabilities	25 187	13	1 128	930	168 723	518
Net assets	26 982	128 006	166 053	330	27 583	19 036

(Activities - refer note A1)	7	8	9	10	11	Total
Current assets:	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	2	52 977	21 511	4 316	3 450	366 973
Receivables	-	615	2 025	89	573	32 692
Investments	-	-	-	-	-	107 022
Non-current assets:						
Investments	-	-	-	-	-	127 995
Intangible assets	-	-	-	-	-	728
Property, plant and equipment	-	45 520	-	3 866	18	64 041
Total assets	2	99 112	23 536	8 271	4 041	699 451
Current liabilities:						
Payables	-	2 888	1 136	587	296	7 962
Employee benefits	-	139	15	476	318	1 132
Lease incentives liability	-	-	-	72	-	72
Other current liabilities	-	-	20 536	-	81	125 480
Non-current liabilities:						
Payables	-	23	2	21	39	115
Employee benefits	-	251	21	229	427	1 246
Lease incentives liability	-	-	-	580	-	580
Other non-current liabilities	-	-	-	-	-	88 049
Total liabilities	-	3 301	21 710	1 965	1 161	224 636
Net assets	2	95 811	1 826	6 306	2 880	474 815

Schedule of Assets and Liabilities attributable to Administered Activities as at 30 June 2013

(Activities - refer note A1)	1	2	3	4	5
Current assets:	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	31 888	65 368	131 759	657	10 816
Receivables	24 747	1 410	3 128	233	1 949
Investments	-	26 292	-	-	73 104
Non-current assets:					
Investments	-	25 659	-	-	94 452
Property, plant and equipment	-	-	18	-	549
Total assets	56 635	118 729	134 905	890	180 870
Current liabilities:					
Payables	3 143	24	598	952	-
Employee benefits	-	-	67	-	-
Other current liabilities	24 244	-	-	-	74 195
Non-current liabilities:					
Payables	-	-	15	-	-
Employee benefits	-	-	161	-	-
Other non-current liabilities	-	-	-	-	86 325
Total liabilities	27 387	24	841	952	160 520
Net assets (liabilities)	29 248	118 705	134 064	(62)	20 350

(Activities - refer note A1)	6	7	8	9	Total
Current assets:	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	4 098	2	43 387	6 656	294 631
Receivables	745	-	2 641	448	35 301
Investments	-	-	-	-	99 396
Non-current assets:					
Investments	-	-	-	-	120 111
Property, plant and equipment	14 407	-	46 206	149	61 329
Total assets	19 250	2	92 234	7 253	610 768
Current liabilities:					
Payables	213	-	1 176	583	6 689
Employee benefits	58	-	107	387	619
Other current liabilities	-	-	1	96	98 536
Non-current liabilities:					
Payables	13	-	20	57	105
Employee benefits	143	-	217	598	1 119
Other non-current liabilities	-	-	-	-	86 325
Total liabilities	427	-	1 521	1 721	193 393
Net assets (liabilities)	18 823	2	90 713	5 532	417 375

Notes to and forming part of the administered financial statements

The disclosures in notes 1 to 3 of the controlled statements are equally applicable to the administered items of the Attorney-General's Department (the Department).

A1. Administered activities

Administered activities 2013-14

Activity 1: ***Liquor and Gambling Services***
This administered activity recognises activities in relation to the receipt of payments associated with casino operations, gaming machines and gaming taxation. It also recognises receipts and payments associated with betting services, racing operations, lottery licences and liquor subsidies.

Activity 2: ***Consumer and Business Services***
This administered activity includes activities in relation to the Agents Indemnity Fund and the Second-hand Vehicles Compensation Fund.

Activity 3: ***Victims of Crime***
This administered activity relates to receipts and payments associated with the *Victims of Crime Act 2001*. The Act provides for payment of compensation to persons who suffer injury as a result of criminal acts and the recovery from the offenders. Payments to victims and the monies recovered from offenders are processed through an interest bearing special deposit account.

Activity 4: ***State Rescue Helicopter Service***
This administered activity relates to the activities of the State Rescue Helicopter Service used by the South Australia Police, Department for Health and Ageing, South Australian Country Fire Service, SA Ambulance Service and other non-government organisations.

Activity 5: ***Trust Accounts***
This administered activity relates to activities associated with the Residential Tenancies Fund and the Crown Solicitor's Trust Account. The Department receives monies which are held in trust pending the outcome of future events or settlements. The Department does not have direct control over these funds and acts in the capacity as trustee. Beneficiaries include other government departments for the sale of government property, claims from individuals and funding for the administration of these trusts (funded by the income earned from investing the Funds' monies).

Activity 6: ***Emergency Management Communications***
This administered activity relates to activities associated with the ongoing maintenance and support of the SA Computer Aided Dispatch systems and services relied on by the State's police, ambulance and emergency services.

Activity 7: ***Legal Aid***
This administered activity relates to grant payments made to the Legal Services Commission. The Department receives annual specific grant funding from the Commonwealth which, together with the State Government component, is paid to the Legal Services Commission. The Commonwealth grant funding provides legal assistance for matters arising under Commonwealth law, while the State Government grant funding is expended on State law matters.

Activity 8: ***SA Government Radio Network (SAGRN)***
This administered activity relates to a significant project to upgrade the existing SAGRN, together with the ongoing maintenance and support of the SAGRN systems and services on which South Australian public safety organisations and government agencies rely to meet their radio communications needs.

Activity 9: ***Fines Enforcement and Recovery***
This administered activity relates to the collection of revenue from the Fines Enforcement and Recovery Unit.

Activity 10: ***Independent Commissioner Against Corruption and Office for Public Integrity***
This administered activity seeks to:

- identify and investigate corruption in public administration
- assist in identifying and dealing with misconduct and maladministration in public administration
- prevent or minimise corruption, misconduct and maladministration in public administration through education and evaluation of practices, policies and procedures.

Activity 11:* *Other

This administered activity reflects the financial performance and position of various administered activities, including the payment of Special Act salaries, the Child Abuse Protection program, expensive State criminal cases and the Professional Standards Council.

Administered activities 2012-13

Activity 1:* *Liquor and Gambling Services

This administered activity recognises activities in relation to the receipt of payments associated with casino operations, gaming machines and gaming taxation. It also recognises receipts and payments associated with betting services, racing operations, lottery licences and liquor subsidies.

Activity 2:* *Consumer and Business Services

This administered activity includes activities in relation to the Agents Indemnity Fund and the Second-hand Vehicles Compensation Fund.

Activity 3:* *Victims of Crime

This administered activity relates to receipts and payments associated with the *Victims of Crime Act 2001*. The Act provides for payment of compensation to persons who suffer injury as a result of criminal acts and the recovery from the offenders. Payments to victims and the monies recovered from offenders are processed through a interest bearing special deposit account.

Activity 4:* *State Rescue Helicopter Service

This administered activity relates to the activities of the State Rescue Helicopter Service used by the South Australia Police Department, Department for Health and Ageing, South Australian Country Fire Service, SA Ambulance Service and other non-government organisations.

Activity 5:* *Trust Accounts

This administered activity relates to activities associated with the Residential Tenancies Fund and the Crown Solicitor's Trust Account. The Department receives monies which are held in trust pending the outcome of future events or settlements. The Department does not have direct control over these funds and acts in the capacity as trustee. Beneficiaries include other government departments for the sale of government property, claims from individuals and funding for the administration of these trusts (funded by the income earned from investing the Funds' monies).

Activity 6:* *Emergency Management Communications

This administered activity relates to activities associated with the ongoing maintenance and support of the SA Computer Aided Dispatch systems and services relied on by the State's police, ambulance and emergency services.

Activity 7:* *Legal Aid

This administered activity relates to grant payments made to the Legal Services Commission. The Department receives annual specific grant funding from the Commonwealth which, together with the State Government component, is paid to the Legal Services Commission. The Commonwealth grant funding provides legal assistance for matters arising under Commonwealth law, while the State Government grant funding is expended on State law matters.

Activity 8:* *SA Government Radio Network (SAGRN)

This administered activity relates to a significant project to upgrade the existing SAGRN, together with the ongoing maintenance and support of the SAGRN systems and services on which South Australian public safety organisations and government agencies rely to meet their radio communications needs.

Activity 9:* *Other

This administered activity reflects the financial performance and position of various administered activities, including the payment of Special Act salaries, the Child Abuse Protection program, expensive State criminal cases and the Professional Standards Council.

A2. Taxation revenue - administered items

	2014	2013
	$'000	$'000
Taxation - gaming machines	288 284	285 880
Taxation - casino operations	10 701	21 451
Taxation - off-course totalisator	3 871	3 870
Total taxation revenue	302 856	311 201

A3. Revenues from SA Government - administered items

	2014	2013
	$'000	$'000
Appropriations from Consolidated Account pursuant to the *Appropriation Act*	62 300	36 385
Appropriations received from the Treasurer's Contingency Fund	1 321	17 368
Appropriations under other Acts	12 283	12 447
Total revenues from SA Government	75 904	66 200

Total revenues from Government consists of $62.3 million ($36.4 million) for operational and capital funding. For details on the expenditure associated with the operational funding received refer notes A7 to A13. There were no material variations between the amount appropriated and the expenditure associated with this appropriation. Additional amounts were received during the year from the Treasurer's Contingency Fund.

A4. Grants and subsidies received - administered items

	2014	2013
Grants from SA Government:	$'000	$'000
SA Computer Aided Dispatch	787	796
State Rescue Helicopter Service	622	607
Other	1 107	1 072
Total grants from SA Government	2 516	2 475
Total grants and subsidies received	2 516	2 475

A5. Interest and investment revenues - administered items

Distribution from investments	4 307	3 949
Interest from DTF	5 343	5 561
Interest from agents	5 139	5 229
Interest from investments	3 190	3 727
Interest from Housing SA	1 126	1 130
Total interest and investment revenues	19 105	19 596
Interest received/receivable from entities within the SA Government:		
Distribution from investments	4 307	3 949
Interest from investments	3 190	3 727
Interest from DTF	5 343	5 561
Interest from Housing SA	1 126	1 130
Total interest and investment revenues - SA Government entities	13 966	14 367

A6. Recoveries and other income - administered items

Contribution from Skycity Adelaide Pty Ltd	20 000	-
Recoveries for State Rescue Helicopter Service	2 410	1 727
Gaming machine trading round revenue	2 066	7 452
Confiscation of profits	1 697	2 330
Sundry recoveries	1 697	2 200
Recoveries from offenders	619	797
Other	363	354
Total recoveries and other income	28 852	14 860
Recoveries and other income received/receivable from entities within the SA Government:		
Recoveries for State Rescue Helicopter Service	2 074	1 566
Sundry recoveries	1 824	1 849
Confiscation of profits	1 697	-
Other	14	1
Total recoveries and other income - SA Government entities	5 609	3 416

A7. Net loss from the disposal of non-current assets - administered items

Radio network assets:		
Proceeds from disposal	-	-
Net book value of assets disposed	609	-
Net loss from disposal of non-current assets	609	-
Information technology:		
Proceeds from disposal	-	-
Net book value of assets disposed	1	-
Net loss from disposal of non-current assets	1	-
Total net loss from disposal of non-current assets	610	-

A8. Grants and subsidies - administered items

	2014	2013
	$'000	$'000
Legal Services Commission	36 175	35 149
Victims of Crime	3 232	3 445
Liquor subsidies	2 681	3 143
Other	2 301	2 329
Total grants and subsidies	44 389	44 066
Grants and subsidies paid/payable to entities within the SA Government:		
Victims of Crime	1 374	1 675
Other	737	1 166
Total grants and subsidies - SA Government entities	2 111	2 841

A9. Victims of Crime payments - administered items

Victims of Crime payments	12 302	10 838
Total Victims of Crime payments	12 302	10 838
Victims of Crime payments paid/payable to entities within the SA Government:		
Victims of Crime payments	609	441
Total Victims of Crime payments - SA Government entities	609	441

A10. State Rescue Helicopter Service charges - administered items

State Rescue Helicopter Service charges	11 593	10 796
Total State Rescue Helicopter Service charges	11 593	10 796

A11. Employee benefits expenses - administered items

Salaries and wages	13 385	10 531
Employee on-costs - superannuation	2 191	1 799
Board fees	1 000	920
Employee on-costs - other	847	680
Annual leave	479	588
LSL	766	513
SERL	24	37
Total employee benefits expenses	18 692	15 068

Remuneration of officers

The number of officers, including judicial officers, whose remuneration received or receivable falls within the following bands:	2014 Number	2013 Number
$141 500 to $151 499	2	1
$161 500 to $171 499	1	-
$181 500 to $191 499	1	-
$191 500 to $201 499	-	1
$201 500 to $211 499	-	1
$231 500 to $241 499	-	1
$251 500 to $261 499	1	1
$261 500 to $271 499	1	2
$271 500 to $281 499	1	-
$301 500 to $311 499	-	1
$311 500 to $321 499	-	1
$321 500 to $331 499	1	-
$331 500 to $341 499	1	-
$371 500 to $381 499	1	-
$391 500 to $401 499	-	1
$411 500 to $421 499	1	-
$461 500 to $471 499	-	2
$471 500 to $481 499	-	1
$481 500 to $491 499 *	4	1
$491 500 to $501 499	-	1
$501 500 to $511 499	-	1
$511 500 to $521 499	2	-
$531 500 to $541 499	-	1
$571 500 to $581 499	1	-
Total	18	17

Remuneration of officers (continued)

The table includes all officers who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of officers reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, FBT and any other salary sacrifice benefits. Total remuneration received or due and receivable by these officers was $6.5 million ($6 million).

There were no TVSPs paid during the reporting period.

* Includes payment of LSL, annual leave, termination benefits for officers who have left the Department.

A12. Depreciation and amortisation expenses - administered items

	2014	2013
Depreciation:	$'000	$'000
Radio network assets	5 637	4 821
Information technology	363	588
Leasehold improvements	223	11
Buildings and other structures	55	63
Plant and equipment	52	19
Total depreciation expense	6 330	5 502
Amortisation:		
Intangible assets	-	4
Total amortisation expense	-	4
Total depreciation and amortisation expenses	6 330	5 506

A13. Other expenses - administered items

	2014	2013
Radio network expenditure	17 275	16 093
Suitor payments	7 244	-
Claims	3 817	5 282
ICT	4 958	3 640
Transfer from Victims of Crime Fund	2 727	2 757
Accommodation	-	1 549
Gaming machine trading round disbursements	2 040	7 471
Telephone related expenses	1 431	95
Legal fees	1 312	1 118
Contract staff	1 006	3 935
Office expenses	827	802
Contract maintenance	817	646
Consultants	185	346
Promotions and publications	164	59
Other	2 204	3 710
Total other expenses	46 007	47 503
Other expenses paid/payable to entities within the SA Government:		
Suitor payments	3 549	-
Radio network expenditure	247	327
ICT	248	183
Transfer from Victims of Crime Fund	2 724	2 506
Accommodation	2 003	1 507
Telephone related expenses	50	35
Legal fees	286	287
Office expenses	-	336
Contract maintenance	-	1
Other	1 032	654
Total other expenses - SA Government entities	10 139	5 836

The number and dollar amount of consultancies paid/payable (included in other expenses) that fell within the following bands:	2014 Number	2014 $'000	2013 Number	2013 $'000
Below $10 000	6	28	6	20
Between $10 000 and $50 000	4	157	10	326
Total paid/payable to the consultants engaged	10	185	16	346

Auditor's remuneration	2014	2013
Audit fees paid/payable to the Auditor-General's Department relating	$'000	$'000
to the audit of the financial statements	76	63
Total auditor's remuneration	76	63

No other services were provided by the Auditor-General's Department.

A14. Cash and cash equivalents - administered items

Deposits with the Treasurer	366 973	294 631
Total cash and cash equivalents	366 973	294 631

Interest rate risk

Deposits with the Treasurer earn a floating interest rate, based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

Movement in trust accounts	Crown Solicitor's Trust Account		Residential Tenancies Fund	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Balance at 1 July	1 803	1 020	9 013	14 847
Receipts	58 304	31 743	92 419	91 672
Payments	(57 430)	(30 960)	(90 440)	(97 506)
Balance at 30 June	2 677	1 803	10 992	9 013

A15. Receivables - administered items	2014	2013
	$'000	$'000
Receivables	23 680	27 696
Accrued interest	3 595	2 897
Prepayments	346	475
Other	5 071	4 233
Total receivables	32 692	35 301
Receivables from SA Government entities:		
Receivables	4 501	5 229
Accrued interest	3 595	2 897
Prepayments	8	-
Total receivables from SA Government entities	8 104	8 126

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables, prepayments and accrued revenues are non-interest bearing.

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.

(a) Maturity analysis of receivables - refer note A26.
(b) Categorisation of financial instruments and risk exposure information - refer note A26.

A16. Investments - administered items	2014	2013
Current:	$'000	$'000
Funds invested with the Public Trustee	107 022	99 396
Total current investments	107 022	99 396
Non-current:		
Funds invested with the Public Trustee	127 995	120 111
Total non-current investments	127 995	120 111
Total investments	235 017	219 507
Investments represent funds invested with the Public Trustee as follows:		
Residential Tenancies Fund	179 265	167 556
Agents Indemnity Fund	52 270	48 698
Second-hand Vehicles Compensation Fund	3 482	3 253
Total investments	235 017	219 507

A17. ***(a)*** ***Property, plant and equipment - administered items***

	2014	2013
Buildings and other structures:	$'000	$'000
Buildings and other structures at fair value	1 934	1 934
Accumulated depreciation	(345)	(290)
Total buildings and other structures	1 589	1 644
Leasehold improvements:		
Leasehold improvements at fair value	2 920	373
Accumulated amortisation	(551)	(328)
Total leasehold improvements	2 369	45
Plant and equipment:		
Plant and equipment at fair value	590	201
Accumulated depreciation	(234)	(165)
Total plant and equipment	356	36
Information technology:		
Information technology at fair value	4 349	3 276
Accumulated depreciation	(2 666)	(2 303)
Total information technology	1 683	973
Capital work in progress:		
Capital work in progress at cost	437	964
Total capital work in progress	437	964
Radio network assets:		
Radio network assets at fair value	79 087	73 556
Accumulated depreciation	(21 480)	(15 889)
Total radio network assets	57 607	57 667
Total property, plant and equipment	64 041	61 329

(1) Valuations of leasehold improvements, plant and equipment were performed by Martin Burns MBA BAppSc Property Resource Management AAPI, an independent Certified Practising Valuer of Liquid Pacific Pty Ltd as at 30 June 2012.

(2) Valuations of buildings and improvements and radio network assets were performed by an independent valuer, Mark Ochota Principal Consultant of UXC Consulting (UXCC), as at 30 June 2012.

(3) There were no indications of impairment of property, plant and equipment and infrastructure at 30 June 2014.

(b) ***Property, plant and equipment movement schedule - administered items***

2014	Leasehold imprvmnts $'000	Information technology $'000	Plant and equipment $'000	Capital works in progress $'000
Carrying amount at 1 July	45	973	36	964
Additions	2 435	1 074	376	343
Depreciation and amortisation	(223)	(363)	(52)	-
Donation	-	-	(11)	-
Transfers from (to) work in progress	112	-	-	(370)
Transfer out	-	-	-	(500)
Disposal	-	(1)	-	-
Other	-	-	7	-
Carrying amount at 30 June	2 369	1 683	356	437

	Buildings and other structures $'000	Radio network assets $'000	Total property, plant and equipment $'000
Carrying amount at 1 July	1 644	57 667	61 329
Additions	-	5 927	10 155
Depreciation and amortisation	(55)	(5 637)	(6 330)
Donation	-	-	(11)
Transfers from (to) work in progress	-	258	-

(b) Property, plant and equipment movement schedule - administered items (continued)

2014 (continued)	Buildings and other structures $'000	Radio network assets $'000	Total property, plant and equipment $'000
Transfer out	-	-	(500)
Disposal	-	(609)	(610)
Other	-	1	8
Carrying amount at 30 June	1 589	57 607	64 041

2013	Leasehold imprvmnts $'000	Information technology $'000	Plant and equipment $'000	Capital works in progress $'000
Carrying amount at 1 July	56	1 716	55	2 325
Additions	-	-	-	464
Depreciation and amortisation	(11)	(588)	(19)	-
Transfers from (to) work in progress	-	-	-	(620)
Transfer in	-	-	-	332
Revaluation	-	(155)	-	-
Other	-	-	-	(1 537)
Carrying amount at 30 June	45	973	36	964

	Buildings and other structures $'000	Radio network assets $'000	Total property, plant and equipment $'000
Carrying amount at 1 July	1 897	50 896	56 945
Additions	-	6 130	6 594
Depreciation and amortisation	(63)	(4 821)	(5 502)
Transfers from (to) work in progress	-	620	-
Transfer in	-	-	332
Revaluation	(190)	4 842	4 497
Other	-	-	(1 537)
Carrying amount at 30 June	1 644	57 667	61 329

A18. ***(a) Intangible assets - administered items***

	2014 $'000	2013 $'000
Intangible assets:		
Intangible assets at cost	740	12
Accumulated amortisation	(12)	(12)
Total intangible assets	728	-

(b) Intangible movement schedule - administered items

2014	Intangibles $'000	Total intangibles $'000
Carrying amount 1 July	-	-
Transfers from (to) work in progress	500	500
Transfer in	228	228
Carrying amount 30 June	728	728
2013		
Carrying amount 1 July	4	4
Depreciation and amortisation	(4)	(4)
Carrying amount 30 June	-	-

A19. Fair value measurement

Fair value hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The Department categorises non-financial assets measured at fair value into hierarchy based on the level of inputs use in measurement.

Fair value measurements recognised in the Statement of Administered Financial Position are categorised into the following levels at 30 June 2014:

Fair value hierarchy (continued)

2014		Level 3	Total
Recurring fair value measurements:	Note	$'000	$'000
Radio network assets	A17(b)	57 607	57 607
Leasehold improvements	A17(b)	2 369	2 369
Information technology	A17(b)	1 683	1 683
Buildings and other structures	A17(b)	1 589	1 589
Plant and equipment	A17(b)	356	356
Total recurring fair value measurements		63 604	63 604

Comparative information for non-financial assets has not been provided as permitted by the transitional provisions of the new standard.

There were no transfers of assets between level 1 and 2 fair value hierarchy levels in 2014. The Department's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Valuation techniques and inputs

The following table summaries the quantitative information about the significant unobservable inputs used in level 3 fair value measurement:

Description	*Fair value at 30.06.14* $'000	*Valuation technique*	*Unobservable inputs*	*Range of inputs* $/m[2]	*Years*
Leasehold improvements	2 369	Depreciated replacement cost (DRC)[1]	Current market replacement cost/useful life	500 - 1 500	- Life of lease
Information technology	1 683	DRC[1]	Current market replacement cost/useful life	Original equipment manufacturer (OEM) model configuration/ location/purchase date	3-12
Plant and equipment	356	DRC[1]	Current market replacement cost/useful life	OEM model configuration/ location/purchase date	1-16
Building and other structures	1 589	DRC[2]	Current market replacement cost/useful life	Location/purchase date	5-80
Radio network assets	57 607	DRC[3]	Current market replacement cost/useful life	OEM model configuration/ location/purchase date	5-40

(1) Due to the nature of the asset, the fair value was assessed using the DRC approach. Key assumptions were the assessed remaining life, rate of consumption and application purpose of the assets.

(2) Classified as a specialised building, the valuer provided a componentised valuation of the asset based on the approach. These component parts were equipment shelters, buildings, towers, masts, power supplies, batteries, generators, solar panels, air conditioning units, etc. The non-observable inputs were a significant consideration to the measurement and included the unit of consumption, physical condition, remaining life and residual value. As these are considered to be subjective the asset was categorised using level 3 inputs.

(3) The SAGRN is a specialised, complex infrastructure asset that have different characteristics, age profiles and useful lives. UXCC has used the DRC model where each subcomponent is first valued at current market replacement cost and is then depreciated via straight-line depreciation based on its purchase date and assessed useful life. Due to the complexity of the SAGRN and the large number of its component assets, each with different assumptions, an explicit sensitivity analysis was not conducted for this valuation against the assumption. UXCC does note however that the sensitivity to the assessment of useful lives is high, particularly for those component assets that are nearing the end of their useful life. The high level components of the SAGRN included in the scope were:

- mobile voice network
- mobile data network
- paging network
- other assets (details refer to the full version of valuation report).

Reconciliation of fair value measurements - level 3

All assets have been determined to be at level 3. The fair values were determined using the DRC approach. Key assumptions were assessing the remaining useful life and the purpose of the assets.

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurement:

Reconciliation of fair value measurements - level 3 (continued)

2014	Leasehold imprvmnts $'000	Information technology $'000	Plant and equipment $'000	Buildings and other structures $'000	Radio network assets $'000	Total $'000
Carrying amount at 1 July	45	973	36	1 644	57 667	60 365
Additions	2 435	1 074	376	-	5 927	9 812
Transfer from (to) work in progress	112	-	-	-	258	370
Assets donated free of charge	-	-	(11)	-	-	(11)
Disposals	-	(1)	-	-	(609)	(610)
Other changes	-	-	7	-	1	8
	2 592	2 046	408	1 644	63 244	69 934
Gains (Losses) for the period recognised in net result:						
Depreciation and amortisation	(223)	(363)	(52)	(55)	(5 637)	(6 330)
	(223)	(363)	(52)	(55)	(5 637)	(6 330)
Carrying amount at 30 June	2 369	1 683	356	1 589	57 607	63 604

The gains (losses) in operating result include changes in unrealised gains (losses) for assets still held at the end of the reporting period. The amount of these changes included in the various line items are as follows:

	Leasehold imprvmnts $'000	Information technology $'000	Plant and equipment $'000	Buildings and other structures $'000	Radio network assets $'000	Total $'000
Depreciation	(223)	(363)	(52)	(55)	(5 591)	(6 284)

A20. Payables - administered items

	2014 $'000	2013 $'000
Current:		
Accruals	6 874	3 414
Creditors	935	3 183
Employee on-costs	153	92
Total current payables	7 962	6 689
Non-current:		
Employee on-costs	115	105
Total non-current payables	115	105
Total payables	8 077	6 794
Payables to SA Government entities:		
Creditors	2 323	1 466
Employee on-costs	125	91
Accruals	62	56
Total payables to SA Government entities	2 510	1 613

DTF has performed an actuarial assessment of LSL as at 30 June 2014. The percentage of the proportion of LSL taken as leave remains unchanged from the 30 June 2013 percentage rate of 40% and the average factor for the calculation of employer superannuation on-cost is 10.3% (10.2%). These rates are used in the employment on-cost calculation.

The financial effect of the change in the superannuation on-cost rate on employment on-costs and employee benefits expenses is immaterial.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid and are settled within the normal terms of payment of 30 days, unless otherwise agreed. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

(a) Maturity analysis of payables - refer note A26.
(b) Categorisation of financial instruments and risk exposure information - refer note A26.

A21. Employee benefits - administered items

	2014	2013
Current:	$'000	$'000
Annual leave	617	510
Accrued salaries and wages	48	-
LSL	436	87
SERL	31	22
Total current employee benefits	1 132	619
Non-current:		
LSL	1 246	1 119
Total non-current employee benefits	1 246	1 119
Total employee benefits	2 378	1 738

AASB 119 contains the calculation methodology for LSL liability. An actuarial assessment performed by DTF was used to calculate the liability.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has decreased from 2013 (3.75%) to 2014 (3.5%).

This decrease in the bond yield, which is used as the rate to discount future LSL cash flows, has an impact of an increase in the reported LSL liability.

The net financial effect of the changes in the current financial year is an increase in the LSL liability of $31 000 and employee benefits expenses of $3000. The impact on future periods is impracticable to estimate as the LSL liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

The actuarial assessment performed by DTF left the salary inflation rate at 4%. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

A22. Other liabilities - administered items

	2014	2013
Current:	$'000	$'000
Security bonds lodged	76 889	71 423
Gaming, fines and other receipts payable to DTF	44 716	24 672
Crown Solicitor's Trust Account	2 677	1 803
Other	1 198	638
Total other current liabilities	125 480	98 536
Non-current:		
Security bonds lodged	88 049	86 325
Total other non-current liabilities	88 049	86 325
Total other liabilities	213 529	184 861
Other current liabilities to SA Government entities:		
Gaming, fines and other receipts payable to DTF	44 716	24 672
Total other current liabilities to SA Government entities	44 716	24 672

A23. Cash flow reconciliation - administered items

Reconciliation of cash and cash equivalents at 30 June:		
Balance as per the Statement of Administered Cash Flows	366 973	294 631
Cash and cash equivalents as disclosed in the Statement of Administered Financial Position	366 973	294 631
Reconciliation of net cash provided by (used in) operating activities to net revenue from providing services		
Net cash provided by (used in) operating activities	80 726	48 340
Non-cash items:		
Depreciation expense	(6 330)	(5 506)
Donated asset expense	(11)	-
Loss on disposal of assets	(610)	-
Adjustment on restructuring activities	-	(65)
Lease incentive	72	-
Prior period error	63	(1 537)
Assets in payables	1 272	-

Reconciliation of net cash provided by (used in) operating activities to net cost of providing services (continued)	2014 $'000	2013 $'000
Movements in assets/liabilities:		
Receivables	(2 609)	(2 238)
Investments	7 626	9 734
Payables	(1 283)	2 651
Employee benefits	(640)	(542)
Other liabilities	(28 668)	(10 484)
Net result	49 608	40 353

A24. Unrecognised contractual commitments - administered items

Operating lease commitments

Commitments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	4 896	4 659
Later than one year but not longer than five years	852	5 779
Later than five years	528	1 095
Total operating lease commitments	6 276	11 533

The accommodation and office equipment leases are non-cancellable leases with rental payable monthly in advance.

Contingent rental provisions within the accommodation lease agreements provide for the minimum lease payments to be increased on specified rent review dates. Options exist to renew the accommodation leases at the end of the term of the lease.

Leases receivable contracted for at the reporting date but not recognised as assets are receivable as follows:	2014 $'000	2013 $'000
Within one year	800	724
Later than one year but not longer than five years	1 210	2 167
Later than five years	84	954
Total operating lease commitments	2 094	3 845

When acting as lessor, leases are non-cancellable leases for access rights to State owned land sites. The leases have terms ranging from one to 25 years with some having a right of renewal.

Expenditure commitments - remuneration

Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:

	2014 $'000	2013 $'000
Within one year	1 918	1 033
Later than one year but not longer than five years	4 494	762
Later than five years	898	-
Total remuneration commitments	7 310	1 795

Amounts disclosed include commitments arising from executive contracts and statutory appointments.

Other commitments

Within one year	34 351	31 221
Later than one year but not longer than five years	-	1 887
Total other commitments[1]	34 351	33 108

[1] Grant amounts payable under agreements in respect of which the grantee has yet to provide the services required under the agreement. The grant commitments as at 30 June 2014 relates to the National Partnership Agreement on Legal Assistance Services between the Commonwealth of Australia and the States and Territories.

A25. Contingent assets and liabilities - administered items

The Department is not aware of any contingent assets.

The Agents Indemnity Fund has an estimated contingent obligation to pay $6 million ($78 000) relating to current and expected claims against the Fund.

A25. Contingent assets and liabilities - administered items (continued)

The Department is of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Under the *Residential Tenancies Act 1995*, interest is paid to tenants when a bond is repaid to them. Interest is not paid when a bond is paid to landlords or third parties such as Housing SA. The interest payable to tenants has not been recorded as a liability, as the Residential Tenancies Fund does not have a present obligation until the tenant lodges a claim for the repayment of the bond. It is estimated that the interest liability as at 30 June 2014 is $111 000 ($113 000).

The Government has provided $15 million for discretionary payments to some teachers whose LSL entitlements will be reduced following amendments to the *Education Act 1972.*

A26. Financial instruments - administered items

(a) Categorisation of financial instruments

		2014		2013	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets	Note	$'000	$'000	$'000	$'000
Cash and cash equivalents:					
Cash and cash equivalents	A14	366 973	-	294 631	-
Loans and receivables:					
Receivables[(1)(2)]	A15	32 346	-	34 826	-
Available-for-sale investments:					
Investments	A16	235 017	235 017	219 507	219 507
Financial liabilities					
Financial liabilities at cost:					
Payables[(1)]	A20	7 809	-	6 597	-
Other financial liabilities	A22	213 529	-	184 861	-
Total		221 338	-	191 458	-

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. 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 levy receivables/payables, tax equivalents, Commonwealth tax etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

(2) Receivables amount disclosed here excludes prepayments. Prepayments are presented in note A14 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 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.

Financial assets

Cash and receivables are recorded at the carrying amount which approximates net fair value.

Investments represent funds held by the Public Trustee on behalf of the Residential Tenancies Fund, Agents Indemnity Fund and the Second-hand Vehicles Compensation Fund (the Funds). The Public Trustee has invested in collective investment vehicles for the purpose of gaining exposure to Australian and international equities. The managers of such vehicles have invested in a variety of financial instruments which expose the Funds to investment risks, including market, credit, interest and currency risk. These investments are valued by the Public Trustee at reporting date and recognised at fair value.

Financial liabilities

Financial liabilities principally represent security bonds held on behalf of third parties and taxation receipts payable to the Treasurer. The carrying amount of all financial liabilities is considered to be a reasonable estimate of net fair value.

Credit risk

At reporting date funds totalling $235 million were invested with the Public Trustee. Pooled investment funds are not rated for credit risk. The Public Trustee considers the credit risk of individual fund managers prior to investing funds and reviews these assessments quarterly.

Other than pooled investments, the Department has no significant concentration of credit risk. The Department has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

Credit risk (continued)

Allowances for impairment of financial assets are calculated on past experiences and expected changes in client credit rating. Currently the Department does not hold any collateral as security for any of its financial assets. There are no financial assets administered by the Department past due.

(b) Ageing analysis of financial assets

The following table discloses the ageing of financial assets which are past due, analysed into those assets which are impaired and not impaired:

	Past due by			
	Overdue for less than 30 days	Overdue for 30-60 days	Overdue for more than 60 days	Total
2014	$'000	$'000	$'000	$'000
Not impaired:				
Receivables	700	-	212	912
Impaired:				
Receivables[1]	-	-	-	-
2013				
Not impaired:				
Receivables	244	495	215	954
Impaired:				
Receivables[1]	-	-	-	-

(c) Maturity analysis of financial assets and liabilities

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

		Contractual maturities		
	Carrying amount	Less than 1 year	1-5 years	More than 5 years
2014	$'000	$'000	$'000	$'000
Financial assets:				
Cash and cash equivalents	366 973	366 973	-	-
Investments	235 017	107 022	127 995	-
Receivables[1]	32 346	32 346	-	-
Total financial assets	634 336	506 341	127 995	-
Financial liabilities:				
Payables[1]	7 809	7 809	-	-
Other financial liabilities	213 529	125 480	88 049	-
Total financial liabilities	221 338	113 289	88 049	-
2013				
Financial assets:				
Cash and cash equivalents	294 631	294 631	-	-
Investments	219 507	99 396	120 111	-
Receivables[1]	34 826	34 826	-	-
Total financial assets	548 964	428 853	120 111	-
Financial liabilities:				
Payables[1]	6 597	6 597	-	-
Other financial liabilities	184 861	98 536	86 325	-
Total financial liabilities	191 458	105 133	86 325	-

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables.

Liquidity risk

Financial liabilities principally represent security bonds held on behalf of third parties and taxation receipts payable to the Treasurer. Security bonds are payable on receipt of an application from the tenant or lessee. Cash balances and cash common funds held with the Public Trustee are available at call.

(d) Market risk

Activities administered by the Department are exposed to price risk. Price risk represents the risk that the fair value of investments held with the Public Trustee will fluctuate due to changes in the market price for the underlying asset.

Investments held with the Public Trustee are classified as available-for-sale financial assets. Net gains or losses resulting from movements in the fair value of investments are recognised directly in equity. Accordingly there is no impact on administered income and expenses.

Cash administered by the Department is also subject to interest rate risk.

Sensitivity analysis

The impact of a 1% movement in interest rates and a 1% movement in equity indexes on financial assets administered by the Department is shown in the following table:

		Interest rate risk		Price risk	
		-1%	+1%		
	Carrying	Operating	Operating	-1%	+1%
2014	amount	surplus	surplus	Equity	Equity
Financial assets:	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	366 973	(3 670)	3 670	-	-
Investments	235 017	-	-	(2 350)	2 350
Total increase (decrease)		(3 670)	3 670	(2 350)	2 350
2013					
Financial assets:					
Cash and cash equivalents	294 631	(2 946)	2 946	-	-
Investments	190 781	-	-	(1 908)	1 908
Total increase (decrease)		(2 946)	2 946	(1 908)	1 908

A27. Transferred functions

2013-14

Transferred in

Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2013, from 3 February 2014 the Department took on responsibility for the Fines Enforcement and Recovery Unit from the Courts Administration Authority (CAA).

Assets and liabilities relating to this business unit was transferred into the Department as at 3 February 2014.

Total income and expenses attributable to the Fines Enforcement and Recovery Unit for 2013-14 were:

	CAA 01.07.13 to 31.01.14	AGD 03.02.14 to 30.06.14	Total
	$'000	$'000	$'000
Victims of Crime levies	13 815	10 495	24 310
Fees, fines and penalties	28 185	29 285	57 470
Total income	42 000	39 780	81 780
Payments to Consolidated Account	28 022	20 051	48 073
Suitor payments	-	7 244	7 244
Victims of Crime payments	13 815	-	13 815
Other expenses	163	5	168
Total expenses	42 000	27 300	69 300
Net result	-	12 480	12 480

A28. Prior period adjustments to equity

Adjustments have been made relating to 2012-13 transactions that were not recorded in the 2012-13 financial statements. This amounts to $500 000 and has been disclosed as a prior period adjustment to equity in the Statement of Changes in Equity. This relates to $500 000 of software for Residential Tenancies Fund (refer to note A18(a)).

Public Trustee

Functional responsibility

Establishment

The Public Trustee is a body corporate established pursuant to the provisions of the *Public Trustee Act 1995*.

Functions

The powers and functions of the Public Trustee are established by the *Public Trustee Act 1995*. The Public Trustee administers the estates of deceased and protected people that require the management of assets, preparation of wills, investment of funds and arrangement of legal representation and advice. For information about the Public Trustee's objectives refer note 1 to the corporate financial statements.

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 31(1)(b) of the PFAA and sections 26(2), 30(2) and 50(2) of the *Public Trustee Act 1995* provide for the Auditor-General to audit the accounts of the Public Trustee for each financial year.

Assessment of controls

Section 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Public Trustee in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether internal controls are consistent with the TIs with particular focus on TIs 2 and 28.

Scope of audit

The audit program covered major financial systems to obtain sufficient evidence to form an opinion on the financial report and internal controls.

The 2013-14 audit covered the corporate, trust and common fund operations of the Public Trustee.

Specific areas of audit attention included:

- corporate governance
- expenditure
- payroll
- revenue
- cash and investments
- client assets
- fund manager reporting
- general ledger.

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the Public Trustee as at 30 June 2014, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the Public Trustee in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for all matters outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Public Trustee have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in a management letter to the Public Trustee. The main matters raised with the Public Trustee and the responses are detailed below.

Common fund operations

The Public Trustee has established an Investment Advisory Committee and a Funds Management Forum to monitor the investment operations of the Public Trustee and oversee compliance with legislation and established policies and procedures. To support these groups a compliance certificate is provided on a monthly basis to provide assurance that transactions and balances are in line with established policies.

Compliance certificates issued to a meeting of the Funds Management Forum in September 2013 and to a meeting of the Investment Advisory Committee in November 2013 did not report a breach of the established investment guidelines.

In response to this matter the Public Trustee advised the breach was a result of the unusual nature of events related to a change in the arrangements of superannuation investments for some clients. The Public Trustee advised that the need to report all breaches of investment guidelines has been reinforced to relevant staff.

Trust operations

The audit of trust operations included review of processes and authorisation functions to confirm they provide assurance that estate related expenditure is valid. The review identified that only invoices that are of a higher value than a threshold established by the Public Trustee are specifically reviewed to ensure appropriate authorisation has been provided for the invoice transaction.

Invoices that are below the established threshold are reviewed for evidence of a signature for approval, but no check is undertaken to ensure the individual signing the approval has appropriate authority to authorise the payment.

In addition, the audit of trust operations identified that the officer who performs the bank reconciliation for trust operations had access to process transactions in both the accounts receivable and accounts payable modules of the accounting system. This level of access, for an officer undertaking the bank reconciliation process, represents a lack of appropriate segregation of duties.

In response to these matters, the Public Trustee advised an internal audit of the accounts payable control environment was being undertaken in July 2014. The Public Trustee identified that a review into the existing authorisation arrangements for payments would be performed with enhanced requirements for the identification of authorising staff and revised checking processes likely to result from the review. In relation to the segregation of duties matter, The Public Trustee advised that access would be reviewed immediately.

Changes to existing processes would be made following the consideration of any additional recommendations arising from the internal audit.

Implementation of TIs 2 and 28

Policies and procedures

Review of the Public Trustee's policy and procedure related documentation noted instances where documents included out-of-date information or were not reviewed on a timely basis. The Public Trustee advised that the matters identified by Audit would be addressed.

Shared Services SA – CHRIS payroll control environment

SSSA processes payroll transactions specific to the CHRIS human resource management system on behalf of the Public Trustee in accordance with a service level determination with SSSA.

Last year's Report made specific comment on the progress being taken by SSSA to remediate key control weaknesses raised in prior years for the CHRIS system and control environment, in order to achieve a satisfactory ongoing standard of control operation over payroll transaction processing.

As discussed in the commentary under 'Department of the Premier and Cabinet' elsewhere in Part B of this Report, Audit review and evaluation of controls for the SSSA main payroll system and environment concluded that controls met a generally satisfactory standard for 2013-14. Notwithstanding this overall conclusion, there were some specific matters that were raised with SSSA for corrective action and review for process and procedural improvement. The matters did not relate to Public Trustee transaction processing.

Interpretation and analysis of the financial report

Highlights of the financial report	2014 $'million	2013 $'million
Income		
Fees and charges	21	19
Other revenues	3	3
Total income	24	22
Expenses		
Employee benefits	14	13
Supplies and services	6	6
Other expenses	1	1
Total expenses	21	20
Profit (Loss) before income tax equivalents	3	2
Income tax equivalents	1	1
Profit (Loss) after income tax equivalents and total comprehensive result	2	1

	2014 $'million	2013 $'million
Net cash provided by (used in) operating activities	1	2
Assets		
Current assets	12	13
Non-current assets	22	21
Total assets	34	34
Liabilities		
Current liabilities	3	4
Non-current liabilities	6	6
Total liabilities	9	10
Total equity	25	24

Statement of Comprehensive Income

Income

The Public Trustee's main source of income is fees and charges comprising commissions from the management of trusts, management fees for the investment of common funds and various other fees and charges. The fees and charges reflect the number and value of trusts managed throughout the year.

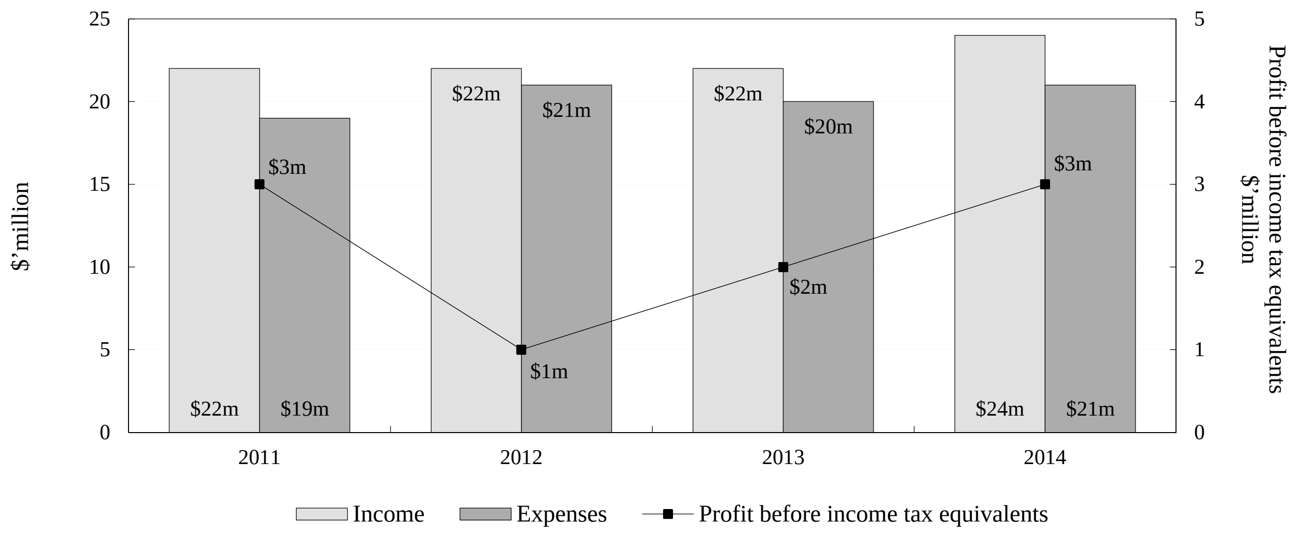
Fees and charges increased by $1.7 million primarily due to higher commissions and management fees resulting from strong investment returns and an increase in client funds under management.

Expenses

Employee benefits account for 69% of total expenses and increased by $797 000 to $14.4 million in 2013-14.

Net result

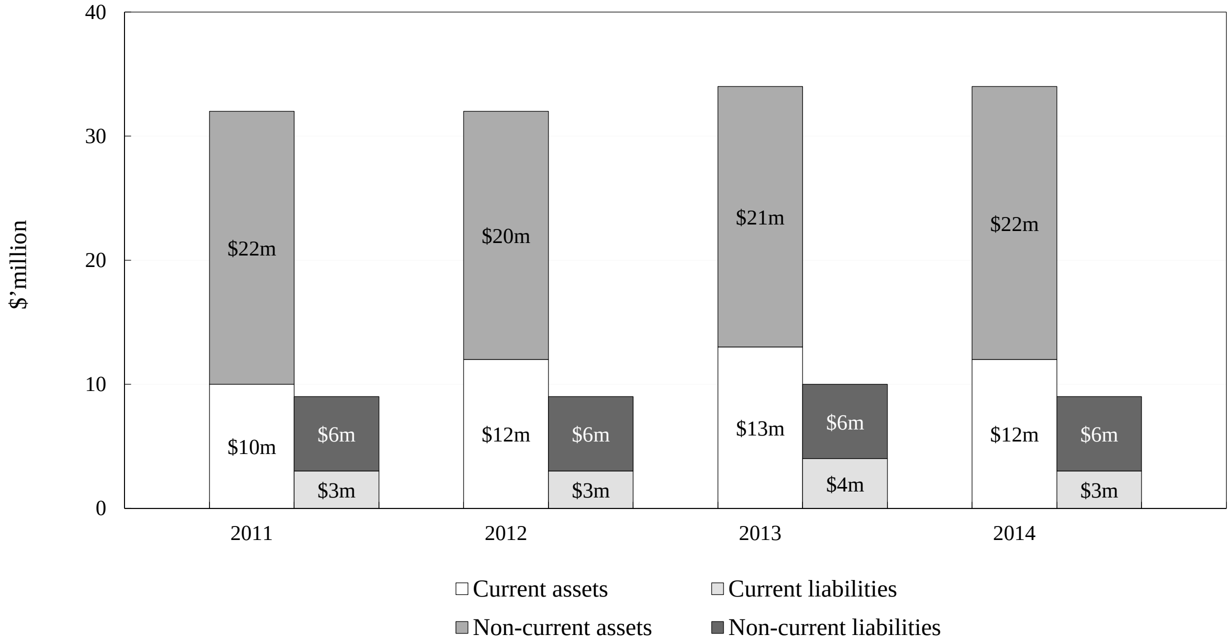
The following chart shows the revenues, expenses and profit before income tax equivalents for the four years to 2014.



Profit before income tax equivalents of $2.7 million ($1.9 million) increased due to the improved returns on investments and increased receipts for fees and charges.

Statement of Financial Position

The following chart analyses the assets and liabilities for the four years to 2014.



Assets

Current assets have decreased by $823 000 to $11.9 million during 2014, largely as a result of a reduction in cash.

Non-current assets have increased by $948 000 to $22 million in 2014. This is largely attributable to an increase in the value of investments held, reflecting improved economic conditions.

Liabilities

Current liabilities have decreased by $440 000 to $3.4 million in 2014 due largely to a decrease in trade creditors and accrued expenses.

Statement of Cash Flows

The following table summarises the net cash flows for the four years to 2014.

	2014 $'million	2013 $'million	2012 $'million	2011 $'million
Net cash flows				
Operating	1.2	1.8	2.5	2.0
Investing	(0.2)	1.3	(0.7)	(3.5)
Financing	(1.5)	-	(0.7)	-
Change in cash	(0.5)	3.1	1.1	(1.5)
Cash at 30 June	11.3	11.8	8.7	7.6

Cash and cash equivalents decreased by $500 000 in 2014 mainly as a result of the payments of dividends to government (refer note 13 to the financial statements).

Interpretation and analysis of Statement of Trusts being Administered

The value of trust funds administered by the Public Trustee in 2014 was $1.3 billion.

Note 3 to the Statement of Trusts being Administered provides details of the number and value of trust funds under administration.

Of the total funds being administered, 67% (70%) were invested in the common funds with the remaining 33% (30%) represented by estate assets.

Further commentary on operations

Common fund financial statements

The Public Trustee operates seven common funds through which client funds are invested. These funds are:

- Cash
- Short-term Fixed Interest
- Long-term Fixed Interest
- Overseas Fixed Interest
- Australian Shares
- Overseas Shares
- Property (formerly Listed Properties Securities).

A summary of the net operating result and total assets of each of the seven common funds is provided in the table below. Full versions of the financial statements for each of the common funds are available in the Public Trustee's annual report.

Analysis of common fund key figures

The following table summarises for each common fund the annual net operating result and the value of assets held at 30 June 2014 and 30 June 2013.

Common fund	Net operating result		Assets	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Cash	11 782	17 846	*417 566	*403 097
Short-term Fixed Interest	1 592	2 009	52 186	49 489
Long-term Fixed Interest	4 619	3 594	94 960	90 667
Overseas Fixed Interest	1 792	1 227	38 427	34 714
Australian Shares	28 458	26 946	172 220	166 346
Overseas Shares	22 348	32 887	127 289	135 876
Property	7 397	8 105	47 246	51 103

* Includes $63 million ($55 million) deposited by other common funds.

Corporate Statements

Statement of Comprehensive Income
for the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Income:			
Fees and charges	4(a)	20 956	19 220
Interest	4(b)	773	987
Gain from the disposal of fixed assets		1	-
Gain from the disposal of financial assets		-	1
Unrealised gains on financial assets		1 486	1 235
Other income	4(c)	384	400
Total income		23 600	21 843
Expenses:			
Employee benefits	5(a),5(b),5(c),5(d)	14 352	13 555
Supplies and services	5(e)	5 722	5 669
Loss from the disposal of fixed assets		-	4
Depreciation and amortisation		777	720
Total expenses		20 851	19 948
Profit (Loss) before income tax equivalents		2 749	1 895
Income tax equivalent	2(c)	825	568
Profit (Loss) after income tax equivalents		1 924	1 327
Total comprehensive result		1 924	1 327

Profit (Loss) after income tax equivalents and total comprehensive result are attributable to the SA Government as owner

Statement of Financial Position
as at 30 June 2014

	Note	2014 $'000	2013 $'000
Current assets:			
Cash and cash equivalents	17	11 305	11 887
Receivables	6	612	853
Total current assets		11 917	12 740
Non-current assets:			
Financial assets	7,8	17 419	15 929
Plant and equipment	9	4 150	4 842
Intangible assets	10	415	265
Total non-current assets		21 984	21 036
Total assets		33 901	33 776
Current liabilities:			
Payables	11	1 793	2 128
Lease incentive		268	268
Employee benefits	12	1 314	1 188
Provisions	13	15	246
Total current liabilities		3 390	3 830
Non-current liabilities:			
Payables	11	421	405
Lease incentive		1 316	1 584
Employee benefits	12	3 881	3 718
Provisions	13	36	-
Total non-current liabilities		5 654	5 707
Total liabilities		9 044	9 537
Net assets		24 857	24 239
Equity:			
Reserves	15	-	-
Retained earnings		24 857	24 239
Total equity		24 857	24 239

Total equity is attributable to the SA Government as owner

Contingent assets and liabilities	14		
Unrecognised contractual commitments	18		

Statement of Changes in Equity
for the year ended 30 June 2014

	Note	Reserves $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2012		285	22 849	23 134
Transfer from reserves to retained earnings	15	(285)	285	-
Profit (Loss) after income tax equivalent		-	1 327	1 327
Total comprehensive result for 2012-13		-	1 327	1 327
Transactions with SA Government as owner:				
Dividend provided for	13	-	(222)	(222)
Balance at 30 June 2013		-	24 239	24 239
Transfer from reserves to retained earnings	15	-	-	-
Profit (Loss) after income tax equivalent		-	1 924	1 924
Total comprehensive result for 2013-14		-	1 924	1 924
Transactions with SA Government as owner:				
Dividend provided for	13	-	(1 306)	1 306
Balance at 30 June 2014		-	24 857	24 857

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

Statement of Cash Flows
for the year ended 30 June 2014

		2014	2013
		Inflows	Inflows
		(Outflows)	(Outflows)
Cash flows from operating activities:	Note	$'000	$'000
Cash inflows:			
Fees and charges		23 090	21 052
Sundry income		25	98
Interest		858	1 030
Distributions		279	257
Cash generated from operations		24 252	22 437
Cash outflows:			
Employee benefits		(14 049)	(13 518)
Supplies and services		(7 174)	(5 809)
Tax equivalents		475	-
GST remitted to the ATO		(1 370)	(1 292)
Cash used in operations		(23 068)	(20 619)
Net cash provided by (used in) operating activities	16	1 184	1 818
Cash flows from investing activities:			
Cash inflows:			
Proceeds from disposal of plant and equipment		1	-
Proceeds from sales/maturities of financial assets		-	2 000
Cash generated from investing activities		1	2 000
Cash outflows:			
Financial assets		(4)	(2)
Purchase of plant and equipment		(67)	(413)
Purchase of intangibles		(168)	(257)
Cash used in investing activities		(238)	(672)
Net cash provided by (used in) investing activities		(238)	1 328
Cash flows from financing activities:			
Cash outflows:			
Dividend distribution to the State Government	16	(1 528)	-
Net cash provided by (used in) financing activities		(1 528)	-
Net increase (decrease) in cash and cash equivalents		(582)	3 146
Cash and cash equivalents at 1 July		11 887	8 741
Cash and cash equivalents at 30 June	17	11 305	11 887

Notes to and forming part of the financial statements

1. Objectives of the Public Trustee

The office of the Public Trustee was established in 1881 and is constituted under the provisions of the *Public Trustee Act 1995* (the Act). The Public Trustee is a statutory officer pursuant to the Act. The Public Trustee is a body corporate with the powers of a natural person.

1. Objectives of the Public Trustee (continued)

The role of the Public Trustee is to provide all South Australians with access to will making services, powers of attorney preparation and deceased estate and trust administration. Public Trustee also has a role in managing the financial affairs of those people in the community who lack the capacity to manage their own affairs as determined by the courts, the Guardianship Board or through activation of powers of attorney.

2. Summary of significant accounting policies

The corporate statements present the financial performance, financial position and cash flows of Public Trustee as at 30 June 2014 together with the supporting notes.

Financial statements relating to funds administered by Public Trustee are prepared separately, detailing trusts being administered and common funds under management.

(a) Basis of accounting

Statement of compliance

The financial statements are general purpose financial statements and have been prepared in accordance with relevant AASs and comply with TIs and APSs promulgated under the provisions of the PFAA.

AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by Public Trustee for the reporting period ending 30 June 2014 (refer note 3).

Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Public Trustee's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures, which have been included in these financial statements:
  - (i) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature
  - (ii) expenses incurred as a result of engaging consultants
  - (iii) employee TVSP information
  - (iv) employees whose normal remuneration is equal to or greater than the base executive remuneration level and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees
  - (v) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The Public Trustee Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable. The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a 12 month operating cycle and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2014 and the comparative information presented for the year ended 30 June 2013.

(b) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or APSs have required a change.

Where presentation or classification of items in the financial statements has been amended comparative amounts have been reclassified unless reclassification is impracticable. The restated comparative amounts do not replace the original financial statements for the preceding period.

For the year ended 30 June 2014 Public Trustee has not applied an accounting policy retrospectively or made a retrospective restatement of items or reclassified items in the financial statements.

(c) Taxation and dividend

The Act, through the provisions of sections 47 and 48, provides for the payment to government of taxation equivalents and dividends. The income tax liability is based on the Treasurer's accounting profit method, which requires that the corporate income tax rate be applied to the net profit. The Public Trustee consults with the Minister as to whether a dividend should be paid to the Treasurer for that financial year and, if so, as to the amount of the dividend.

Public Trustee is also liable for payroll tax, FBT and GST.

(d) Events after the reporting period

Where an event occurs after 30 June 2014 but provides information about conditions that existed at 30 June, adjustments are made to amounts recognised in the financial statements.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

(e) Basis of valuation

Non-current assets and liabilities with the exception of employee benefits are carried at deemed fair value.

Fair value measurement

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

Public Trustee classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation:

Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.

Level 3: not traded in an active market and are derived from unobservable inputs.

Plant and equipment

Plant and equipment are brought to account at cost less, where applicable, any accumulated depreciation or amortisation. The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amounts from these assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining the recoverable amount. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. The acquisition of software is capitalised when the expenditure meets the definition and recognition criteria of an asset and when the amount of expenditure is greater than or equal to $5000. Software is measured at cost unless the asset is acquired for no cost or for a nominal amount and then the asset's fair value is deemed to be cost. All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed.

Intangible assets (continued)
Plant and equipment and intangible assets are depreciated or amortised on a straight-line basis over their estimated useful lives, commencing from the time the asset is held ready for use. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to physical assets such as plant and equipment.

The depreciation/amortisation rates used for each class of depreciable assets are:

Class of fixed asset	*Depreciation rate (%)*
Plant and equipment	20-27
Software	20-27
Accommodation fitout	10

Financial instruments
Financial instruments are carried at fair value determined as below:

- Cash and cash equivalents are valued at nominal amounts. This asset consists of cash at bank, on hand and short-term money market deposits that are readily converted to cash and which are subject to insignificant risk of changes in value.
- Investments on acquisition are brought to account at cost and subsequently revalued at the balance date to fair value. Fixed interest investments are classified as held at fair value through the profit or loss and valued at market value based on independently obtained market yields applying at the balance date. Australian and international equities currently held in pooled funds are valued at the fair value prices established by the managers of the collective investment vehicles in which Public Trustee has invested.

Financial instruments - recognition
Public Trustee recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Financial instruments - measurement
Financial assets and liabilities held at fair value through the profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income. Fair values of financial instruments are classified, according to fair value hierarchy, at level 2 fair values that are based on inputs that are directly or indirectly observable for the asset/liability.

- *Fair value in an active market*
  The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the reporting date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

- *Fair value of unlisted unit trusts*
  Investments in other unlisted unit trusts are recorded at the fair value as reported by the managers of such funds.

Financial instruments - classification
Investments in financial assets such as equities and units in unlisted schemes have been classified as fair value through the profit or loss and recognised in the Statement of Financial Position at fair value, with changes in fair value during the period recognised in the Statement of Comprehensive Income.

If any indication of impairment exists, an impairment loss is recognised in the Statement of Comprehensive Income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the Statement of Comprehensive Income.

Receivables and payables are valued on a historical cost basis and it is considered that carrying value approximates market value.

Distributions from trust investments are recognised on a present entitlement basis.

(f) Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars ($'000).

(g) Income and expenses

Income and expenses are recognised in Public Trustee's Statement of Comprehensive Income when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

Income and expenses have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard or where offsetting reflects the substance of the transaction or other event.

Revenue from disposal of non-current assets is recognised when control of the asset has passed to the buyer and is determined by comparing proceeds with carrying amounts.

(h) Employee benefits

Provision has been made in the financial statements, where stated, for Public Trustee's liability for employee benefits arising from services rendered by employees to balance date that remain unpaid. Related on-costs consequential to the employment of employees (payroll tax and superannuation contributions) have been included under payables (refer note 11).

Salaries and wages

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

Superannuation

Public Trustee makes contributions to several superannuation schemes operated by the State Government. These contributions are treated as an expense when they occur. There is no liability for payment to beneficiaries as the South Australian Superannuation Board has assumed this liability. The only liability outstanding at balance date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

Annual leave

Provision has been made for the unused component of annual leave to balance date. The provision has been calculated at nominal amounts based on current salary rates plus 4% inflation rate as recommended in APF IV, paragraphs 5.7 and 5.8.

SERL

SERL is recognised on a pro-rata basis up to balance date in respect of services provided by Public Trustee employees with greater than 15 years service. SERL is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

LSL

LSL is recognised on a pro-rata basis in respect of services provided by Public Trustee employees up to balance date. The liability was measured by an actuarial assessment performed by DTF based on Public Trustee employee data. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows. This calculation is consistent with Public Trustee's experience of employee retention and leave taken. The current liability portion has been based on the past history of annual payments.

Sick leave

No provision has been made in respect of sick leave, as entitlements are non-vesting. As sick leave taken by employees is considered to be taken from the current year's accrual, no liability is recognised.

(i) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. Public Trustee has assessed whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. Public Trustee has entered into operating leases.

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.

(i) Leases (continued)

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset. Incentives received to enter into operating leases are recognised as a liability.

The aggregate benefits of lease incentives received by the Public Trustee in respect of operating leases are recorded as a reduction of rental expense over the lease term, on a straight-line basis.

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.

(j) Insurance

Public Trustee has insured for risks through the State Government's insurers, SAICORP, a division of SAFA. The excess payable under this arrangement varies depending on each class of insurance held.

(k) Current and non-current items

Assets and liabilities are characterised as either current or non-current in nature. Public Trustee has a clearly identifiable operating cycle of 12 months. Therefore assets and liabilities that will be realised as part of the normal operating cycle will be classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

(l) Receivables

Receivables comprise debtors, accrued investment income, income tax equivalent refund due and prepayments. Debtors arise in the normal course of selling goods and services to the public and other agencies. Trade receivables are payable within 30 days after the issue of an invoice or the services have been provided under a contractual arrangement.

(m) Payables

Payables include creditors, accrued expenses, employment on-costs, income tax equivalents and GST (refer note 2(o)).

Creditors represent the amounts owing for goods and services received but not paid prior to the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of Public Trustee.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All amounts are measured at their nominal amount and are normally settled within 30 days after Public Trustee receives an invoice.

Employment on-costs include superannuation contributions and payroll tax with respect to outstanding liabilities for salaries and wages, LSL and annual leave.

(n) Provisions

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2014 provided by a consulting actuary engaged through the Public Sector Workforce Relations Division of DPC. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

Public Trustee is responsible for the payment of workers compensation claims.

(o) Accounting for GST

Income, expenses and assets are recognised net of the amount of GST except that:

- the amount of GST incurred by Public Trustee as a purchaser that is not recoverable from the ATO is recognised as part of the cost of acquisition of an asset or as part of an item of expense
- receivables and payables are stated with the amount of GST included.

The net GST payable to, or recoverable from, the ATO has been recognised as a payable or receivable in the Statement of Financial Position.

(o) Accounting for GST (continued)

Cash flows are reported on a gross basis in the Statement of Cash Flows. The GST component of the cash flows arising from investing or financing activities, which is recoverable from, or payable to, the ATO is classified as operating cash flows.

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

(p) Disaggregated reporting

Disaggregated reporting has been deemed not appropriate for Public Trustee, as assets, liabilities, income and expenses attributable to different activities cannot be reliably determined.

(q) Impairment

All assets are assessed annually for evidence of impairment at reporting date. Where there is an indication of impairment, the recoverable amount is estimated. Any amount by which the carrying amount exceeds the recoverable amount is recorded as an impairment loss.

3. New and revised accounting standards

AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Public Trustee for the period ending 30 June 2014. The Public Trustee has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements other than AASB 13.

In accordance with the new AASB 13, which became effective for the first time in 2013-14, Public Trustee has:

- reviewed its fair value valuation techniques for non-financial assets to ensure they are consistent with the standard. Previously, the Public Trustee has used the cost approach or the market approach to determine fair value. The Public Trustee will continue to measure its non-financial assets using either the cost or market approach. The application of AASB 13 has not had a material impact on the fair value measurements
- included additional disclosures where required to assist users in assessing the valuation techniques and inputs used to ascertain fair value measurements used for asset and liability measurements.

Fair value hierarchy and other information is provided in note 9.

4. Income

	2014	2013
(a) Fees and charges:	\$'000	\$'000
Commissions[(1)]	10 900	9 683
Fees and charges[(1)]	1 946	1 619
Management fees[(2)]	8 110	7 918
Total fees and charges	20 956	19 220

(1) Commissions and fees are charged against estates pursuant to sections 44 and 45 of the Act and other Acts.

(2) A management fee is charged against common funds at the rate of one-twelfth of 1% of the value of each fund as at the first business day of the month.

	2014	2013
(b) Interest:	\$'000	\$'000
Interest on operating and reserve accounts	53	61
Interest on fixed-term investments	720	926
Total interest	773	987

(c) Other income:		
Recoupment of salaries and on-costs	2	73
Sundry income	23	25
Distributions from trusts	359	302
Total other income	384	400

5. Expenditure

(a) Superannuation

During 2013-14 Public Trustee paid an amount of $1.3 million ($1.3 million) to DTF towards the accruing government liability for superannuation in respect of its employees.

(b) Remuneration of employees

The number of employees whose remuneration received or receivable fell within the following bands:	2014 Number	2013 Number
$141 500 - $151 499[(1)]	1	-
$231 500 - $241 499	1	2
$241 500 - $251 499	1	-
$281 500 - $291 499	1	1
Total	4	3

(1) One officer received payments for accrued LSL in lieu of leave.

The table includes all employees who 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, payments in lieu of leave, superannuation contributions, FBT and any other salary sacrifice benefits. Total remuneration received or due and receivable by these employees was $924 000 ($751 000).

(c) TVSPs

Public Trustee provided for no TVSPs during 2013-14 or the previous year.

(d) Remuneration of board and committee members

Members that were entitled to receive remuneration for membership during the 2013-14 financial year were:

Public Trustee Audit and Risk Management Committee
Mr Peter Whelan (7 months)
Ms Christine Locher (full year)
Ms Virginia Hickey (5 months)

The number of members whose remuneration received or receivable fell within the following bands:	2014 Number	2013 Number
$0 - $9 999	3	1
$10 000 - $19 999	-	1
Total	3	2

The total remuneration received or receivable by members was $18 000 ($23 000).

Unless otherwise disclosed, transactions between members are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

In accordance with DPC Circular 16, government employees did not receive any remuneration for board/committee duties during the financial year.

(e) Supplies and services

	2014 $'000	2013 $'000
Personal services contractors	41	114
Other service contractors	201	165
Minor works, maintenance and equipment	15	10
Insurance	202	182
Information technology	1 552	1 352
Accommodation and telecommunication	1 773	1 718
Legal expenses	71	79
Service contractors	615	631
Other supplies and services	1 018	1 017
Auditor's remuneration[(1)]	173	168
Consultancies[(2)]	61	233
Total supplies and services	5 722	5 669

(e) Supplies and services (continued)

(1) Audit fees paid/payable to the Auditor-General's Department relating to the audit of financial statements. No other services were provided by the Auditor-General's Department.

(2) Public Trustee paid for two consultancies between $10 000 and $50 000 in 2013-14 for a review of the estate services function and to provide advice regarding improvements to client superannuation arrangements. There were three consultancies in 2012-13 in excess of $50 000.

6. Receivables

	2014	2013
Current receivables:	$'000	$'000
Debtors	39	101
Accrued investment income	373	377
Income tax equivalent refund due	-	235
Prepayments	200	140
Total receivables	612	853

Receivables are generally settled within 30 days after the issue of an invoice.

7. Financial assets

Public Trustee is required, pursuant to section 46(2)(c) of the Act, to obtain the Treasurer's approval as to the manner of investment of corporate funds.

Non-current financial assets:		
Australian fixed interest (pooled funds)	7 077	6 943
International equities (pooled funds)	4 263	3 510
Australian listed property (pooled funds)	1 354	1 284
Australian equities (pooled funds)	4 725	4 192
Total financial assets	17 419	15 929

8. Financial instruments

(a) Fair value of financial assets and liabilities

Financial instruments are readily tradeable and carried at fair value based upon the valuation policies set out in note 2(e). The aggregate carrying amounts for each class of financial instrument are as disclosed within the notes to the financial statements.

(b) Investment in collective investment vehicles

In addition to holding financial instruments directly, Public Trustee has invested in collective investment vehicles for the purpose of gaining exposure to Australian and international assets. The managers of such vehicles have invested in a variety of financial instruments, which expose Public Trustee to investment risks, including market risk, credit risk, interest risk and currency risk. Public Trustee has assessed the investment rules of these collective investments and determined their suitability as investments.

(c) Financial risk management

Public Trustee's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of Public Trustee. Only Australian domiciled pooled funds are used for investments in overseas assets. These funds are not directly exposed to foreign exchange risk as the pooled funds are fully hedged against currency risk.

Management of risk is focused on both strategic and business process risk. Annually, an analysis of strategic risk is undertaken which is comprehensive and covers investment, financial, operational and administrative responsibilities of Public Trustee. Business processes are documented, key risks are identified and management strategies used to control these risks are in place.

(d) Market risk

Price risk

Public Trustee is exposed to equity securities price risk. This arises from investments held by Public Trustee and classified on the Statement of Financial Position as financial assets at fair value through the profit or loss. Public Trustee is not exposed to commodity price risk, as the classes of investments include Australian shares, international shares and listed properties.

Price risk (continued)

To manage its price risk arising from investments, Public Trustee diversifies its portfolio. Diversification of the portfolio is done in accordance with its investment guidelines. The analysis detailed below is based on the assumption that the market indexes had increased/decreased by a set percentage with all other variables held constant and all instruments moving according to the historical correlation with the index.

Cash flow and interest rate risk

Public Trustee's interest rate risk arises from cash investments, short-term investments and Australian fixed interest investments. Instruments issued at fixed interest rates expose Public Trustee to fair value interest rate risk and variable rate instruments expose Public Trustee to cash flow interest rate risk. Public Trustee invests in short-term money market instruments with maturities less than one year and with credit ratings that satisfy the credit rating requirements of Public Trustee's Cash Common Fund.

A sensitivity analysis is provided below, outlining the exposure to each type of market risk at reporting date, showing how profit or loss would be affected by the changes in the relevant risk variable that were reasonably possible at that date. All instruments are designated as financial assets at fair value through the profit or loss; therefore there is no direct impact on equity.

Sensitivity analysis

		Interest rate risk		Price risk	
		-1%	+1%	-20%	+10%
	Carrying amount	Statement of Comprehensive Income		Statement of Comprehensive Income	
2014	$'000	$'000	$'000	$'000	$'000
Financial assets:					
Cash and cash equivalents	11 305	(113)	113	-	-
Financial assets at fair value through profit or loss:					
Australian fixed interest (pooled funds)	7 077	(71)	71	-	-
International equities (pooled funds)	4 263	-	-	(853)	426
Australian listed property (pooled funds)	1 354	-	-	(271)	135
Australian equities (pooled funds)	4 725	-	-	(945)	473
Total increase (decrease)		(184)	184	(2 069)	1 034
2013					
Financial assets:					
Cash and cash equivalents	11 887	(119)	119	-	-
Financial assets at fair value through profit or loss:					
Australian fixed interest (pooled funds)	6 943	(69)	69	-	-
International equities (pooled funds)	3 510	-	-	(702)	351
Australian listed property (pooled funds)	1 284	-	-	(257)	129
Australian equities (pooled funds)	4 192	-	-	(838)	419
Total increase (decrease)		(188)	188	(1 797)	899

(e) Credit risk

Credit risk is managed at the corporate level. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to outstanding receivables and committed transactions. Public Trustee has no direct exposure to derivative instruments, thus credit risk arises primarily through investments with banking corporations.

Short-term money market instruments must have a short-term Standard & Poor's rating of A1 or in the case of the issuer being a bank under the *Banking Act 1959* a rating of A2 is accepted. Floating rate instruments must have a long-term Standard & Poor's credit rating of A+ or better or where the counterparty is a bank under the *Banking Act 1959* a rating of BBB or better is accepted.

If there is no independent rating, Public Trustee assesses the credit quality of the customer, taking into account its financial position and past experience. Pooled investment funds are not rated; however, Public Trustee has made a thorough assessment of all pooled funds managers in regard to credit and other risks prior to investing funds with each manager. The credit risk lies with the pooled fund manager responsible for the management of the underlying investments. Public Trustee continually monitors these assessments.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

(e) *Credit risk*

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Public Trustee has no direct exposure to derivative instruments.

	2014	2013
Cash at bank, short-term bank deposits and floating rate notes:	$'000	$'000
A1+	2 805	3 387
A1	-	2 500
A2	8 500	6 000
Total cash at bank, short-term bank deposits and floating rate notes	11 305	11 887
Trade receivables:		
Counterparties with external ratings:		
A1+	11	38
A1	-	18
A2	46	34
Counterparties without external ratings:		
Existing customers with no defaults in the past	555	763
Total trade receivables	612	853

(f) *Liquidity risk*

Public Trustee has working capital policies in place in order to maintain liquidity. Short-term investment analysis assists in determining the amount, if any, to be invested or reinvested in order to maintain working capital. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the ability to close out market positions. Public Trustee manage the liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

All financial assets held to maturity have a maturity date within 12 months. Pooled funds investments have no maturity date.

9. Plant and equipment

2014	Opening balance	Additions	Disposals	Depreciatn	Revaluatn/ Other	Closing balance
Plant and equipment:	$'000	$'000	$'000	$'000	$'000	$'000
Plant and equipment at cost	947	360	(84)	-	-	1 223
Accommodation fitout	6 318	-	-	-	-	6 318
Work in progress at cost	293	(293)	-	-	-	-
Total plant and equipment	7 558	67	(84)	-	-	7 541
Accumulated depreciation:						
Plant and equipment:						
Plant and equipment	(859)	-	84	(134)	-	(909)
Accommodation fitout	(1 857)	-	-	(625)	-	(2 482)
Total accumulated depreciation	(2 716)	-	84	(759)	-	(3 391)
Net plant and equipment	4 842	67	-	(759)	-	4 150
2013						
Plant and equipment:						
Plant and equipment at cost	1 026	-	(79)	-	-	947
Accommodation fitout	6 217	101	-	-	-	6 318
Work in progress at cost	-	293	-	-	-	293
Total plant and equipment	7 243	394	(79)	-	-	7 558
Accumulated depreciation:						
Plant and equipment:						
Plant and equipment	(845)	-	75	(89)	-	(859)
Accommodation fitout	(1 234)	-	-	(623)	-	(1 857)
Total accumulated depreciation	(2 079)	-	75	(712)	-	(2 716)
Net plant and equipment	5 164	394	(4)	(712)	-	4 842

9. Plant and equipment (continued)

Plant and equipment assets are classified as level 3 assets for fair value purposes as valuation is based on management's assessment of useful life and condition. The significant input to the valuation is management's assessment of useful life which is disclosed in note 2(e).

There have been no movements in the fair value of plant and equipment other than movements as a result of additions, disposals and current year depreciation as shown above.

10. Intangible assets

	Opening balance	Additions	Disposals	Amortisatn	Revaluatn/ Other	Closing balance
2014	$'000	$'000	$'000	$'000	$'000	$'000
Software at cost	6 100	425	-	-	-	6 525
Works in progress at cost	257	(257)	-	-	-	-
Accumulated amortisation	(6 092)	-	-	(18)	-	(6 110)
Total intangible assets	265	168	-	(18)	-	415
2013						
Software at cost	6 100	-	-	-	-	6 100
Works in progress at cost	-	257	-	-	-	257
Accumulated amortisation	(6 083)	-	-	(9)	-	(6 092)
Total intangible assets	17	257	-	(9)	-	265

Work in progress items are transferred to intangible assets when ready for use.

11. Payables

	2014	2013
Current liabilities:	$'000	$'000
Trade creditors and accrued expenses	601	1 069
Income tax equivalents	683	568
GST payable	314	267
Employment on-costs	195	224
	1 793	2 128
Non-current liabilities:		
Employment on-costs	421	405
Total payables	2 214	2 533

12. Employee benefits

Current liabilities:		
LSL(1)(2)	254	142
Accrued salaries	149	123
Recreation leave(1)	800	840
SERL(1)	111	83
	1 314	1 188
Non-current liabilities:		
LSL(1)(2)	3 881	3 718
	3 881	3 718
Total employee benefits	5 195	4 906

(1) An actuarial assessment performed by DTF left the salary inflation rate at 4%. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

(2) APF IV, paragraph 5.24 confirms the LSL taken percentage is unchanged from 2013 at 40%. The yield on long-term Commonwealth bonds used as the discount rate in calculating LSL by the actuarial is 3.5% (3.75%). The change in methodology and actuarial assumptions in the current financial year have had minimal effect on the LSL liability.

13. Provisions

	2014	2013
Current liabilities:	$'000	$'000
Provision for dividend to State Government(1)	-	222
Provision for workers compensation(2)	15	24
Total current provisions	15	246
Non-current liabilities:		
Provision for workers compensation(2)	36	-
Total provisions	51	246

13. Provisions (continued)

	2014	2013
Provisions for dividend:	$'000	$'000
Provision for dividend to State Government at 1 July[1]	222	-
Additional provision recognised[1]	1 306	222
Payments to State Government	(1 528)	-
Provision for divided at 30 June	-	222

(1) In accordance with the Public Trustee charter, agreed by the Attorney-General and Treasurer, any differences between forecast profit and audited profit will be addressed through an adjustment to the final dividend in the following financial year. In 2012-13 an interim dividend of $222 000 (2012-13 interim dividend of $476 000 less credit of $254 000 arising from 2011-12) was paid to the Government. An additional final 2012-13 dividend of $651 000 was approved and paid in October 2013. An interim dividend of $655 000 for 2013-14 has been paid to the Government.

(2) A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Public Sector Workforce Relations Division of DPC.

14. Contingencies

Public Trustee had no known contingent assets or liabilities as at balance date.

15. Reserves

	Workers compensation reserve[1]	
	2014	2013
	$'000	$'000
Balance as at 1 July	-	285
Payments/Transfers from reserves	-	(285)
Total reserves as at 30 June	-	-

(1) Public Trustee established a reserve to meet the cost of workers compensation claims. This reserve was transferred to retained earnings in 2012-13 and a provision established for workers compensation (refer note 13).

16. Cash flow reconciliation

	2014	2013
(a) Reconciliation of cash and cash equivalents	$'000	$'000
Cash and cash equivalents disclosed in the Statement of Financial Position	11 305	11 887
Balance as per Statement of Cash Flows	11 305	11 887

	2014	2013
(b) Reconciliation of profit (loss) after income tax equivalents to net cash provided by (used by) operating activities		
Profit (Loss) for the year after income tax equivalent	1 924	1 327
Non-cash items:		
Depreciation and amortisation	777	720
Lease incentive	(268)	(267)
Unrealised gain on financial assets	(1 486)	(1 235)
Realised gain on financial assets	-	(1)
Loss (Gain) on disposal of equipment	(1)	4
Movements in assets/liabilities:		
Receivables	6	494
Payables	(468)	146
Employee benefits and on-costs	276	12
Provisions	27	24
Capital written off	-	-
Income tax equivalents	350	568
GST liability	47	26
Net cash provided by (used in) operating activities	1 184	1 818

	2014	2013
(c) Reconciliation of dividend paid to State Government		
Interim dividend paid to 2012-13	222	-
Final dividend paid for 2012-13	651	-
Interim dividend paid for 2013-14	655	-
Total dividend paid	1 528	-

17. Cash and cash equivalents

	2014	2013
	$'000	$'000
Cash	1 805	2 387
Short-term financial assets held to maturity	9 500	9 500
	11 305	11 887

18. Unrecognised contractual commitments

Public Trustee has no capital contractual arrangements for 2012-13 or 2013-14.

Remuneration commitments

One year or less	714	696
Later than one year but no longer than five years	715	1 852
Total remuneration commitments	1 429	2 548

Amounts disclosed include commitments arising from executive service contracts. Public Trustee does not offer remuneration contracts greater than five years.

Operating lease commitments

One year or less	2 004	1 759
Later than one year but no longer than five years	8 796	7 722
Later than five years	2 204	4 123
Total operating lease commitments	13 004	13 604

Public Trustee's operating leases are for office accommodation. Office accommodation is leased from the Department of Planning, Transport and Infrastructure. The leases are non-cancellable and expire in May 2020. Rent is payable monthly in advance.

19. Transactions with SA Government

		SA Government		Non-SA Government		Total	
		2014	2013	2014	2013	2014	2013
	Note	$'000	$'000	$'000	$'000	$'000	$'000
Income							
Fees and charges	4(a)	-	-	20 956	19 220	20 956	19 220
Interest:	4(b)						
Interest on operating account		-	-	53	61	53	61
Interest on fixed-term investments		-	-	720	926	720	926
Other income:	4(c)						
Recoupment of salaries and on-costs		2	73	-	-	2	73
Sundry income		-	-	23	25	23	25
Distributions from trusts		-	-	359	302	359	302
Gain from disposal of fixed assets		-	-	1	-	1	-
Gain from disposal of financial assets		-	-	-	1	-	1
Unrealised gains on financial assets		-	-	1 486	1 235	1 486	1 235
Total income		2	73	23 598	21 770	23 600	21 843
Supplies and services							
Supplies and services:	5(e)						
Insurance		202	182	-	-	202	182
Information technology		560	397	992	955	1 552	1 352
Accommodation and telecommunication		1 743	1 680	30	38	1 773	1 718
Legal expenses		71	79	-	-	71	79
Personal service contractors		-	-	41	114	41	114
Service contractors		615	631	201	165	816	796
Other supplies and services		122	126	896	891	1 018	1 017
Auditor's remuneration		173	168	-	-	173	168
Minor works, maintenance and equipment		-	-	15	10	15	10
Consultancies		-	-	61	233	61	233
Total supplies and services		3 486	3 263	2 236	2 406	5 722	5 669

19. Transactions with SA Government (continued)

	Note	SA Government 2014 $'000	SA Government 2013 $'000	Non-SA Government 2014 $'000	Non-SA Government 2013 $'000	Total 2014 $'000	Total 2013 $'000
Financial assets							
Current assets:							
Cash:	17						
Cash and cash equivalents		1 805	2 387	9 500	9 500	11 305	11 887
Receivables:	6						
Debtors		11	80	28	21	39	101
Accrued investment income		-	-	373	377	373	377
Income tax equivalent due		-	235	-	-	-	235
Prepayments		-	-	200	140	200	140
Total current assets		1 816	2 702	10 101	10 038	11 917	12 740
Non-current assets:							
Financial assets	7,8	-	-	17 419	15 929	17 419	15 929
Total financial assets		1 816	2 702	27 520	25 967	29 336	28 669
Financial liabilities	11						
Payables:							
Trade creditors		425	409	176	661	601	1 070
Income tax equivalents		683	568	-	-	683	568
On-costs on employee benefits		269	302	347	326	616	628
GST		-	-	314	267	314	267
Total financial liabilities		1 377	1 279	837	1 254	2 214	2 533

Statement of Trusts being Administered as at 30 June 2014

	Note	2014 $'000	2013 $'000
Trust funds under administration:	3		
Deceased estates		155 059	156 432
Trusts		119 829	117 079
Administration matters		38 978	87 024
Court award orders		385 965	311 283
Protected estates		266 684	246 925
Workers compensation awards		200	177
Powers of attorney		58 877	60 656
Investors		278 770	260 364
Total funds		1 304 362	1 239 940
Represented by:			
Investment in common funds:	1(b),2		
Non-current assets:			
Australian equities		157 686	157 028
International equities		121 013	129 658
Property securities		42 079	48 569
Australian fixed interest investments		215 195	217 968
International fixed interest investments		24 726	23 617
		560 699	576 840
Current assets:			
Cash and cash equivalents		5 000	5 110
Australian fixed interest investments		298 748	276 686
Advances to estates		4 894	5 364
Other assets		17 897	12 146
		326 539	299 306
Current liabilities:			
Bank overdraft		64	-
Income distribution payable		12 577	9 549
Other liabilities		19	77
		12 660	9 626
Net common fund assets		874 578	866 520
Estate assets:	1(c)		
Non-current assets:			
Real estate		283 699	291 614
Superannuation		84 376	-
Personal chattels		18 245	42 287
Equities		21 893	18 598
Fixed interest and cash assets		13 738	17 199
Mortgages		138	176
		422 089	369 874
Current assets:			
Other assets		15 719	12 416
Current liabilities:			
Other liabilities		8 024	8 870
Net estate assets		429 784	373 420
Total net assets		1 304 362	1 239 940

Notes to and forming part of the financial statement

1. Statement of principal accounting policies

(a) *Format of the accounts*

The Statement of Trusts being Administered (the Statement) and related notes are special purpose financial statements that provide information on the value and nature of trusts being administered. The Statement consolidates all trusts being administered by Public Trustee. Accordingly, no accounting standards and other mandatory reporting requirements are applied in the preparation and presentation of this Statement.

Public Trustee has prepared the Statement, where appropriate, based on the general principles outlined in AASs.

The Statement has been prepared using the accrual basis of accounting. Dividend income is recognised on the date that shares are quoted as ex-dividend. Distributions from trusts are recognised on a present entitlement basis.

(b) *Basis of valuation of common fund assets and liabilities*

For the 2013-14 reporting period assets for the Australian Shares Common Fund, Overseas Fixed Interest Common Fund, Overseas Shares Common Fund and the Property Common Fund are reported at market value to comply with current accounting standards.

Australian fixed interest investments: are valued at market value based on independently obtained market yields applying at balance date.

Advances to estates: are carried at their nominal amounts. Public Trustee is authorised by the *Public Trustee Act 1995* (the Act) to advance monies where an estate has insufficient monies to make payments as authorised or required to administer the estate, usually on a short-term basis. Funds advanced are a first charge on the estate's property vested under the control of Public Trustee. The interest rate applicable on advances at 30 June 2014 was 2.9% (3.5%).

Cash at bank and cash equivalents: are carried at nominal amounts, translated at prevailing exchange rates where applicable. This asset consists of cash at bank and on hand, as well as other short-term, highly liquid investments with original maturities of three months or less.

Other assets and other liabilities: are carried at their nominal amounts.

(c) *Basis of valuation for estate assets*

Real estate

For deceased estates, real estate is initially valued as at date of death. In other matters, the initial valuation is at the date Public Trustee is being appointed manager, administrator or new trustee. Public Trustee revalues all South Australian real estate other than accommodation bonds annually. All other real estate is revalued to current value where these values can be ascertained. Such revaluations are determined by reference to valuations established by the South Australian Valuer-General, with a revaluation last being carried out as at 30 June 2014. Accommodation bonds are valued annually at cost less retention amount until the retention terms have expired.

Superannuation

During the 2013-14 reporting period client monies were moved from self-managed superannuation funds, invested in common funds, to an approved superannuation provider. These monies were reported as investments in common funds in the 2012-13 reporting period. A number of direct customer investments in superannuation were also moved to the approved provider. These funds were reported as personal chattels in the 2012-13 reporting period. The funds are valued daily and are reported at market value as at 30 June 2014.

Personal chattels

For deceased estates, valuation is at date of death; in other matters, valuation is at the date of Public Trustee being appointed manager, administrator or new trustee. In the case of some sundry minor assets, nominal values are used for valuation purposes.

Investment by estates in common funds

Valuation of estate investment in common funds is based on the underlying fair value of common funds as at balance date.

Other estate investments

Investments other than equities are shown at their face value. Valuation is performed at the date of the Public Trustee being appointed manager, administrator or new trustee or at the date of death in the case of deceased estates. Equities are valued at net fair value as at balance date.

2. Operation of the common funds

Common funds managed by Public Trustee have been established pursuant to section 29 of the Act or its predecessor legislation. Financial statements for each common fund operated by Public Trustee are presented within the annual report of Public Trustee.

Investment in common funds (with the exception of direct investment in the Cash Common Fund) are by way of notional unit holdings in the common funds. Contributors may invest in the Cash Common Fund or alternately invest in a selection of common funds in proportions determined by one or more of the following standard investment strategies provided by Public Trustee:

- capital stable
- balanced
- growth
- equities.

3. Trust funds under administration

	Number		Value	
	2014	2013	2014	2013
			$'000	$'000
Deceased estates:				
Monies and assets held under the administration of the Public Trustee pursuant to the provisions of the Act	1 299	1 264	155 059	156 432
Trusts:				
Monies and assets held under the administration of the Public Trustee pursuant to the terms of a will or a deed of trust	1 344	1 407	119 829	117 079
Administration matters:				
Monies paid and assets transferred to the Public Trustee on account of minor beneficiaries pursuant to the Act	371	434	38 978	87 024
Court award orders:				
Monies directed by the Court to be paid to the Public Trustee on behalf of clients and invested and applied by the Public Trustee as the Court directs and monies administered by the Public Trustee under the *Aged and Infirm Persons' Property Act 1940*	790	813	385 965	311 283
Protected estates:				
Monies administered by the Public Trustee under the *Guardianship and Administration Act 1993*	3 252	3 272	266 684	246 925
Workers compensation awards:				
Monies directed by the Court to be paid to the Public Trustee on behalf of widows and minors and invested and applied by the Public Trustee as the Court directs	4	4	200	177
Powers of attorney:				
Monies and assets held on behalf of donors who have appointed the Public Trustee to act on their behalf	322	351	58 877	60 656
Investors:				
Monies invested in common funds pursuant to section 29(1) of the Act by classes of persons approved by the Minister	293	294	278 770	260 364
	7 675	7 839	1 304 362	1 239 940

4. Unclaimed monies

During the reporting period, amounts totalling $343 000 ($598 000) in respect of estates became or were identified as unclaimed monies. Payment of these amounts to the Consolidated Account pursuant to section 32(1) of the Act is expected to occur in the next financial year.

Auditor-General's Department

Functional responsibility

Establishment

The PFAA confers wide responsibilities and powers on the Auditor-General to audit and examine and report to various bodies and the Parliament on the activities of State and Local Government agencies. The activities cover financial operations and reporting, controls and matters of public interest, including the acquisition and use of public resources and the probity and lawfulness of matters relating to public administration.

The Auditor-General's Department (the Department) operates to assist the Auditor-General in the discharge of his/her statutory audit mandate. It is an administrative unit established pursuant to the PSA.

Audit mandate and coverage

Audit authority

Audit of the financial report

Under section 35(1) of the PFAA, the Governor, on the recommendation of the Treasurer, has appointed Edwards Marshall as auditor of the Department.

Audit findings and comments

Auditor's report on the financial report

In Edwards Marshall's opinion:

> (a) *the financial report presents fairly, in all material respects, the financial position of the Department, as at 30 June 2014, and of its financial performance and cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the* Public Finance and Audit Act 1987 *and the Australian Accounting Standards (including the Australian Accounting Interpretations); and*
>
> (b) *the financial report also complies with accounts and records of the Department.*

Assessment of controls

In Edwards Marshall's opinion:

> *… the internal controls employed by the Department for the financial year ended 30 June 2014 over its financial reporting and the preparation of the financial statements are effective.*

Communication of audit matters

Edwards Marshall advised in their audit completion letter dated 12 September 2014 that there were no significant matters communicated to the Department for attention.

Interpretation and analysis of the financial report

Highlights of the financial report

	2014 $'million	2013 $'million
Expenses		
Employee expenses	11.3	10.6
Other expenses	3.5	3.9
Total expenses	14.8	14.5
Revenues from (Payments to) SA Government	14.5	15.7
Total assets	4.4	4.6
Total liabilities	4.7	4.5

The decrease in revenues from SA Government of $1.2 million primarily results from the return of $1 million in surplus cash to the Consolidated Account pursuant to the cash alignment policy of the SA Government.

Statement of Comprehensive Income
for the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Expenses:			
Employee expenses	3	11 353	10 599
Supplies and services:	4		
Contractors		1 275	1 811
Office accommodation and service costs		667	667
Computing and network processing costs		430	337
Staff recruitment, development and training		214	190
Consultancies		145	80
Motor vehicles		144	160
Other expenses		125	108
Staff travel, accommodation and allowances		67	65
SSSA charges		65	60
FBT		56	61
Temporary staff		17	17
Report printing		9	8
		3 214	3 564
Depreciation and amortisation		245	292
Total expenses		14 812	14 455
Income:			
Other income		1	1
Total income		1	1
Net cost of providing services	14.2	14 811	14 454
Revenues from (Payments to) SA Government:			
Appropriations and contingency provision grant	5	15 451	15 657
Return of surplus cash pursuant to cash alignment policy	5	(1 000)	-
Total Revenues from (Payments to) SA Government		14 451	15 657
Net result		(360)	1 203
Total comprehensive result		(360)	1 203

Net result and total comprehensive result are attributable to the SA Government as owner

Statement of Financial Position
as at 30 June 2014

	Note	2014 $'000	2013 $'000
Current assets:			
Cash and cash equivalents	6,14.1	3 953	4 062
Receivables	7	124	126
Total current assets		4 077	4 188
Non-current assets:			
Computing and office facilities	8	303	307
Intangible assets	9	24	67
Total non-current assets		327	374
Total assets		4 404	4 562
Current liabilities:			
Payables	10	380	344
Cash advance - imprest account	6	-	3
Employee benefits	11	1 278	1 467
Provision for workers compensation	12	8	7
Total current liabilities		1 666	1 821
Non-current liabilities:			
Payables	10	291	258
Employee benefits	11	2 683	2 359
Provision for workers compensation	12	24	24
Total non-current liabilities		2 998	2 641
Total liabilities		4 664	4 462
Net assets		(260)	100
Equity:			
Opening balance - surplus (deficit)		100	(1 103)
Increase (Decrease) in net assets		(360)	1 203
Total equity		(260)	100

Total equity is attributable to the SA Government as owner

Commitments	13		

Statement of Changes in Equity
for the year ended 30 June 2014

	Retained earnings $'000	Total $'000
Balance at 30 June 2012	(1 103)	(1 103)
Total comprehensive result for the year 2012-13	1 203	1 203
Balance at 30 June 2013	100	100
Total comprehensive result for the year 2013-14	(360)	(360)
Balance at 30 June 2014	(260)	(260)

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

Statement of Cash Flows
for the year ended 30 June 2014

	Note	2014 Inflows (Outflows) $'000	2013 Inflows (Outflows) $'000
Cash flows from operating activities:			
Cash outflows:			
Employee expenses		(11 185)	(10 543)
Supplies and services		(3 524)	(3 887)
Payments for Paid Parental Leave Scheme		(24)	(24)
Cash inflows:			
Other income		1	1
GST refunds from ATO		328	395
Receipts for Paid Parental Leave Scheme		26	26
Cash flows from (to) SA Government:			
Appropriations and contingency provision grant	5	15 451	15 657
Return of surplus cash pursuant to cash alignment policy	5	(1 000)	-
Net cash provided by (used in) operating activities	14.2	73	1 625
Cash flows from investing activities:			
Cash outflows:			
Purchase of computing and office facilities		(182)	(190)
Purchase of intangible assets		-	(37)
Net cash provided by (used in) investing activities		(182)	(227)
Net increase (decrease) in cash and cash equivalents		(109)	1 398
Cash and cash equivalents at 1 July		4 062	2 664
Cash and cash equivalents at 30 June	6,14.1	3 953	4 062

Notes to and forming part of the financial statements

1. Objectives of the Auditor-General's Department (the Department)

The Department's main statutory responsibilities are to audit and examine the activities of State and Local Government agencies and to report the results to Parliament in accordance with the requirements of the PFAA.

The Department's sole activity is the provision of auditing services covering the various audit and examination responsibilities prescribed under the PFAA. Within this activity class there are two subactivities:

Prescribed audits

Includes all audit and examination work for State and Local Government agencies initiated and undertaken by the Auditor-General under the PFAA. The main component of work relates to the annual statutory audit of State public sector agencies. During the year the Department spent $14.763 million ($14.403 million) on this activity.

Special investigations

Includes all examination work defined within the PFAA that is specifically requested by the Parliament, Treasurer, Minister or the Independent Commissioner Against Corruption to be undertaken and reported by the Auditor-General to the Parliament.

These projects have specific terms of reference requested by the referring party and are treated as a separate subprogram. Consistent with the legislative requirement of audit independence, the reports are presented directly to the Parliament. In 2013-14 the Auditor-General was required to examine and report to the Parliament on the progress of construction of the Adelaide Oval redevelopment and other matters.

During 2013-14 the Department spent $49 000 ($52 000) on this activity.

2. Summary of significant accounting policies

(a) Statement of compliance

The financial statements are general purpose financial statements that have been prepared in accordance with applicable AASs and TIs and APSs issued pursuant to the PFAA.

The accounts are presented on the accrual basis of accounting using historical cost accounting which does not take into account changing money values.

The financial statements have been prepared based on a 12 month operating cycle and are presented in Australian currency.

AASs and AASB interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Department for the reporting period ending 30 June 2014. The Department has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Department.

The Department's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention except for certain items which have been recognised at fair value.

The Statement of Cash Flows has been prepared on a cash basis.

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Department's accounting policies. Areas involving a higher degree of judgement, or where assumption and estimates are significant to the financial statements are outlined in the applicable notes
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures in these financial statements:
  - (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature
  - (b) employees whose normal remuneration is equal to or greater than the base executive remuneration level and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly to those employees
  - (c) expenses incurred as a result of engaging consultants (reported in the Statement of Comprehensive Income).

(c) ***Reporting entity***

The Department produces both departmental and administered financial statements. The departmental financial statements report on the use of assets, liabilities, income and expenses controlled or incurred by the Department. The administered items financial statements report on the income, expenses, assets and liabilities which the Department administers on behalf of the SA Government but does not control.

(d) ***Comparative information***

The presentation and classification of items in the financial statements are consistent with prior periods except where a specific APS or AAS has required a change.

Where applicable the comparatives have been restated to assist users understanding of the current reporting period and do not replace the original financial statements for the preceding period.

(e) ***Rounding***

All amounts in the financial statements have been rounded to the nearest thousand dollars ($'000).

(f) ***Taxation***

The Department is not subject to income tax. The Department is liable for payroll tax, FBT and GST. Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred by the Department on a purchase of goods or services is not recoverable from the ATO it is recognised as part of the cost of acquisition of an asset or as part of an item of expense

- receivables and payables which are stated with the amount of GST included.

The net GST receivable/payable to the ATO has been recognised as a receivable in the Statement of Financial Position.

Cash flows are reported on a gross basis in the Statement of Cash Flows. The GST component of the cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO have however been classified as operating cash flows.

(g) ***Income and expenses***

Income and expenses are recognised in the Statement of Comprehensive Income only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

Income and expenses have been classified according to their nature in accordance with APF II, APS 3.5 and have not been offset unless required or permitted by another accounting standard.

The loss on the disposal of non-current assets is recognised when control of the asset has passed to the recipient.

(h) ***Revenues from (Payments to) SA Government***

Parliament-approved funding appropriations are received for the full accrual cost of services. The appropriation is paid into a special deposit account titled 'Auditor-General's Department Operating Account'. Appropriations for accrued expenses are deposited in a special deposit account in the name of the Auditor-General's Department at DTF titled 'Accrual Appropriation Excess Funds'. Use of the funds requires the approval of the Treasurer. Pursuant to TI 3, paragraph 3.8, this money is deemed to be controlled by the public authority in the name of which the money is recorded.

Payments to SA Government relate to the return of surplus cash pursuant to the cash alignment policy.

Administered items are funded by Parliamentary appropriations on a cash basis.

(i) ***Current and non-current classification***

Assets and liabilities are characterised as either current or non-current in nature.

The Department has a clearly identifiable operating cycle of 12 months. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within 12 months after the reporting date have been classified as current. All other assets and liabilities are classified as non-current.

(j) ***Cash and cash equivalents***

Cash and cash equivalents includes cash on hand and deposits held at call.

(k) Receivables

Receivables arise in the normal course of audit services to other agencies. Receivables are generally settled within 14 days after the issue of an invoice.

(l) Inventories

Consumable supplies are not recognised in the Statement of Financial Position as the value of these supplies is not considered to be material.

(m) Non-current asset acquisition and recognition

Assets are recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition, less accumulated depreciation.

All non-current physical assets with a value greater than $2000 are capitalised in accordance with APF III, APSs 2.15 and 2.16.

The acquisition of software is capitalised when the expenditure meets the definition criteria of an intangible asset and when expenditure is greater than or equal to $2000 in accordance with APF III, APSs 2.15 and 2.16. The Department has no internally generated intangible assets.

(n) Revaluation of non-current assets

The 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 in accordance with APF III, APS 3.3.

All non-current assets with a limited useful life are systematically depreciated over their useful lives.

(o) Depreciation/Amortisation of non-current assets

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. The useful lives of all major assets are reassessed on an annual basis.

Depreciation/Amortisation for non-current assets is determined as follows:

Class of asset	*Depreciation/Amortisation method*	*Useful life (years)*
Computing and office equipment	Straight-line	3
Laptop computer equipment	Straight-line	2
Leasehold improvements	Straight-line	3
Computer software	Straight-line	3

(p) Payables

Payables include employee on-costs, creditors, accrued expenses and Paid Parental Leave Scheme amounts payable.

Employee on-costs include superannuation contributions and payroll tax with respect to outstanding liabilities for salaries, LSL, annual leave and SERL.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid. Creditors include all unpaid invoices received relating to the normal 12 month operating cycle.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

The Paid Parental Leave Scheme payable represents amounts which the Department has received from the Commonwealth Government to forward on to eligible employees via the Department's standard payroll processes.

All amounts are measured at their nominal amount and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

(q) Employee benefits

Provision has been made for employee benefits liabilities arising from services rendered by employees to balance date in accordance with AASB 119. Employee benefits comprise salaries, annual leave, LSL and SERL.

Salaries
Liabilities for salaries are recognised, and are measured as the amount unpaid at current pay rates in respect of employee service periods up to the reporting date.

Annual leave and SERL
The annual leave liability and the SERL liability are expected to be payable within 12 months and are measured at the undiscounted amount expected to be paid.

Sick leave
No liability is recognised, as all sick leave is non-vesting and the average sick leave taken by employees is considered to be taken from the current year's accrual, as it is estimated to be less than the annual entitlement for sick leave.

LSL
LSL is recognised on a pro-rata basis for the employee service periods up to the reporting date. An actuarial assessment of LSL liability is undertaken by DTF. The estimated liability for LSL is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data for SA Government entities.

Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash flows.

The LSL expected to be taken in the 12 months to 30 June 2015 has been estimated by adding the estimated termination payments in this period to the estimated LSL to be taken by ongoing employees in the 12 months (based on previous years' experience). The basis of calculation is similar to that used in previous years.

Superannuation
Contributions are paid to several superannuation schemes operated by the SA Government and are treated as an expense when they occur. The liability for payments to beneficiaries is assumed by the South Australian Superannuation Board. The liability outstanding at the reporting date for any contributions due but not yet paid to the South Australian Superannuation Board is included in payables.

(r) Provisions
The workers compensation provision is an actuarial estimate of the outstanding liability at 30 June 2014 provided by a consulting actuary engaged through the Public Sector Workforce Relations Division of DPC. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

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

(s) Leases
The Department has entered into operating leases for office accommodation and motor vehicles.

Operating leases
Under the operating leases, the lessor effectively retains the entire risks and benefits incidental to ownership of the leased items.

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis which is representative of the benefits derived from the leased assets.

(t) Events after the end of the reporting period
There have been no events subsequent to 30 June 2014 that have had a material impact on the information disclosed in these financial statements.

3. Employee expenses

	2014	2013
Employee benefits:	$'000	$'000
Salaries	8 442	8 087
Annual leave	827	740
LSL	462	243
SERL	38	56
Total employee benefits	9 769	9 126

3.	**Employee expenses (continued)**	2014	2013
	Employee on-costs:	$'000	$'000
	Superannuation	1 021	949
	Payroll tax	559	522
	Total employee on-costs	1 580	1 471
	Workers compensation	4	2
	Total employee expenses	11 353	10 599

4.	**Supplies and services provided by entities within SA Government**		
	Office accommodation and service costs	662	663
	Staff recruitment, development and training	4	2
	Other expenses	25	22
	Motor vehicles	90	108
	SSSA charges	65	60
	Total supplies and services provided by entities within SA Government	846	855

5. Funding of the Department

Appropriations to the Department in 2013-14 amounted to $15.427 million ($15.444 million) and there was a contingency provision grant of $24 000 ($213 000).

In 2013-14 the Department sought approval from DTF to return surplus cash totalling $1 million to the Consolidated Account in accordance with the principles of the cash alignment policy.

Appropriations under Special Acts are reported under administered items.

6.	**Cash and cash equivalents**	2014	2013
		$'000	$'000
	Deposits with the Treasurer	3 953	4 059
	Imprest account and cash on hand	-	3
	Total cash and cash equivalents	3 953	4 062

Deposits with the Treasurer

These include funds held in the Accrual Appropriation Excess Funds Account. The balance of these funds is not available for general use. These funds can only be used in accordance with the Treasurer's/Under Treasurer's approval.

Interest rate risk

Deposits with the Treasurer are non-interest bearing for the Department. The Department's only interest bearing asset was an imprest account and the exposure to interest rate risk is insignificant.

In December 2013 the Department closed its imprest account and returned these funds to DTF.

The weighted average interest rate for the imprest account was 2.45% (3.04%).

The carrying amounts of cash and cash equivalents represent fair value.

7.	**Receivables**	2014	2013
	Current:	$'000	$'000
	GST input tax recoverable	121	123
	Other	3	3
	Total current	124	126

The current receivable amounts are with non-SA Government entities.

Interest rate and credit risk

GST input tax credits are recoverable from the ATO and as such there is no interest rate or credit risk and the carrying amount represents fair value. With respect to other receivables there is no interest rate risk and the carrying amount represents fair value. The credit risk associated with other receivables is insignificant.

8. Computing and office facilities

8.1 Classes of computing and office facilities

	2014 $'000	2013 $'000
Computing and office equipment - at cost	586	612
Accumulated depreciation	(537)	(520)
	49	92
Laptop computer equipment - at cost	305	466
Accumulated depreciation	(235)	(285)
	70	181
Leasehold improvements - at cost	758	579
Accumulated depreciation	(574)	(545)
	184	34
	303	307

8.2 Reconciliation of carrying amount

	Carrying amount 01.07.13 $'000	Additions $'000	Disposals $'000	Depreciation $'000	Carrying amount 30.06.14 $'000
Computing and office equipment	92	19	-	62	49
Laptop computer equipment	181	-	-	111	70
Leasehold improvements	34	179	-	29	184
Total computing and office facilities	307	198	-	202	303

	Carrying amount 01.07.12 $'000	Additions $'000	Disposals $'000	Depreciation $'000	Carrying amount 30.06.13 $'000
Computing and office equipment	146	20	-	74	92
Laptop computer equipment	142	154	-	115	181
Leasehold improvements	49	16	-	31	34
Total computing and office facilities	337	190	-	220	307

All items of computing and office equipment had a fair value at the time of acquisition of less than $1 million and have not been revalued in accordance with APF III. The carrying value of these items is deemed to approximate fair value.

These assets are classified as level 3 as the valuation is based on management's assessment of the useful life and condition. The significant input to the valuation is useful life which is 2-3 years. There have been no movements in the fair value of assets apart from the additions and the current year depreciation shown above.

There were no indications of impairment of non-current assets at 30 June 2014.

9. Intangible assets

9.1 Classes of intangible assets

	2014 $'000	2013 $'000
Computer software - at cost	528	540
Accumulated amortisation	(504)	(473)
	24	67

9.2 Reconciliation of carrying amount

	Carrying amount 01.07.13 $'000	Additions $'000	Disposals $'000	Amortisation $'000	Carrying amount 30.06.14 $'000
Computer software	67	-	-	43	24
Total intangible assets	67	-	-	43	24

	Carrying amount 01.07.12 $'000	Additions $'000	Disposals $'000	Amortisation $'000	Carrying amount 30.06.13 $'000
Computer software	102	37	-	72	67
Total intangible assets	102	37	-	72	67

9.2 Reconciliation of carrying amount (continued)

All items of computing software had a fair value at the time of acquisition of less than $1 million and have not been revalued in accordance with APF III. The carrying value of these items are deemed to approximate fair value.

These assets are classified as level 3 as the valuation is based on management's assessment of the useful life and condition. The significant input to the valuation is useful life which is three years. There have been no movements in the fair value of assets apart from the additions and the current year depreciation shown above.

There were no indications of impairment of non-current assets at 30 June 2014.

10. Payables

	2014	2013
Current:	$'000	$'000
Employee on-costs	269	268
Creditors	102	61
Accrued expenses	5	13
Paid Parental Leave Scheme payable	4	2
Total current	380	344
Non-current:		
Employee on-costs	291	258
Total non-current	291	258
Total payables	671	602
Payables to entities within the SA Government	325	299

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. All payables are non-interest bearing. The carrying amount of payables approximates fair value due to the amounts being payable on demand.

11. Employee benefits

	2014	2013
Current:	$'000	$'000
Salaries	37	-
Annual leave	821	666
LSL	366	745
SERL	54	56
Total current	1 278	1 467
Non-current:		
LSL	2 683	2 359
Total non-current	2 683	2 359
Total employee benefits	3 961	3 826

AASB 119 contains the calculation methodology for LSL liability. The actuarial assessment performed by DTF has been used to calculate the liability.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has decreased from 3.75% at 30 June 2013 to 3.5% at 30 June 2014. This decrease in the bond yield, which is used as the rate to discount future LSL cash flows, results in an increase in the reported LSL liability.

The net financial effect of the changes in the current financial year is an increase in the LSL liability. The impact on future periods is impracticable to estimate as the LSL liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

The actuarial assessment by DTF left the salary inflation rate at 4%. As a result there is no net financial effect resulting from changes in the salary inflation rate.

12. Provision for workers compensation

	2014	2013
Current:	$'000	$'000
Provision for workers compensation	8	7
Total current	8	7
Non-current:		
Provision for workers compensation	24	24
Total non-current	24	24
Total provision	32	31
Carrying amount at 1 July	31	30
Workers compensation payments	-	-
Increase (Decrease) in provision	1	1
Carrying amount at 30 June	32	31

The workers compensation provision is based on an actuarial assessment provided by the Public Sector Workforce Relations Division of DPC.

13. Commitments

Operating lease commitments

The Department's operating leases are for the leasing of office accommodation and motor vehicles.

Office accommodation

Office accommodation is leased from the Building Management Division of the Department of Planning, Transport and Infrastructure. The lease expires on 30 June 2015. The rental amount is based on floor space, with the rental rate reviewable by the Department of Planning, Transport and Infrastructure every two years.

Motor vehicles

Motor vehicles are leased from SAFA through their agent LeasePlan Australia. The vehicles are leased for a specified time period or a specified number of kilometres, whichever occurs first. The lease rate is determined according to the type of vehicle being leased and the number of months of the lease period, and are reviewed annually.

At the reporting date the Department had the following obligations under non-cancellable operating leases (these obligations have not been recognised as liabilities):	2014 $'000	2013 $'000
Not later than one year	704	667
Later than one year but not later than five years	79	635
Total operating lease commitments as lessee	783	1 302

Remuneration commitments

At the reporting date the Department had commitments for the payment of salaries and other remuneration under fixed-term employment contracts (these obligations have not been recognised as liabilities):		
Not later than one year	1 085	1 046
Later than one year but not later than five years	2 492	2 434
Total remuneration commitments	3 577	3 480

Amounts disclosed include commitments arising from executive contracts under fixed-term employment. The Department does not offer fixed-term employment contracts to executives for periods greater than five years.

Other contractual commitments

At the reporting date the Department had the following obligations under non-cancellable contracts for audit services (these obligations have not been recognised as liabilities):	2014 $'000	2013 $'000
Not later than one year	811	1 217
Later than one year but not later than five years	210	540
Total operating lease commitments as lessee	1 021	1 757

14. Cash flow reconciliations

	2014	2013
14.1 Reconciliation of cash and cash equivalents	$'000	$'000
Cash and cash equivalents at 30 June per:		
Statement of Financial Position	3 953	4 062
Statement of Cash Flows	3 953	4 062

14.2 Reconciliation of net cost of providing services to net cash provided by (used in) operating activities		
Net cost of providing services	(14 811)	(14 454)
Net cash flows from SA Government	14 451	15 657
Depreciation and amortisation	245	292
Movements in assets/liabilities:		
Receivables	2	34
Employee benefits	135	63
Provision for workers compensation	1	1
Payables*	53	32
Cash advance - imprest account	(3)	-
Net cash provided by (used in) operating activities	73	1 625

* Movement in payables excludes a capital payable of $16 000.

15. Remuneration of employees

	2014	2013
The number of employees whose normal remuneration is equal to or greater than the base executive remuneration level during the year are grouped within the following bands:	Number	Number
$141 500 - $151 499	1	-
$191 500 - $201 499	-	1
$201 500 - $211 499	1	1
$211 500 - $221 499	1	2
$221 500 - $231 499	2	-
$231 500 - $241 499	-	1
$391 500 - $401 499	-	1
$401 500 - $411 499*	2	-
Total	7	6

* This bandwidth includes the leave entitlement payments made to an executive employee on termination of service.

The table includes all employees whose normal remuneration is equal to or greater than the base executive remuneration level of $141 484. Total remuneration received or receivable by these employees was $1.83 million ($1.476 million).

The employee remuneration figures detailed above include employee remuneration recorded in both the Department's financial statements and in the administered financial statements of the Department.

16. Remuneration of auditor

	2014	2013
	$'000	$'000
Remuneration for audit of financial statements	9	10
Remuneration for other services	-	-
	9	10

17. 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 note 2.

	Carrying amount	
	2014	2013
Financial assets	$'000	$'000
Cash and cash equivalents	3 953	4 062
Receivables*	3	3
Financial liabilities		
Payables	107	74
Cash advance - imprest account	-	3

* Receivables amounts disclosed exclude amounts relating to statutory receivables where rights or obligations have their source in legislation such as the GST.

Statement of Administered Comprehensive Income
for the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Expenses:			
Employee expenses		343	322
Amounts paid/payable to Consolidated Account		13 778	13 616
Total expenses		14 121	13 938
Income:			
Fees for audit services		13 778	13 616
Appropriation - Special Acts	A2.2	305	308
Total income		14 083	13 924
Net result		(38)	(14)
Total comprehensive result		(38)	(14)

Statement of Administered Financial Position
as at 30 June 2014

	Note	2014 $'000	2013 $'000
Current assets:			
Cash and cash equivalents	A4.1	1 365	871
Receivables	A2.1	2 020	4 015
Total assets		3 385	4 886
Current liabilities:			
Employee benefits	A3	152	137
Amounts payable to Consolidated Account		1 853	4 144
GST payable		1 355	565
Total current liabilities		3 360	4 846
Non-current liabilities:			
Employee benefits	A3	459	436
Total non-current liabilities		459	436
Total liabilities		3 819	5 282
Net assets		(434)	(396)
Equity:			
Opening balance - deficit		(396)	(382)
Increase (Decrease) in net assets		(38)	(14)
Total equity		(434)	(396)

Statement of Administered Changes in Equity for the year ended 30 June 2014

	Retained earnings $'000	Total $'000
Balance at 30 June 2012	(382)	(382)
Total comprehensive result for the year 2012-13	(14)	(14)
Balance at 30 June 2013	(396)	(396)
Total comprehensive result for the year 2013-14	(38)	(38)
Balance at 30 June 2014	(434)	(434)

Statement of Administered Cash Flows for the year ended 30 June 2014

	Note	2014 Inflows (Outflows) $'000	2013 Inflows (Outflows) $'000
Cash flows from operating activities:			
Cash outflows:			
Employee expenses		(306)	(298)
Amounts paid to Consolidated Account		(16 068)	(11 266)
GST paid to ATO		(588)	(1 583)
Cash inflows:			
Fees for audit services	A2.1	17 151	12 893
Cash flows from SA Government:			
Appropriations - Special Acts	A2.2	305	308
Net cash provided by (used in) operating activities	A4.2	494	54
Net increase (decrease) in cash and cash equivalents		494	54
Cash and cash equivalents at 1 July		871	817
Cash and cash equivalents at 30 June	A4.1	1 365	871

Notes to and forming part of the administered financial statements

A1. Statement of significant accounting policies

The summary of all significant accounting policies for the Department are contained in note 2. The policies outlined in note 2 apply to both the Department and the administered financial statements.

A2. Administered items

A2.1 Auditing fees

Section 39 of the PFAA provides for the levying of fees for audit services provided by the Department. These are paid into the Consolidated Account.

	2014 $'000	2013 $'000
Fees outstanding at 1 July	4 015	1 932
Billings (including GST)	15 156	14 976
	19 171	16 908
Receipts (including GST)	17 151	12 893
Fees outstanding at 30 June	2 020	4 015

At 30 June, the value of audit work in progress was $6.13 million ($6.101 million). The Department is of the opinion that this amount is recoverable.

Interest rate and credit risk

Receivables are normally settled within 14 days and are all non-interest bearing. It is not anticipated that counterparties will fail to discharge their obligations and there is no concentration of credit risk. The carrying amount of receivables approximates net fair value due to the amounts being payable on demand.

A2.2 Special Acts

Section 24(4) of the PFAA provides that the salary and allowances of the Auditor-General will be determined by the Governor and will be paid from the Consolidated Account which is appropriated for that purpose and the necessary extent.

A3. Employee benefits

	2014	2013
	$'000	$'000
Current:		
Salaries	1	-
Annual leave	151	137
Total current	152	137
Non-current:		
LSL	459	436
Total non-current	459	436
Total employee benefits	611	573

A4. Notes to the Administered Statement of Cash Flows

A4.1 Reconciliation of cash and cash equivalents

Cash and cash equivalents at 30 June per:		
Statement of Administered Financial Position	1 365	871
Statement of Administered Cash Flows	1 365	871

A4.2 Reconciliation of net result to net cash provided by (used in) operating activities

Net result	(38)	(14)
Movements in assets/liabilities:		
Receivables	1 995	(2 083)
Employee benefits	38	24
Amounts payable to the Consolidated Account	(2 291)	2 349
GST payable	790	(222)
Net cash provided by (used in) operating activities	494	54

A5. Specific disclosure - SA Government

The following discloses revenues, expenses, assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date.

Income excluding appropriations	12 194	12 145
Expenses	13 778	13 616
Financial assets	2 419	4 309
Financial liabilities	1 853	4 144

Department for Communities and Social Inclusion

Functional responsibility

Establishment

The Department for Communities and Social Inclusion (DCSI or the Department) is an administrative unit established pursuant to the PSA.

Functions

DCSI works with all South Australians, particularly the most vulnerable and disadvantaged, to ensure they have access to high quality services that protect and enhance the community's wellbeing and provide support to people when in need.

DCSI strives to deliver better and more connected services to the vulnerable and disadvantaged in the community, and to build engaged, socially inclusive, strong and vibrant communities, and is responsible for delivering specific programs to the public with respect to activities assigned to it under various Acts.

In addition, DCSI provides all the employee and housing related services to the South Australian Housing Trust (the SAHT) through its Housing SA division. An agreement with the SAHT sets out the arrangements.

For more information about DCSI's objectives and functions refer notes 1 and 4 to the financial statements.

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 31(1)(b) of the PFAA provides for the Auditor-General to audit the accounts of DCSI for each financial year.

Assessment of controls

Section 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by DCSI in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether internal controls are consistent with the TIs with particular focus on TIs 2 and 28.

Scope of audit

The audit program covered major financial systems and was directed primarily to obtaining sufficient evidence to enable an opinion to be formed with respect to the financial report and internal controls.

During 2013-14, specific areas of audit attention included:

- supplies and services
- brokerage expenditure
- concession payments
- grants, subsidies and client payments
- payments to non-government organisations (NGOs)
- payroll and employee entitlements
- Commonwealth grants
- revenues from rent, fees and charges
- cash and banking arrangements
- non-current assets including works in progress
- accounts receivable
- financial accounting
- client trust accounts
- creditor account payment performance
- information technology and communication projects
- financial management compliance programs (FMCPs).

The audit considered the implementation of the National Disability Insurance Scheme and its relationship with the Department.

The audit also considered the nature of the review work undertaken by internal audit.

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the Department for Communities and Social Inclusion as at 30 June 2014, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the Department for Communities and Social Inclusion in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for all matters outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Department for Communities and Social Inclusion have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in management letters to the Chief Executive of the Department. The main matters raised with the Department and the related responses are detailed below.

Concessions

CASIS system development

In 2009-10 the Department embarked upon the development of a system for the management of concessions and seniors cards administration, the CASIS system.

Previous Reports have included specific comments concerning the delay with the implementation of CASIS. A further update on implementation progress is provided in Part A of this Report.

Reconciling payments to client records

The past five audits have commented on the Department's inability to comprehensively reconcile concession payments made with client details maintained on departmental databases. Audit has previously recommended that the Department match individual concession payments made to records of eligibility prior to reimbursing the South Australian Water Corporation, Revenue SA and energy retailers for concessions provided.

The Department has advised Audit that the CASIS project is expected to eventually address this matter and other deficiencies in management controls.

As detailed in Part A of this Report, the CASIS system was not completed and implemented during 2013-14. Existing systems continued to process concessions without matching to individual records of eligibility before payment for the year ending 30 June 2014.

Brokerage expenditure

The Department purchases (brokers) services from NGOs to meet individual disability services client needs.

The cost of brokerage expenditure, including domiciliary care, to the Department has increased significantly in recent years, rising from $86 million in 2010-11 to $134 million in 2013-14. Disability SA represents the majority of brokerage expenditure with $120 million spent for the year ended 30 June 2014 on approximately 3200 clients.

Disability SA - receipt of services

Previous audits have recommended that the Department consider improving controls to ensure that services provided are adequately received before making payment.

The Department currently relies on a range of indicators, communications and work flows to ensure that agreed services are provided to clients. This includes selecting a sample of broker invoices each month to test and seek evidence that services were received for payments made.

Audit reviewed the sample testing and documentation analysed by management during the year. The objective of the review was to assess the sufficiency of evidence collected and conclusions reached by management regarding service delivery. The results of the audit revealed sampled payment transactions that:

- did not have supporting documentation other than an approved provider invoice
- were supported by provider information that indicated attendance by relevant provider employees, but did not contain details of services that were provided during the visit
- were not agreed against the service requirements of the client services agreement (CSA) to ensure that only agreed and eligible services were provided
- did not incorporate client enquiry, corroboration or evidence regarding the delivery or adequacy of the service
- had supporting documentation that did not indicate whether departmental and provider internal complaint and feedback mechanisms were checked for relevant issues.

Audit recommended that the Department continue to improve procedures and internal controls to assess whether broker/provider invoices relate to services received.

In response to the issues raised, the Chief Executive advised that the Department will investigate options for developing a system to provide greater assurance that services have been delivered, to the expected standard and are appropriately recorded. The following areas will be considered as part of this work and formalised into policies and procedures:

- improved analysis of data and exception reporting of invoiced activities that fall outside of expectations
- new processes for staff to record obtained information about the quality of service delivery
- existing complaints and feedback mechanisms
- opportunities to encourage clients to record their service experiences
- options for reviewing data from service providers.

Performance management of providers

The Department's performance management framework requires annual reviews of all disability service providers. Service providers are assessed against governance, financial, compliance, quality improvement and data reporting requirements as detailed in master and service agreements.

Audit selected a sample of service provider organisation annual reviews to assess compliance with established policy and procedure and to ensure sufficient evidence was documented from the review process. The results of the audit revealed:

- performance reviews relied on data, submissions and summaries from the provider with limited evidence of independent assessment or scrutiny of the content in the submission
- assessments that were not supported by data or information required by the framework
- key performance indicators are not used uniformly for all service providers. Instances were noted where provided information suggested financial difficulties or other test criteria not being satisfied by the provider without comment or assessment of these matters in the applicable area.

Audit recommended that the Department remind staff to assess organisations in accordance with the performance management framework and established policies and procedures to confirm providers meet established standards. This includes ensuring that staff adequately document their assessment of provided information and ensure that recommendations are consistent with these conclusions.

In response to the issues raised, the Chief Executive advised that the Department will review the performance management framework and related procedures to ensure that appropriate information is captured and demonstrate management's assessment of provider performance. The Department will also update its policies to specify the information required to assess a provider's financial viability.

Client trust funds

The Department administers client trust accounts which hold funds on behalf of approximately 700 clients. The balance of client trust accounts at 30 June 2014 was $12.3 million ($12.5 million). As trust funds cannot be used by the Department to achieve its own objectives they are not included in the controlled financial statements and are disclosed as an administered item.

The audit identified that important client files were not adequately protected against unauthorised edit. Audit recommended that management ensures access to these files is limited to approved client trust staff.

In response to the client trust issues raised, the Chief Executive advised that the Department has limited the access to files through network security improvements and the use of passwords.

TIs 2 and 28

TI 28 requires agencies to develop and maintain an FMCP to review relevant policies and procedures, internal controls and financial reporting.

Review of the Department's FMCPs revealed:

- processes and controls being assessed as satisfactory when known control breakdowns have occurred, or should have been reasonably known by management to affect the FMCP area
- assessed control deficiencies that are not supported by action plans to improve identified issues or allow management to monitor progress
- partial or non-compliant areas that were not addressed within agreed action plan timeframes
- control deficiencies identified through internal and external reviews that need to be considered against completed FMCPs and action plans prepared, monitored and progressed.

In response to the FMCP issues raised, the Chief Executive advised that:

- the FMCP user manual provides detailed guidance on assessing controls and developing action plans
- the Department will provide training and support material and ensure supporting action plans are raised where control weaknesses are identified
- action plan due dates are monitored and reported to management. Where action plans are incomplete at the end of the financial year, they must be included in the following year's FMCP.

Information and communications technology and control

Requests Contract Reconciliation (RCR) system

The RCR system enables payments to outsourced service providers for the delivery of services to departmental clients. In certain circumstances payments are also made through the system directly to clients.

The RCR system facilitates the establishment of a contract between the Department and its service providers, which when in place allows service providers to lodge activity statements to the Department for payment. The process of obtaining payment includes a reconciliation process whereby a service provider's claim (or activity statement) is checked and reconciled against an already existing contract setup within the system. For payment processes the system is interfaced to the Department's Masterpiece application.

In 2013-14 the RCR system processed over $100 million in payments to external service providers and clients. As such the system represents an important facility for the expenditure and control of public monies and for the provision of services to the public.

Audit's review of aspects of the RCR system identified the following issues:

- a concise description of the various user access profiles available on the system had not been developed to assist in both identification of segregation of duties conflicts and ongoing system review
- a high level review of change management arrangements for the RCR system indicated that the Department should give regard to assessing and reporting on system capability to ensure management effectiveness of the system's significant service delivery and financial operations
- there had been no recent internal audit coverage of the RCR's system operation and development
- a business continuity plan for the system needed to be formally developed.

The Department responded positively to Audit's findings and recommendations, with actions expected to be completed by the end of 2014-15. In particular, the Chief Executive advised:

- a concise description of all business roles within the RCR system would be compiled
- the RCR system was being incorporated into the departmental development framework which would enable system lifecycle management of its operations
- the current internal audit plan has included a review of the RCR system. This is scheduled to commence in early 2015
- the business continuity plan for the RCR system will be formalised and integrated with existing business continuity plans where appropriate.

Other audit findings

The audit also identified other areas where financial and control processes could be improved. These include:

- recording the date grant contracts are executed and updating standard agreement templates
- the need to review segregation of duties and access to bank accounts
- ensuring that CSAs are executed by an appropriate delegate in accordance with established policy and within agreed timeframes
- bona fide reports not being certified or being performed substantially later than policy requires
- inconsistencies between Basware recorded delegations and position details and approved delegations
- instances where Basware user change forms were not approved by an appropriate delegated officer.

In response to the issues raised, the Chief Executive advised that:

- the Department will emphasise the requirement for staff to use the grant template that requires a date to be recorded
- bank account authorities will be regularly reviewed and online banking security was updated to ensure functions performed by an administrator require a second authorising officer
- urgent client situations are sometimes experienced where a service response must be put in place before a CSA can be issued. Appropriate internal approvals form the basis of the contract commitment and payments cannot be made until the CSA is finalised

- a regular bona fide ageing analysis report will be produced and reviewed and the Department is developing an email based auto-escalation function. Where applicable, instances of non-compliance will also be escalated to the appropriate Executive Director
- the Department is investigating the option of developing a system whereby automated comparisons between the CHRIS payroll system, Basware and the financial authorisations register can be performed
- as delays in updating Basware may occur, all Basware invoices in excess of $20 000 are currently reviewed to ensure purchases are appropriately recorded and authorised
- an authorised officer may process a Basware user change form without a manager's signature, if urgent action is required. Details of the officer will be checked against the payroll system and access cancelled if the employee changes or leaves a position.

Shared Services SA – financial systems and transaction processing environments

SSSA processes financial transactions on behalf of the Department under service level determinations. The main systems and control environments include accounts payable, payroll and general ledger financial functions.

Last year's Report made specific comment on the progress being taken by SSSA to remediate key control weaknesses raised in prior years for the systems and control environments, in order to achieve a satisfactory ongoing standard of control operation over financial transaction processing.

As discussed in the commentary under 'Department of the Premier and Cabinet' elsewhere in part B of this Report, audit review and evaluation of controls for the SSSA main accounts payable and payroll systems and environments concluded that controls met a generally satisfactory standard for 2013-14. Notwithstanding this overall conclusion, there were some specific matters that were raised with SSSA for corrective action and review for process and procedural improvement. The matters do not relate to the Department's transaction processing.

Interpretation and analysis of the financial report

Highlights of the financial report

	2014 $'million	2013 $'million
Expenses		
Employee benefit expenses	396	364
Supplies, services and other expenses	249	259
Grants, subsidies and client payments	502	561
Total expenses	1 147	1 184
Income		
Rent, fees and charges	132	122
Commonwealth revenues	47	70
Other revenues	3	2
Total income	182	194
Net cost of providing services	(965)	(990)
Revenues from (Payments to) SA Government	986	997
Net result	21	7
Other comprehensive income	(17)	(10)
Total comprehensive result	4	(3)

	2014 $'million	2013 $'million
Net cash provided by (used in) operating activities	36	26
Assets		
Current assets	168	133
Non-current assets	217	256
Total assets	385	389
Liabilities		
Current liabilities	119	120
Non-current liabilities	83	89
Total liabilities	202	209
Total equity	183	180

Statement of Comprehensive Income

Expenses

During 2013-14 total expenses decreased by $37 million to $1.1 billion. This included a decrease in grants, subsidies and client payments of $59 million and supplies, services and other expenses of $10 million. This was offset by an increase in employee benefit expenses of $32 million.

Grants, subsidies and client payments

Grants, subsidies and client payments of $502 million are the Department's largest expenditure category. Note 8 to the financial statements discloses a detailed list of grants, subsidies and client payments by program.

During 2013-14 grants, subsidies and client payments decreased by $59 million to $502 million. This includes a decrease in grants to the SAHT of $79 million and an increase in grants and subsidy funding to NGOs of $18 million.

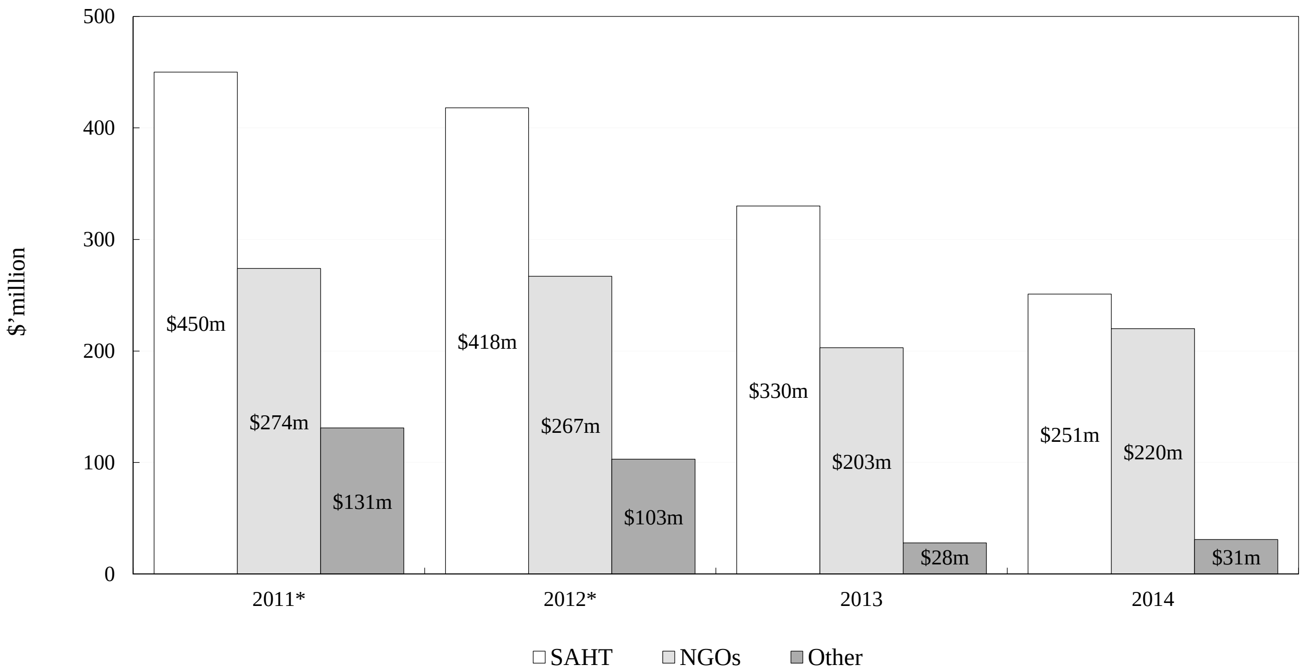
The decrease in grants to the SAHT of $79 million to $251 million is attributable to changed Commonwealth and State funding related to:

- tax equivalent regime grants which decreased by $82 million to $99 million following the partial write-off of the SAHT debt by the Treasurer
- the National Affordable Housing Agreement, which decreased by $7 million to $114 million
- the National Partnership Agreement on Homelessness, which increased by $5 million to $24 million
- other grants, which increased by $10 million to $12 million primarily due to additional TVSP payments.

The increase in grants and subsidy funding to NGOs of $18 million to $220 million is primarily the result of changed Commonwealth and State funding related to:

- disability grants, which increased by $21 million to $193 million
- the National Partnership Agreement on Remote Indigenous Housing, which is now paid directly to the SAHT resulting in a decrease of $5 million from the previous year.

The following chart highlights grants, subsidies and client payments by recipient type for the past four years to 2013-14.



* Includes grants, subsidies and client payments for Families SA of $62 million in 2012 and $115 million in 2011. Families SA was transferred from DCSI to the Department for Education and Child Development on 1 January 2012.

Refer note 8.1 to the financial statements for a detailed list of NGO grants, subsidies and client payments by organisation.

Employee benefit expenses

Employee benefit expenses increased by $32 million to $396 million.

During 2013-14, an additional $11 million in TVSPs was paid totalling $13 million for 107 employees, compared to $2 million for 16 TVSPs in 2012-13. A general increase in salaries and wages of $13 million and an increase in workers compensation expense of $4 million also contributed to the increased employee benefit expenses.

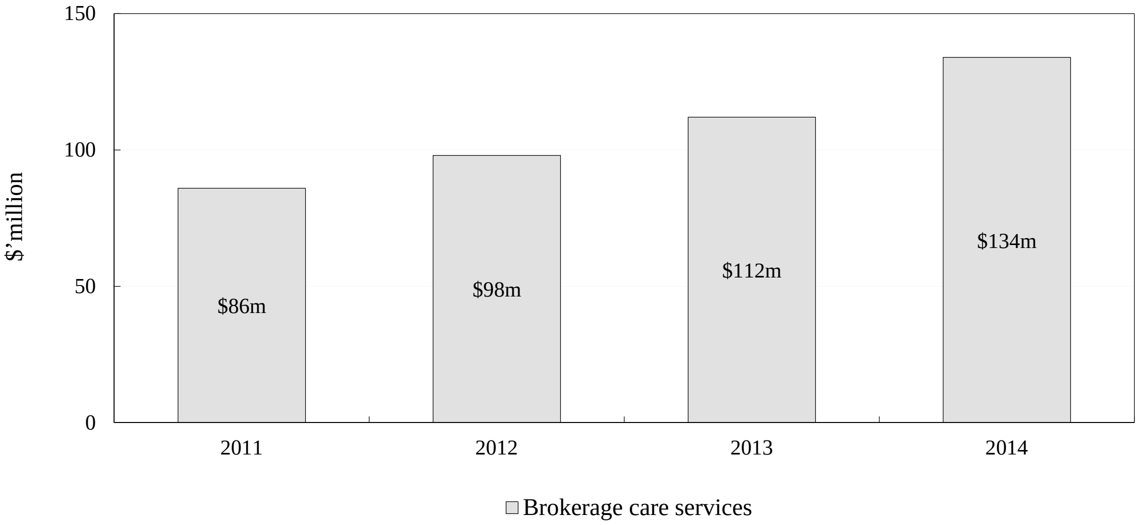
Supplies and services

During 2013-14 supplies and services increased by $21 million to $242 million.

The increase in supplies and services is mainly due to:

- an increase in brokerage care services, including domiciliary care, of $22 million (20%) to $134 million during the year
- an increase in minor equipment expenses of $2 million
- an increase in other administration costs of $3 million
- a decrease in accommodation and property related expenses of $3 million
- a decrease in contractor and agency staff expenses of $4 million.

The following chart highlights the continuing demand for brokerage care services and the associated expenses for the past four years to 2013-14.



Other expenses

During 2013-14 other expenses decreased by $30 million to $1 million.

In 2012-13, under the National Partnership Agreement on Transitioning Responsibilities for Aged Care and Disability Services, the Department reimbursed the Commonwealth $27 million for the cost of services for packaged care and residential care for certain younger people with disabilities. Negotiations between the Commonwealth and the States for further funding and payments were not finalised during 2013-14 and no payments were made for 2013-14.

The transfer of assets to other agencies of $3 million in 2012-13 also contributed to the decrease in other expenses.

Income

Commonwealth revenues

During 2013-14 Commonwealth revenues decreased by $23 million to $47 million. This is attributable to the following National Partnership Agreement payments:

- In 2012-13, the Commonwealth provided $23 million for Aged Care and Disability Services associated with the cost of services for packaged care and residential care for certain older people with disabilities. Negotiations between the Commonwealth and the States for further funding has not been finalised and no revenue was received for 2013-14.
- The Remote Indigenous Housing initiative is now paid directly to the SAHT resulting in $5 million less Commonwealth funding compared to the previous year.
- An additional $3 million in funding was provided for the National Partnership Agreement on Homelessness.

Commonwealth Government funding relating to DCSI programs is received via DTF either through its administered special deposit account or through the Consolidated Account. The Commonwealth revenues in the financial report only record funding received either directly from the Commonwealth Government or via DTF's administered special deposit account.

Commonwealth Government funding relating to DCSI programs but received by DTF into the Consolidated Account is incorporated in SA Government appropriations.

Revenues from rent, fees and charges

In 2013-14 revenues from rent, fees and charges increased by $10 million to $132 million.

This is primarily due to an increase in employee services revenue of $15 million for the recovery of costs for the provision of employee related services to Housing SA. This is offset by a decrease in recoveries of $5 million.

Revenues from SA Government

During 2013-14 revenues from SA Government decreased by $11 million to $986 million. This is principally due to:

- a reduction in appropriations of $82 million for SAHT tax equivalent regime grants following the partial write-off of debt by the Treasurer
- an increase in appropriations for general funding of $72 million (9%) to $864 million.

The main areas requiring increased appropriations from general funding were brokerage care services, which increased by $22 million, employee benefit expenses, which increased by $32 million and grants and subsidy payments to NGOs, which increased by $18 million.

Net result

The net result for 2013-14 was a surplus of $21 million, compared to a surplus of $7 million for 2012-13.

In understanding this result it is important to consider that the Department has received and disclosed funding for specific purposes totalling $4 million which it has not expended in the current financial year (refer note 16 to the financial statements).

Statement of Financial Position

Assets

Non-current assets

Property, plant and equipment represents 49% of total assets. The carrying value of property, plant and equipment decreased by $45 million to $189 million due to the transfer of certain land and buildings that were determined to be surplus to the Department's requirements and were made available for sale.

Capital works in progress also increased by $6 million to $10 million during 2013-14 mainly due to purchases for approved projects.

Liabilities

Total liabilities decreased by $7 million to $202 million. The main reasons for the change were:

- a decrease in employee benefit liabilities of $3 million, which includes TVSP related employees who were paid their leave entitlements upon separating from the Department
- a decrease in general payables of $2 million.

Statement of Cash Flows

The following table summarises the net cash flows for the five years to 2014.

	2014 $'million	2013 $'million	2012 $'million	2011 $'million	2010 $'million
Net cash flows					
Operating	36	26	61	(6)	12
Investing	(10)	(7)	(49)	(14)	(13)
Financing	(1)	-	-	30	2
Change in cash	25	19	12	10	1
Cash at 30 June	108	83	64	52	42

Of the Department's cash balance, $99 million is held in DTF's Accrual Appropriation Excess Fund Account, which can only be used in accordance with the Treasurer's/Under Treasurer's approval.

DCSI is engaged in a number of programs involving the receipt of funds from State and Commonwealth sources on the basis that funds are expended in a manner consistent with the terms of the funding arrangements. As at 30 June 2014 the value of unexpended funding commitments was $4 million. Reference should be made to note 16 to the financial statements for details of unexpended funding commitments.

Highlights of the financial report - administered items

	2014 $'million	2013 $'million
Expenses		
Grants, subsidies and client payments	182	176
Client trust fund payments	14	14
Other expenses	4	3
Total expenses	200	193
Income		
Grants and contributions	11	11
Client trust fund receipts	14	14
Other income	2	2
Total income	27	27
Net cost of providing services	(173)	(166)
Revenues from (Payments to) SA Government	174	151
Net result and total comprehensive result	1	(15)
Net cash provided by (used in) operating activities	5	(21)
Assets		
Current assets	44	40
Non-current assets	32	32
Total assets	76	72
Liabilities		
Current liabilities	9	7
Total liabilities	9	7
Total equity	67	65

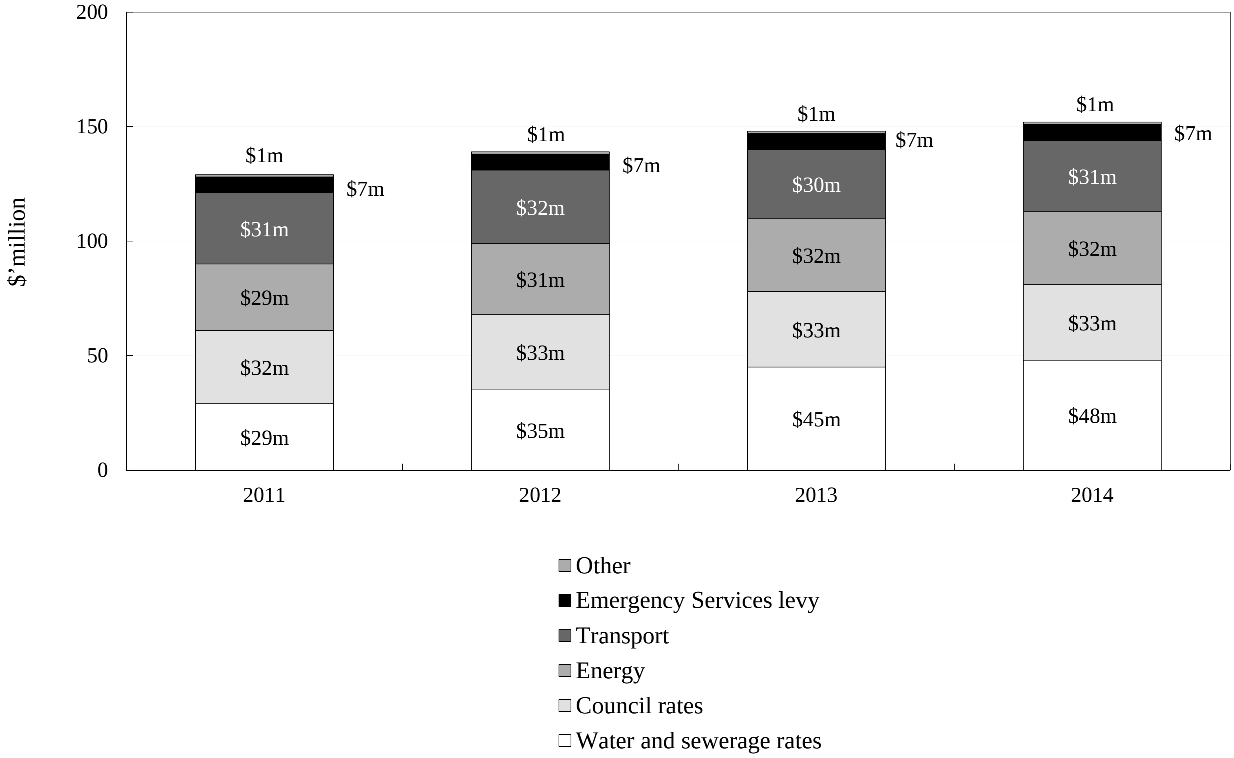
Statement of Administered Comprehensive Income

Administered expenses

Grants, subsidies and client payments of $182 million represent 91% of total administered expenditure.

Administered concession payments totalling $152 million comprise the majority of grants, subsidies and client payments. Note A7.1 to the financial statements discloses concessions payments by type.

The following chart highlights concession payments by type over the past four years to 2013-14.



Statement of Comprehensive Income
for the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Expenses:			
Employee benefit expenses	5	396 329	363 543
Supplies and services	6	241 636	221 056
Depreciation and amortisation expense	7	6 416	6 573
Grants, subsidies and client payments	8	501 660	561 157
Net loss (gain) from disposal of non-current assets	13	501	1 907
Other expenses	9	354	30 019
Total expenses		1 146 896	1 184 255
Income:			
Revenue from rent, fees and charges	10	132 338	122 210
Commonwealth revenues	11	47 294	70 480
Interest revenues	12	2	61
Other revenues	14	2 280	1 611
Total income		181 914	194 362
Net cost of providing services		(964 982)	(989 893)
Revenues from (Payments to) SA Government:			
SA Government appropriation	15.1	973 821	986 040
Grants from SA Government agencies	15.2	12 518	10 815
Total revenues from (payments to) SA Government		986 339	996 855
Net result		21 357	6 962
Other comprehensive income:			
Items that will be reclassified to net result:			
Changes in revaluation surplus		-	(10 264)
Net expense relating to non-current assets classified as held for sale	21.1	(17 300)	-
Total other comprehensive income		(17 300)	(10 264)
Total comprehensive result		4 057	(3 302)

Net result and total comprehensive result are attributable to the SA Government as owner

Statement of Financial Position
as at 30 June 2014

	Note	2014 $'000	2013 $'000
Current assets:			
Cash and cash equivalents	17	107 536	82 804
Receivables	18	36 096	47 169
Inventories	19	315	293
		143 947	130 266
Non-current assets classified as held for sale	20	24 298	2 343
Total current assets		168 245	132 609
Non-current assets:			
Receivables	18	17 461	18 598
Property, plant and equipment	21	188 990	233 575
Capital works in progress	22	9 893	3 810
Intangible assets	23	460	22
Total non-current assets		216 804	256 005
Total assets		385 049	388 614
Current liabilities:			
Payables	25	60 285	61 732
Employee benefits	26	47 789	45 885
Provisions	27	9 989	11 010
Other current liabilities	28	1 342	1 702
Total current liabilities		119 405	120 329
Non-current liabilities:			
Payables	25	4 165	4 911
Employee benefits	26	45 897	51 123
Provisions	27	29 134	28 452
Other non-current liabilities	28	3 504	4 141
Total non-current liabilities		82 700	88 627
Total liabilities		202 105	208 956
Net assets		182 944	179 658
Equity:			
Contributed capital	29	74 325	74 325
Retained earnings	29	79 879	57 755
Revaluation surplus	29	28 740	47 578
Total equity		182 944	179 658

Total equity is attributable to the SA Government as owner

	Note
Unexpended funding commitments	16
Unrecognised contractual commitments	31
Contingent assets and liabilities	33

Statement of Changes in Equity
for the year ended 30 June 2014

	Note	Contributed capital $'000	Revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2012		74 325	57 946	54 519	186 790
Prior period adjustment		-	-	(4 297)	(4 297)
Restated balance at 30 June 2012		74 325	57 946	50 222	182 493
Net result for 2012-13		-	-	8 854	8 854
Prior period adjustments	3	-	-	(1 892)	(1 892)
Restated net result for 2012-13		-	-	6 962	6 962
Gain (Loss) on revaluation of property, plant and equipment during 2012-13		-	(10 264)	-	(10 264)
Transfer to retained earnings of net increment realised on sale of land and buildings		-	(571)	571	-
Total comprehensive result for 2012-13		-	(10 835)	7 533	(3 302)
Balance at 30 June 2013		74 325	47 111	57 755	179 191
Prior period adjustment	3	-	467	-	467
Restated balance at 30 June 2013	29	74 325	47 578	57 755	179 658
Net result for 2013-14		-	-	21 357	21 357
Net expense relating to non-current assets classified as held for sale		-	(17 300)	-	(17 300)
Transfer to retained earnings of increment realised on sale of land and buildings		-	(1 538)	1 538	-
Total comprehensive result for 2013-14		-	(18 838)	22 895	4 057
Transactions with SA Government as owner:					
Net assets transferred to administered items	17	-	-	(771)	(771)
Balance at 30 June 2014	29	74 325	28 740	79 879	182 944

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

Statement of Cash Flows
for the year ended 30 June 2014

	Note	2014 Inflows (Outflows) $'000	2013 Inflows (Outflows) $'000
Cash flows from operating activities:			
Cash outflows:			
Employee benefit payments		(398 276)	(360 083)
Payments for supplies and services		(218 552)	(231 277)
Payments for grants and subsidies		(527 732)	(533 116)
GST payments on purchases		(46 531)	(45 013)
GST paid to the ATO		(1 675)	(1 418)
Other payments		-	(27 225)
Cash used in operations		(1 192 766)	(1 198 132)
Cash inflows:			
Fees and charges		122 873	129 830
Receipts from Commonwealth		69 981	47 267
Interest received		2	61
GST receipts on receivables		2 018	1 981
GST recovered from the ATO		45 415	46 188
Other receipts		2 300	1 611
Cash generated from operations		242 589	226 938
Cash flows from SA Government:			
Receipts from SA Government		973 821	986 040
Grants from SA Government agencies		12 518	10 815
Cash generated from SA Government		986 339	996 855
Net cash provided by (used in) operating activities	34	36 162	25 661
Cash flows from investing activities:			
Cash outflows:			
Purchase of property, plant and equipment (including works in progress)		(13 000)	(8 605)
Purchase of intangibles		(438)	-
Cash used in investing activities		(13 438)	(8 605)
Cash inflows:			
Proceeds from sale of property, plant and equipment		2 779	2 070
Cash generated from investing activities		2 779	2 070
Net cash provided by (used in) investing activities		(10 659)	(6 535)
Cash flows from financing activities:			
Cash outflows:			
Cash transferred to administered items		(771)	-
Cash used in financing activities		(771)	-
Net cash provided by (used in) financing activities		(771)	-
Net increase (decrease) in cash and cash equivalents		24 732	19 126
Cash and cash equivalents at 1 July		82 804	63 678
Cash and cash equivalents at 30 June	17	107 536	82 804

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2014

(Activities - refer note 4)	1	2	3	4
Expenses:	$'000	$'000	$'000	$'000
Employee benefit expenses	1 618	5 137	88 503	35 575
Supplies and services	510	1 033	-	138 350
Depreciation and amortisation expense	8	28	-	340
Grants, subsidies and client payments	159	895	251 423	230 982
Net loss (gain) from disposal of non-current assets	2	8	-	59
Other expenses	2	(44)	-	41
Total expenses	2 299	7 057	339 926	405 347
Income:				
Revenues from rent, fees and charges	122	4 196	88 502	2 978
Commonwealth revenues	-	-	15 370	4 030
Interest revenues	-	-	-	-
Other revenues	1	2	-	654
Total income	123	4 198	103 872	7 662
Net cost of providing services	(2 176)	(2 859)	(236 054)	(397 685)
Revenues from (Payments to) SA Government:				
SA Government appropriation	-	-	98 652	-
Grants from SA Government agencies	230	29	-	6 468
Net result	(1 946)	(2 830)	(137 402)	(391 217)

(Activities - refer note 4)	5	6	General/ Not attributable	2014 Total
Expenses:	$'000	$'000	$'000	$'000
Employee benefit expenses	217 346	48 150	-	396 329
Supplies and services	85 875	15 868	-	241 636
Depreciation and amortisation expense	3 863	2 177	-	6 416
Grants, subsidies and client payments	182	18 019	-	501 660
Net loss (gain) from disposal of non-current assets	357	75	-	501
Other expenses	301	54	-	354
Total expenses	307 924	84 343	-	1 146 896
Income:				
Revenues from rent, fees and charges	31 365	5 175	-	132 338
Commonwealth revenues	27 430	464	-	47 294
Interest revenues	2	-	-	2
Other revenues	1 398	225	-	2 280
Total income	60 195	5 864	-	181 914
Net cost of providing services	(247 729)	(78 479)	-	(964 982)
Revenues from (Payments to) SA Government:				
SA Government appropriation	-	-	875 169	973 821
Grants from SA Government agencies	2 633	3 158	-	12 518
Net result	(245 096)	(75 321)	875 169	21 357

From 1 July 2013, program 4 (previously Community and Home Support), program 5 (previously Communities and Partners) and program 6 (previously Organisational Capability) have changed. Therefore the comparative figures will not align.

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2013

(Activities - refer note 4)	1	2	3	4
Expenses:	$'000	$'000	$'000	$'000
Employee benefit expenses	1 577	4 321	74 512	203 347
Supplies and services	222	1 026	-	168 271
Depreciation and amortisation expense	-	-	-	2 813
Grants, subsidies and client payments	153	791	329 991	210 632
Net loss (gain) from disposal of non-current assets	-	-	-	354
Other expenses	-	266	-	27 364
Total expenses	1 952	6 404	404 503	612 781
Income:				
Revenues from rent, fees and charges	2	3 255	71 409	20 409
Commonwealth revenues	-	-	16 717	52 870
Interest revenues	-	-	-	57
Other revenues	-	-	-	1 382
Total income	2	3 255	88 126	74 718
Net cost of providing services	(1 950)	(3 149)	(316 377)	(538 063)
Revenues from (Payments to) SA Government:				
SA Government appropriation	-	-	180 785	-
Grants from SA Government agencies	118	6	-	6 898
Net result	(1 832)	(3 143)	(135 592)	(531 165)

(Activities - refer note 4)	5	6	General/ Not attributable	2013 Total
Expenses:	$'000	$'000	$'000	$'000
Employee benefit expenses	40 750	39 036	-	363 543
Supplies and services	13 084	38 453	-	221 056
Depreciation and amortisation expense	1 617	2 143	-	6 573
Grants, subsidies and client payments	18 312	1 278	-	561 157
Net loss (gain) from disposal of non-current assets	13	1 540	-	1 907
Other expenses	-	2 389	-	30 019
Total expenses	73 776	84 839	-	1 184 255
Income:				
Revenues from rent, fees and charges	1 487	25 648	-	122 210
Commonwealth revenues	893	-	-	70 480
Interest revenues	-	4	-	61
Other revenues	99	130	-	1 611
Total income	2 479	25 782	-	194 362
Net cost of providing services	(71 297)	(59 057)	-	(989 893)
Revenues from (Payments to) SA Government:				
SA Government appropriation	-	-	805 255	986 040
Grants from SA Government agencies	2 525	1 268	-	10 815
Net result	(68 772)	(57 789)	805 255	6 962

The Department considers that the significant expenditure associated with accounting system modifications and other associated expenditure required to reliably capture disaggregated asset and disaggregated liability information is not justifiable. The Department has therefore chosen not to disclose these assets and liabilities by disaggregated activities.

Notes to and forming part of the financial statements

1. Objectives and functions of the Department for Communities and Social Inclusion (the Department or DCSI)

The Department is committed to ensuring that all South Australians, particularly the most vulnerable and disadvantaged, have access to high quality services that protect and enhance the community's wellbeing and provide support to people when they need it.

The Department has a commitment to delivering better and more connected services to the vulnerable and disadvantaged in our community, and to build engaged, socially inclusive, strong and vibrant communities.

The work of the Department will support the achievement of the SA Government's strategic priorities.

Following a number of machinery of government reforms which were announced by the Premier, Hon Jay Weatherill MP, on 22 October 2011, the Department serves the Minister for Communities and Social Inclusion, Minister for Social Housing, Minister for Disabilities, Minister for Youth, Minister for Volunteers, Minister for the Status of Women, and Minister for Multicultural Affairs.

The Department has responsibility for the delivery of specific programs to the public with respect to activities assigned to the Department under various Acts as delegated, by the respective Ministers, to the Chief Executive of the Department.

The Department also functions as a service provider to the South Australian Housing Trust. The financial affairs of the South Australian Housing Trust do not form part of the Department's financial report.

1.1 Administered items

The Department administered certain revenues, expenses, assets and liabilities on behalf of SA Government. They are not controlled by the Department and are consequently not recognised in the Department's financial statements. They are regarded as significant and disclosed in a separate set of financial statements.

Funds previously held by the Health Services Charitable Gift Board in the controlled financial statements have been realigned to administered items. Intellectual Disability Services Council (IDSC) and Metropolitan Domiciliary Care (MDC) were created for these funds (refer note 17).

1.2 Administrative restructures

There were no functions transferred in the 2013-14 and 2012-13 financial years.

Funding for the Department

Funding for the Department comes mainly from appropriation funding from State and Commonwealth Government sources. These funds are applied to both controlled and administered activities.

The Department also receives amounts from other sources including rents, fees and charges.

2. Summary of significant accounting policies

2.1 Statement of compliance

The financial statements have been prepared in compliance with section 23 of the PFAA.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant AASs and comply with TIs and APSs promulgated under the provision of the PFAA.

The Department has applied AASs that are applicable to not-for-profit entities, as the Department is a not-for-profit entity.

AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Department for the reporting period ending 30 June 2014 (refer note 3).

Early-adoption of accounting standards

AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Department for the reporting period ending 30 June 2014. The Department has assessed the impact of new and amended standards and interpretations and considers that there will be no impact on the accounting policies or financial statements of the Department for the year ending 30 June 2014.

2.2 *Basis of preparation*

The preparation of the financial statements requires the use of certain accounting estimates, where management is required to exercise its judgement in the process of applying the Department's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported.

The preparation of the financial statements also requires compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency, the APSs require the following note disclosures, that have been included in this financial report:

- revenues, expenses, financial assets and financial liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature
- expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income)
- employee TVSP information
- employees whose normal remuneration is equal to or greater than the base executive remuneration level (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the Department to those employees
- board/committee member and remuneration information, where a board or committee member is entitled to receive income from membership other than direct out-of-pocket reimbursement.

The Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historic cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a 12 month period and presented in Australian currency.

The existence of the Department and the ongoing delivery of current programs and services is dependent on government policy and on continuing appropriations by Parliament.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2014 and the comparative information presented.

2.3 *Reporting entity*

The Department is a government department of the State of South Australia, established pursuant to the PSA. The Department is an administrative unit acting on behalf of the Crown.

The Department's financial statements include both departmental and administered items. The financial statements include assets, liabilities, income and expenses controlled or incurred by the Department in its own right. The administered financial statements include assets, liabilities, income and expenses which the Department administers on behalf of the SA Government, but does not control. A separate set of financial statements is produced as these administered items are regarded as significant in respect to the Department's operations.

2.4 *Comparative information*

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or APSs have required a change.

Where presentation or classification of items in the financial statements has been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

Where the Department has applied an accounting policy retrospectively, such items are reclassified retrospectively in the financial statements. The restated comparative amounts do not replace the original financial statements for the preceding period.

2.5 Rounding

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

2.6 Taxation

The Department is not subject to income tax. The Department is liable for payroll tax, FBT, GST, Emergency Services levy, land tax equivalents and local government rate equivalents.

Income, expenses and assets are recognised net of the amount of GST except:

- where the amount of GST incurred by the Department as a purchaser is not recoverable from the ATO, GST is recognised as part of the cost of acquisition of an asset or is part of an item of expense
- where appropriate, receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a net basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

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

2.7 Income

Income is recognised in the Statement of Comprehensive Income when, and only when, the flow of economic benefits has occurred and can be reliably measured.

Income has been aggregated according to its nature and has not been offset unless required or permitted by a specific accounting standard or where offsetting reflects the substance of the transaction or other event.

The notes to the financial statements disclose income where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

The following are specific recognition criteria:

Fees and charges

Revenues from fees and charges are derived from the provision of goods and services to other SA Government agencies and to the public. This revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.

Grant contributions received

Grants that are received from other entities by the Department for general assistance or a particular purpose may be for capital or recurrent purposes and the name of the category reflects the use of the grant. These entities may be other SA Government agencies or the Commonwealth Government. The grants given are usually subject to terms and conditions set out in the contract or correspondence, or by legislation. The contribution is recognised as an asset and income when the Department obtains control of the contribution or the right to receive the contribution.

Resources received free of charge

Resources received free of charge are recorded as revenue in the Statement of Comprehensive Income at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they were not donated.

Revenues from SA Government

Appropriation is recognised as revenue when the Department obtains control over the funding. Control over appropriation is normally obtained upon their receipt.

Where money has been appropriated in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of the Department and the contribution is recorded as contributed equity.

Net gain on disposal of non-current assets
Income from the disposal of non-current assets is recognised when control of the asset has passed to the buyer and determined by comparing proceeds with carrying amount. When revalued assets are sold, the revaluation surplus is transferred to retained earnings.

Other income
Other income consists of donations, sale of minor equipment, commission, hire charges and family maintenance.

2.8 Expenses

Expenses are recognised in the Statement of Comprehensive Income when and only when the flow or consumption or loss of future economic benefits has occurred and can be reliably measured.

Expenses have been aggregated according to their nature and have not been offset unless required or permitted by a specific accounting standard or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

Employee benefit expenses
Employee benefit expenses include all costs related to employment including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

Depreciation and amortisation of non-current assets
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. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to tangible assets such as property, plant and equipment.

The useful lives, residual values and depreciation/amortisation method of all major assets held by the Department are reassessed on an annual basis.

Changes in the expected useful life or the expected pattern of consumption of future economic benefit 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 value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter.

Land and non-current assets held for sale are not depreciated.

Depreciation/Amortisation for non-current assets is determined as follows:

Class of asset	*Depreciation method*	*Useful life (years)*
Buildings and improvements	Straight-line	4-50
Leasehold improvements	Straight-line	Life of lease
Computing equipment	Straight-line	3
Motor vehicles	Straight-line	3-10
Other plant and equipment	Straight-line	2-15
Intangible assets - computer software	Straight-line	3-10

Grants, subsidies and client payments
Grants that are paid to other entities for general assistance or a particular purpose may be for capital or recurrent purposes and the name of the category reflects the use of the grant. These entities may be other SA Government agencies, non-government organisations (NGOs)or the public. The grants given are usually subject to terms and conditions set out in the contract, correspondence, or by legislation. For contributions payable, the contribution will be recognised as a liability and expense when the Department has a present obligation to pay the contribution.

Resources provided free of charge
Resources provided free of charge are recorded as expenditure in the Statement of Comprehensive Income at their fair value and in the expense line items to which they relate.

Payments to SA Government
Payments to SA Government include the return of surplus cash pursuant to the cash alignment policy.

2.9 Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. The Department has a clearly identifiable operating cycle of 12 months. Therefore assets and liabilities that will be realised as part of the normal operating cycle will be classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

2.10 Assets

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard or where offsetting reflects the substance of the transaction or other event.

Where an asset line item combines amounts expected to be settled within 12 months and more than 12 months, the Department has separately disclosed the amounts expected to be recovered after more than 12 months.

Cash and cash equivalents

Cash and cash equivalents as reported in the Statement of Financial Position includes cash on hand and at bank, deposits held at call and other short-term, highly liquid investments with maturities of three months or less that are readily converted to cash and which are subject to insignificant risk of changes in value. Cash and cash equivalents in the Statement of Cash Flows comprise cash and cash equivalents as defined above. Cash is measured at nominal value.

In October 2003, the SA Government introduced a policy with respect to aligning agency cash balances with the appropriation and expenditure authority. During 2013-14, the Department had no cash swept under the cash alignment policy. During the 2012-13 financial year, the Department was required to transfer $14.3 million relating to its administered item. There were no transfers from controlled activities during 2012-13.

Receivables

Receivables include amounts receivable from goods and services, prepayments and other accruals.

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are due within 30 days after the issue of an invoice or otherwise in accordance with relevant contractual arrangements.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Department will not be able to collect the debt. Bad debts are written off when identified.

Inventories

Inventories are stated at the lower of cost and their net realisable value. Inventories held for use by the Department are measured at cost, with cost being allocated in accordance with the first-in, first-out method.

Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount of fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset’s sale is expected to be completed one year from date of classification.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the Statement of Financial Position. The liability of a disposal group classified as held for sale are also presented separately from the other liabilities in the Statement of Financial Position.

Non-current asset 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.

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position. Where the assets are acquired at no or nominal value as part of a restructuring of administrative arrangements then the assets are recorded at the value recorded by the transferor immediately prior to the transfer.

The Department capitalises all non-current tangible assets with a value of $10 000 or greater.

Non-current asset acquisition and recognition (continued)
Assets held for sale are separately disclosed and measured at the lower of their carrying amount or fair value less costs to sell. Works in progress are projects incomplete as at reporting date.

Revaluation of non-current assets
In accordance with APF III, all non-current tangible assets are valued at written down current cost (a proxy for fair value) and revaluation of non-current assets or groups of assets is performed when its fair value at the time of acquisition is greater than $1 million and estimated useful life is equal to or greater than three years.

The Department revalues its land and buildings every three years. However, if at any time management considers that the carrying amount of the asset materially differs from the fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, when they are revalued to fair value.

Any non-current assets that are acquired between a site revaluation are held at cost until the next site valuation takes place.

Any revaluation increment is credited to the revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as an expense, in which case the increase is recognised as income. Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the revaluation surplus to the extent of the credit balance existing in the revaluation surplus for that asset class.

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 assets.

Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

The Department's land and buildings underwent a full site revaluation as at 30 June 2012.

The professional valuer engaged to perform the independent valuations was Mr Fred Taormina BAppSc (Val) AAPI Certified Practising Valuer of Valcorp Pty Ltd.

Desktop valuations were carried out by Mr Fred Taormina in 2013 and 2014 to assess if the carrying amount of land and building assets were impaired or materially different from fair value. This year's desktop valuation did not determine an impairment, therefore no adjustment to values were processed as at 30 June 2014.

A separate site valuation was provided by Mrs Kym Dreyer BAppSc (Val) LFAPI Certified Practising Valuer/Managing Director (SA) of m3 Property Strategists, for a parcel of land classified as held for sale. This valuation determined an impairment, therefore an adjustment to value for this asset was processed as at 30 June 2014.

The 2013-14 financial year is the final year of the current cycle of valuation. In the 2014-15 financial year the Department will return to a tender process to engage a valuer for the next cycle of valuations. The Department will be changing its valuation cycle from three years to five years in line with APF III.

Fair value measurement
AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

The Department classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurement, based on the date and assumptions used in the most recent revaluation:

Level 1: trading in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.

Level 3: not traded in an active market and are derived from unobservable inputs.

The Department has no assets categorised into level 1.

Assets deemed to be at fair value
For those classes of non-current assets where an independent revaluation has not been undertaken, the criteria which require revaluation within APF III have not been met. For these classes of non-current assets, written down cost is deemed to be at fair value as determined by APF III.

Asset classes where written down cost is deemed to be fair value include:

- leasehold improvements
- buildings and improvements in progress
- computing equipment
- motor vehicles
- other plant and equipment.

Impairment
All non-current assets are tested for an indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset has been revalued. For revalued assets, an impairment loss is offset against the revaluation surplus for that same class of assets, to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

Intangibles
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 Department 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 when the expenditure meets the asset definition criteria (identifiability, control, and the existence of future economic benefits), the asset recognition criteria (probability of future economic benefit and cost can be reliably measured) and is greater than or equal to $10 000.

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

Investment property
The investment property is held to earn rentals and/or for capital appreciation. Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the Department.

Subsequent to initial recognition at cost, investment properties are revalued to fair value with changes in the fair value recognised as income or expense in the period that they arise. The properties are not depreciated and are not tested for impairment.

Rental income from the leasing of investment properties is recognised in the Statement of Comprehensive Income as part of other income, on a straight-line basis over the lease term.

At 30 June 2014 there was only one investment property reported in the administered financial statements.

2.11 Liabilities

Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard or where offsetting reflects the substance of the transaction or other event.

Where a liability line item combines amounts expected to be settled within 12 months and more than 12 months, the Department has separately disclosed the amounts expected to be settled after more than 12 months.

Payables
Payables include creditors, accrued expenses, employment on-costs and Paid Parental Leave Scheme payable.

Payables (continued)
All payables are measured at their nominal amount and are unsecured. Invoices are normally settled promptly in accordance with TI 11 after the Department receives an invoice.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to normal operations of the Department.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been processed or received.

The Paid Parental Leave Scheme payable represents amounts which the Department has received from the Commonwealth Government to forward onto eligible employees via the Department's standard payroll processes. That is, the Department is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance Office.

Employee benefits on-costs include superannuation contributions, WorkCover levies and payroll tax with respect to the outstanding liabilities for salaries and wages, LSL, annual leave and SERL.

The Department 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 are assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the superannuation schemes.

Leases
The Department has not entered into any finance leases. The Department has entered into some operating leases.

- *Operating leases*
  In respect of operating leases, the lessor retains substantially the entire risks and benefits incidental to the ownership of the leased items. Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a basis which is representative of the pattern of benefits derived from the leased assets.

- *Leases incentives*
  All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset. Incentives received to enter into operating leases are recognised as a liability.

  The aggregate benefits of lease incentives received by the Department in respect of operating leases have been recorded as a reduction of rental expenses over the lease term, on a straight-line basis.

  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.

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

- *Salaries and wages, annual leave, SERL 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 SERL liability are expected to be payable within 12 months and are measured at the undiscounted amount expected to be paid. Where annual leave liability and SERL liability are expected to be payable later than 12 months, the liability is measured at present value.

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

  Where agencies have substantial excess leave balances (to be paid later than 12 months after reporting date), the annual leave liability and the SERL liability will be measured at present value rather than nominal value. Refer APF IV for guidance including the liability calculation.

- *LSL*

  The liability for LSL was determined through an actuarial assessment undertaken by Mercer (Australia) Pty Ltd, in accordance with AASB 119. The following assumptions were made by the actuary when performing the assessment:

  - salary increases of 2.5% p.a. (3% p.a.) based on the current enterprise bargaining agreement and short-term forecasts
  - discounting of 3.5% p.a. (3.24% p.a.) based on the gross seven year (six year) Commonwealth Government bonds rate at 30 June 2014.

- *Accrued salaries and wages*

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

Provisions

- *Insurance*

  The Department is a participant in the State Government's insurance program. The Department pays a premium to the SAFA for professional indemnity insurance and general public liability insurance and is responsible for the payment of claim amounts up to an agreed amount (the deductible). SAICORP, a division of SAFA, provides the balance of funding for claims in excess of the deductible.

  The provision for public liability and professional indemnity insurance represents liabilities for outstanding claims in respect of incidents that have occurred. The liabilities include claims incurred and reported but not paid, claims incurred but not reported (IBNR), claims incurred but not enough reserve (IBNER) and the anticipated costs of settling those claims. The claims liabilities are measured as the present values of the expected future payments. Claims incurred but not paid and claim settlement costs that can be directly attributed to particular claims are assessed by reviewing individual claim files.

  In respect of IBNR and IBNER claims, an amount of $50 000 has been set aside for both the public liability claims and professional indemnity claims. These amounts are based upon historical claims activity, with allowance for prudential margins and are reviewed annually. Public liability and professional indemnity claims relating to periods prior to the restructuring of the former Department of Human Services, effective 1 July 2004, are the responsibility of the Department for Health and Ageing.

  The provision for property claims represents outstanding payments for incurred damage to property. An allowance is also included for IBNER claims. This provision is based upon historical claims activity and with allowance for prudential margins and is reviewed annually.

- *Workers compensation*

  The Department is an exempt employer under the WRCA. Under a scheme arrangement, the Department is responsible for the management of workers rehabilitation and compensation.

  The workers compensation liability recognised for the employees of the Department is based on an apportionment of an actuarial assessment of the whole-of-government workers compensation liability conducted by Taylor Fry Consulting Actuaries based on 30 April 2014 data. Taylor Fry Consulting Actuaries extrapolates this data to 30 June 2014. For the 2013-14 financial year, the Department has reflected a workers compensation provision of $38.84 million ($37.8 million) (refer note 27.2).

  The actuarial assessment conducted by Taylor Fry Consulting Actuaries is based on the payment per claim incurred valuation method. The assessment has been conducted in accordance with AASB 137 and the WorkCover guidelines for actuarial assessments. The liability covers claims incurred but not yet paid, incurred but not reported and the anticipated direct and indirect costs of settling those claims. The liability for outstanding claims is measured as the present value of the expected future payments reflecting the fact that all the claims do not have to be paid out in the immediate future.

- *Other provisions*

  In May 2014, the Department sought advice from the Public Sector Workforce Relations Division of DPC in relation to the appropriate award entitlements for employees with an intellectual disability performing duties at the Strathmont Centre.

  A provision has been made to backpay eight employees to the date the wage assessment agreement was signed (December 2013). The Department is liaising with the Public Sector Workforce Relations Division to determine if further back payments are required, including for former employees.

2.12 Unrecognised contractual commitments and contingent assets and liabilities

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

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.

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

3. New and revised accounting standards and policies

The Department did not voluntarily change any of its accounting policies during 2013-14.

In accordance with the new AASB 13, which became effective for the first time in 2013-14, the Department has:

- reviewed its fair valuation techniques (both internal estimates and independent valuation appraisal) for non-financial assets to ensure they are consistent with the standard. Previously, the Department has used the cost approach or the market approach to determine fair value. The Department will continue to measure its non-financial assets using either the cost or market approach. The application of AASB 13 has not had a material impact on the fair value measurement
- included additional disclosures where required to assist users in assessing the valuation techniques and inputs used to ascertain fair value measurements used for asset and liability measurements.

Fair value hierarchy and other information is provided in note 24.

The AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Department for the period ending 30 June 2014. The Department has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Department.

Prior period adjustments

There are three prior period adjustments in 2013-14.

The net adjustment is $111 000 in the asset accumulated amortisation and the amortisation expense relates to an asset with an incorrect useful life. This related to a leasehold improvement which was incorrectly amortised due to an error in the estimated useful life. This was corrected during 2013-14.

The adjustment of $1.451 million in land and buildings relates to an asset that transferred to Department of Education and Child Development in 2012. Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2011, from 1 January 2012 the Department transferred responsibilities for Families SA to the Department for Education and Child Development. One asset with a land and building component was not included in the original transfer in the financial statements although the responsibility and the economic benefit did transfer. This was corrected during 2013-14.

The adjustment of $330 000 relates to an asset that has now been derecognised. During the 2013-14 stocktake process, an asset was recognised as not being owned by the Department. After further investigation, a parcel of land was identified as belonging to an NGO. The Department does not hold any responsibility over the land, nor receive any economic benefit from the land. The land was derecognised during the 2013-14 financial year.

Adjustments were processed in 2014 and comparative balances have been restated resulting in the following net impact on equity for 2013:

- the asset revaluation reserve increased by $467 000
- retained earnings decreased by $1.892 million.

4. Activities of the Department

From 1 July 2013, program 4 (previously Community and Home Support), program 5 (previously Communities and Partners) and program 6 (previously Organisational Capability) have changed. Therefore the comparative figures will not align.

In achieving its objectives, the Department provided a range of services classified into the following activities for 2013-14 agency statements, Budget Paper 4, Volume 1.

Activity 1: ***Status of Women***

The Office for Women's role is the pursuit of the full and equal participation of women in the social and economic life of the State by providing innovative and balanced public policy advice to government. Its priorities for the 2013-14 financial year are addressing violence against women, improving women's participation in leadership and decision-making and women's economic independence. It also provides high quality State-wide information and referral services through the Women's Information Service and provides executive support to the Premier's Council for Women.

Activity 2: ***Multicultural Services***

Multicultural SA works with South Australia's ethnic communities to promote community capacity and community harmony. A key aspect of this work is supporting ethnic communities in their activities in the broader community.

Multicultural SA also provides advice to the government on cultural, linguistic and religious diversity matters and conducts community consultation sessions to ensure the Government has an understanding of the issues currently facing the ethnic communities of South Australia.

Activity 3: ***Social Housing***

The focus of this program is to develop and implement better housing and service responses for people at risk or in high need, and to work with others to expand and improve affordable housing choices across the State.

This program encompasses the management of grants for housing services to low income households, people in high need and supported accommodation assistance for people in crisis. This includes grants for the provision of private rental services, public, Aboriginal and community managed housing, the regulation of community housing and homelessness and support services. The program also provides housing strategy, policy development and advice to Government.

Activity 4: ***Disability SA***

The role of Disability SA is to lead disability policy development and planning in South Australia, provide a single access point for people with disability that provides clear and easy access from intake through to service delivery, and arrange for funding to go to individuals and service providers by the most effective and transparent means.

Activity 5: ***Disability and Domiciliary Care Services***

Disability and Domiciliary Care Services is the Government of South Australia's service provider for people with disabilities and frail older people with reduced ability to care for themselves.

Activity 6: ***Communities and Partners***

To build and maintain solid relationships with the non-government community services sector and other key partners across government and support strong South Australian families and communities. Services provided through this program include provision of concessions, secure youth training facilities, community youth justice programs and assisting young people from adolescence to adulthood. High level strategy and policy advice is provided across government in the areas of social inclusion, volunteering, carers and issues affecting people in the northern and southern suburbs.

From 1 July 2013, program 4 (previously Community and Home Support), program 5 (previously Communities and Partners) and program 6 (previously Organisational Capability) have changed. Therefore the comparative figures will not align.

In achieving its objectives, the Department provide a range of services classified into the following activities for 2012-13 agency statements, Budget Paper 4, Volume 1:

Activity 1: ***Status of Women***

The Office for Women's role is the pursuit of the full and equal participation of women in the social and economic life of the State by providing innovative and balanced public policy advice to government. It also provides high quality State-wide information and referral services through the Women's Information Service and provides executive support to the Premier's Council for Women.

Activity 2: ***Multicultural Services***

Multicultural SA works with South Australia's ethnic communities to promote community capacity and community harmony. A key aspect of this work is supporting ethnic communities in their activities in the broader community.

Activity 2: ***Multicultural Services (continued)***

Multicultural SA also provides advice to the Government on cultural, linguistic and religious diversity matters and conducts in-depth community consultation sessions to ensure the Government has a detailed understanding of the issues currently facing the ethnic communities of South Australia.

Activity 3: ***Social Housing***

The focus of this program is to develop and implement better housing and service responses for people at risk or in high need, and to work with others to expand and improve affordable housing choices across the State.

This program encompasses the management of grants for housing services to low income households, people in high need and supported accommodation assistance for people in crisis. This includes grants for the provision of private rental services, public, Aboriginal and community managed housing, the regulation of community housing and homelessness and support services. The program also provides housing strategy, policy development and advice (including financial advice) to the South Australian Housing Trust.

Activity 4: ***Community and Home Support***

Community and Home Support SA aims to improve the lives of South Australians by providing advice and support services for older people, people with disabilities and their carers.

Activity 5: ***Communities and Partners***

To build and maintain solid relationships with the non-government community services sector and other key partners across government to help develop and support strong South Australian families and communities.

Services provided through this program include secure youth training facilities, community youth justice programs, concessions and assisting young people to navigate the transition from adolescence to adulthood.

High-level strategy and policy advice is provided across government in the areas of social inclusion, volunteering, carers and issues affecting people of the northern and southern suburbs.

Activity 6: ***Organisational Capability***

To establish and maintain business practices that support the delivery of South Australia's Strategic Plan as it affects the Department, including ensuring timely decision-making, improving administrative efficiency, increasing customer satisfaction and promoting sustainability.

To continue to build a capable, creative workforce that engages with our customers and partners to ensure effective service provision. Social innovation and continuous improvement will be fostered and our infrastructure will support connected services.

5. Employee benefit expenses

	2014	2013
	$'000	$'000
Salaries and wages	285 025	272 321
TVSPs	13 246	1 857
LSL	3 289	4 401
Annual leave	30 167	26 991
SERL	1 182	1 460
Superannuation	31 668	29 761
Workers compensation	12 380	8 678
Payroll tax	18 143	16 741
Other employee related expenses	1 229	1 333
Total employee benefit expenses	396 329	363 543

TVSPs

Amount paid to these employees:		
TVSPs	13 246	1 857
Leave paid to those employees	3 253	534
Recovery from DTF	(5 159)	(1 510)
Net cost to the Department	11 340	881

Number of employees that were paid TVSPs during the reporting period 107 (16).

TVSPs (continued)

The increase in TVSPs paid relate primarily to a workforce transition strategy within Housing SA. Recovery from DTF for TVSPs is paid to the Department then forwarded to Housing SA. The amount received to date does not reflect the amounts paid to employees in June 2014. These will not be recovered from DTF until August 2014. An accrual has been processed to reflect the amount owed to Housing SA.

Remuneration of employees	2014	2013
The number of employees whose remuneration received or receivable falls within the following bands:	Number	Number
$138 000 - $141 499*	n/a	1
$141 500 - $151 499	8	11
$151 500 - $161 499	10	8
$161 500 - $171 499	6	8
$171 500 - $181 499	4	6
$181 500 - $191 499	8	4
$191 500 - $201 499	6	2
$201 500 - $211 499	1	2
$211 500 - $221 499	1	1
$221 500 - $231 499	-	2
$231 500 - $241 499	2	-
$241 500 - $251 499	-	1
$251 500 - $261 499	-	1
$261 500 - $271 499	2	2
$271 500 - $281 499	1	-
$311 500 - $321 499	-	1
$351 500 - $361 499	-	1
$371 500 - $381 499	1	-
$421 500 - $431 499	-	1
Total	50	52

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2012-13.

The table includes all employees who 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, payments in lieu of leave, superannuation contributions, FBT, any other salary sacrifice benefits and termination payments. The total remuneration received by these employees for the year was $9.173 million ($9.74 million).

6. Supplies and services

	2014	2013
	$'000	$'000
Accommodation and property related	23 675	26 332
Advertising and promotions	569	402
Brokerage care services	134 223	112 023
Business services	6 087	5 489
Client related expenses	6 291	6 480
Communication and computing	14 361	13 775
Contractors and agency staff	14 038	18 510
Consultants	321	37
Drugs and medical supplies	2 004	2 214
Insurance	1 668	1 315
Interpreter and translator fees	64	77
Managed payments	1 266	1 258
Minor equipment	9 404	7 729
Motor vehicles	7 590	8 156
Printing, stationery, postage and periodicals	1 988	2 133
Repairs and maintenance	4 879	4 213
Seminars, courses and training	962	1 021
Travel and accommodation	1 386	1 694
Other administration*	10 533	7 927
Total supplies and services (excluding audit fees)	241 309	220 785

6. Supplies and services (continued)

	2014	2013
	$'000	$'000
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements**	327	271
Total audit fees	327	271
Total supplies and services (including audit fees)	241 636	221 056

* Includes penalty amounts paid to small businesses as required by the *Late Payment of Government Debts (Interest) Act 2013*. The Department did not pay any penalty amounts during the year.

** There were no other services provided by the Auditor-General's Department.

The number and dollar amount of consultancies paid/payable (included in supplies and services) that fell within the following bands:	2014 Number	2014 $'000	2013 Number	2013 $'000
Below $10 000	1	9	1	8
Between $10 000 - $50 000	4	153	2	29
Above $50 000	1	159	-	-
Total paid/payable to the consultants engaged	6	321	3	37

Consultants for the 2013-14 financial year have increased due to the National Disability Insurance Scheme related consultancies.

7. Depreciation and amortisation expense

	2014	2013
	$'000	$'000
Depreciation expense:		
Buildings and improvements	3 379	3 964
Computing equipment	7	80
Motor vehicles	31	38
ILEP equipment	1 398	1 245
Other plant and equipment	250	234
Total depreciation expense	5 065	5 561
Amortisation expense:		
Leasehold improvements	1 143	1 002
Computer software	208	10
Total amortisation expense	1 351	1 012
Total depreciation and amortisation expense	6 416	6 573

8. Grants, subsidies and client payments

Grants, subsidies and client payments by program

	2014	2013
Disability grants	193 226	172 489
National Affordable Housing Agreement	114 171	121 236
Tax equivalents regime*	98 652	180 784
National Partnership Agreement on Homelessness	23 990	18 709
Other SAHT grants**	12 414	2 424
Home and Community Care	29 813	30 186
Family and Community Development	10 981	10 110
Supported Residential Facility	8 129	8 074
National Rental Affordability Scheme	2 196	2 089
Office for Youth and Office for Volunteers	2 044	2 100
Aboriginal Community Benefit grants	1 406	1 062
Social Inclusion funding	1 078	2 838
Utilities Literacy program	683	-
Spectacle Scheme	630	673
Aged Care grants	100	104
Client related expenses	8	184
National Partnership Agreement on Remote Indigenous Housing	-	4 748
Other	2 139	3 347
Total grants, subsidies and client payments	501 660	561 157

* The decrease from 2012-13 to 2013-14 is primarily due to a reduction in the SAHT grant following the partial write-off of SAHT debt with the Treasurer.

** Includes TVSP reimbursements.

Grants, subsidies and client payments by recipient type	Note	2014 $'000	2013 $'000
SAHT		251 423	329 991
NGOs	8.1	220 327	202 703
SA Health units		10 739	9 441
Individualised funding*		8 252	3 668
Local government		6 825	7 519
SA Government entities - other		1 875	5 031
Grant - Commonwealth and other State/Territory Governments		816	912
Concessions		630	673
Universities		580	697
Other		193	522
Total grants, subsidies and client payments		501 660	561 157

* The individualised funding program is a State Government initiative providing people with disability direct control of the funding allocated by Disability SA for their support needs. Direct payments to clients participating within the individualised funding program commenced in 2013-14. The 2012-13 figures identify payments under the former self-managed funding program that is now part of the larger individualised funding program.

8.1 Funding to NGOs	2014 $'000	2013 $'000
Minda Inc	42 492	40 424
Community Accommodation and Respite Agency Inc	20 922	18 001
Novita Children's Services Inc	13 595	12 860
Leveda Inc	12 150	11 033
Anglicare SA Inc	9 959	7 219
Orana Inc (includes former Life's for Living)	8 309	7 269
Spastic Centres of SA Inc	7 195	6 961
Community Living and Support Services Inc	6 613	6 023
Royal District Nursing Service of SA Inc	5 723	5 547
Community Lifestyles Inc	4 067	3 876
Community Living Options Inc	3 855	3 670
Uniting Communities Inc (previously Uniting Care Wesley Adelaide Inc)	3 307	2 905
Disability Living Inc	3 303	1 951
Hills Community Options Inc	3 217	3 041
EBL Disability Services Inc	3 081	2 720
Centacare Catholic Family Services	2 993	3 217
Autism Association of SA Inc	2 810	2 718
Royal Society for the Blind of SA Inc	2 812	2 672
Uniting Care Wesley Port Adelaide Inc	2 349	2 147
The Paraplegic & Quadriplegic Association of SA Inc	2 285	2 871
Community Living Project Inc	2 209	2 010
Guide Dogs Association of SA and NT Inc	2 252	2 536
Comrec Australia Pty Ltd	2 197	1 818
Bedford Group Inc	2 156	2 073
Individual Supported Accommodation Services Inc	1 777	1 693
Sorento Care Ltd	1 766	1 343
Barkuma Inc	1 623	1 541
Barossa Enterprises	1 463	1 134
Lutheran Disability Services Inc (previously Shimron House)	1 375	1 142
Lifestyle Assistance and Accommodation Service Inc	1 245	1 201
Calvary Home Care Services	1 272	1 223
Xlent Disability Services	1 177	1 102
Helping Hand Aged Care Inc	1 102	1 091
Aboriginal Prisoners and Offenders Support Services Inc	555	1 555
Other	37 121	37 784
Total funding to NGOs	220 327	206 371

Payments to NGOs, where total payments to an organisation are greater than $1 million, are individually disclosed above. Payments less than $1 million are in other.

9. Other expenses

	2014 $'000	2013 $'000
Bad and doubtful debts	331	(33)
Transferred assets	-	2 644
Donated assets	23	8
Returned funding to the Commonwealth	-	175
Packaged care and residential care for younger people*	-	27 225
Total other expenses	354	30 019

* Reimbursement to the Commonwealth arising from the aged care funding reform for persons with a disability who are under 65.

10. Revenue from rent, fees and charges

Employee services*	86 299	71 409
Insurance recoveries	1 350	977
Recoveries	14 924	19 685
Business services	15 345	16 053
Fees, fines and penalties	4 061	3 662
Rent	207	829
Patient and client fees	10 152	9 595
Total rent, fees and charges	132 338	122 210

* Represents the recovery of costs for the provision of employee related services to Housing SA.

11. Commonwealth revenues

National Partnership Agreement payments:		
HACC Services for Veterans	260	291
Disability Reform Funding*	-	22 934
Remote Indigenous Housing**	-	4 748
Homelessness	15 370	11 969
Home and Community Care	27 163	26 563
Residential Aged Care	3 238	3 082
Other	1 263	893
Total Commonwealth revenues	47 294	70 480

* In 2012-13, Commonwealth revenue was received for specialist disability services provided to older people under the National Partnership Agreement on Transitioning Responsibilities for Aged Care and Disability Services. Negotiations between the Commonwealth and the States for 2013-14 are still to be finalised.

** Commencing 2013-14 financial year, the Remote Indigenous Housing revenue will be paid directly to Housing SA.

12. Interest revenues

	2014 $'000	2013 $'000
Interest on funds held	2	61
Total interest revenues	2	61

13. Net gain (loss) from disposal of non-current assets

Land and buildings:		
Proceeds from disposal	2 778	2 031
Net book value of assets disposed	(3 053)	(3 901)
Net gain (loss) from disposal of land and buildings	(275)	(1 870)
Plant and equipment:		
Proceeds from disposal	1	39
Net book value of assets disposed	(227)	(76)
Net gain (loss) from disposal of plant and equipment	(226)	(37)
Total assets:		
Total proceeds from disposal	2 779	2 070
Total value of assets disposed	(3 280)	(3 977)
Total net gain (loss) from disposal of assets	(501)	(1 907)

14. Other revenues

	2014	2013
	$'000	$'000
Other	2 280	1 611
Total other revenues	2 280	1 611

15. Revenues from (Payments to) SA Government

15.1 SA Government appropriation

	2014	2013
Appropriations from Consolidated Account pursuant to the *Appropriation Act*:		
General appropriation	864 269	792 516
DTF - contingency funds	10 900	12 740
Tax equivalent regime reimbursement - Housing SA	98 652	180 784
Total SA Government appropriation	973 821	986 040

15.2 Grants from SA Government agencies

	2014	2013
State capital grants	1 323	1 039
Community Development Fund	3 000	3 000
Other	8 195	6 776
Total grants from SA Government agencies	12 518	10 815
Total revenues from (payments to) SA Government	986 339	996 855

16. Unexpended funding commitments

The Department is engaged in a variety of funding programs involving State and Commonwealth sources who provide monies to the Department on the premise that these funds are expended in a manner consistent with the terms of the program.

As at 30 June 2014, the Department had outstanding funding commitments to the following programs:

Operating funding commitments	2014	2013
	$'000	$'000
Parks Community Centre redevelopment	600	-
Magill decommissioning and demolition	562	73
Community development and employment program	318	-
Community Care Innovation Fund - HACC for Veterans	148	150
Home and Community Care program	141	152
National Disability Insurance Scheme sector development funding	123	-
Strathmont Devolution and Community Living Program Stage 3	123	273
Disability Care Management System	114	104
Utilities Literacy program	-	779
Community Passenger Networks	-	498
National Partnership Agreement on Indigenous Economic Participation (Youth and Family Centre programs)	-	366
APY Lands HACC program	-	168
Commonwealth Department for Health and Ageing CDEP Conversion program	-	209
APY Lands Disability Support program	-	200
Intervention Orders	-	44
Eastern Collaboration and Western Linkages Project	-	42
Aboriginal Forum	-	20
Common Arrangements - Community Care Reforms	-	20
Total operating funding commitments	2 129	3 098

Capital funding commitments		
Parks Community Centre redevelopment	562	235
Office accommodation consolidation	393	403
Adelaide Youth Training Facility - new centre at Goldborough Road	289	2 727
Family Wellbeing Centre	272	1 430
Adelaide Youth Training Centre - upgrade of Jonal Drive	198	716
Disability Care Management System - investing	104	134
Domiciliary Care SA - office accommodation	91	543
Highgate Park sustainment	39	-
APY Lands Housing	-	180
Adelaide Youth Training Centre - Jonal Drive security upgrade	-	164
Client management engine	-	53
Total capital funding commitments	1 948	6 585
Total unexpended funding commitments	4 077	9 683

17. Cash and cash equivalents

	2014	2013
	$'000	$'000
Special deposit account with the Treasurer	107 382	81 861
Advance account	100	100
Other deposits	54	843
Total cash and cash equivalents	107 536	82 804

Cash deposits are recognised at their nominal amounts.

Funds previously held by Health Services Charitable Gifts Board

On 24 May 2013, these funds were transferred to the Department and are currently being held in an external interest bearing trust bank account. For consistency, this balance is reported in 'other deposits' while the conditions of the trusts and the accounting treatment are being agreed with DTF.

In June 2014, the Department created two new special deposit accounts within administered items, IDSC and Metropolitan Domiciliary Care (MDC). The funds, previously held by the Health Services Charitable Gifts Board, will now be recognised as administered items.

Special deposit accounts with the Treasurer

Includes funds of $99.241 million ($61.636 million) held in the Accrual Appropriation Excess Fund Account. The balance of these funds is not available for general use, ie funds can only be used in accordance with the Treasurer's/ Under Treasurer's approval.

18. Receivables

	2014	2013
Current:	$'000	$'000
Debtors	22 783	33 591
Allowance for doubtful debts	(817)	(517)
Employee related services recoverable	8 788	10 483
Overpaid salaries	308	252
Sundry	158	108
Grant receivables	351	138
Prepayments	1 417	779
GST receivable	3 108	2 335
Total current receivables	36 096	47 169
Non-current:		
Sundry	400	144
Employee related services recoverable	17 061	18 454
Total non-current receivables	17 461	18 598
Total receivables	53 557	65 767

Movements in allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired.

An allowance for impairment loss has been recognised in other expenses in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

Movements in the allowance for doubtful debts (impairment loss)	2014	2013
	$'000	$'000
Carrying amount at 1 July	517	603
Increase (Decrease) in the allowance	331	(33)
Amounts written off	(31)	(53)
Carrying amount at 30 June	817	517

Bad and doubtful debts

The Department has recognised a bad and doubtful debt expense of $331 000 ($33 000) in the Statement of Comprehensive Income.

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Trade receivables, prepayments and accrued revenues are non-interest bearing.

Interest rate and credit risk (continued)

Other than 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 to non-public sector debtors.

Maturity analysis of receivables

Refer note 30.

Categorisation of financial instruments and risk exposure information

Refer note 30.

19. Inventories

	2014	2013
Current - held for distribution at no or nominal amount:	$'000	$'000
Inventories held for distribution at cost:		
Stores	315	293
Total current inventories held for distribution at no or nominal amount	315	293
Total inventories	315	293

20. Non-current assets classified as held for sale

Land	22 636	2 180
Buildings	1 662	163
Total non-current assets classified as held for sale	24 298	2 343

Non-current assets classified as held for sale represent land and buildings which are surplus to the Department's requirements. These assets are expected to be sold within 12 months in accordance with government policy.

21. Property, plant and equipment

	2014	2013
Land and buildings:	$'000	$'000
Site land at valuation (fair value)	77 827	118 188
Buildings and improvements at valuation (fair value)	101 946	114 576
Accumulated depreciation - buildings and improvements	(4 324)	(11 729)
Total land and buildings	175 449	221 035
Leasehold improvements:		
Leasehold improvements at cost (deemed fair value)	11 933	12 140
Accumulated amortisation - leasehold improvements	(5 270)	(4 684)
Total leasehold improvements	6 663	7 456
Plant and equipment:		
Computing equipment at cost (deemed fair value)	689	710
Accumulated depreciation - computing equipment at cost	(689)	(682)
Motor vehicles at cost (deemed fair value)	228	228
Accumulated depreciation - motor vehicles at cost	(158)	(127)
ILEP equipment at cost (deemed fair value)	10 970	9 054
Accumulated depreciation - ILEP equipment at cost	(6 519)	(5 511)
Other plant and equipment at cost (deemed fair value)	4 431	3 546
Accumulated depreciation - other plant and equipment at cost	(2 074)	(2 134)
Total plant and equipment	6 878	5 084
Total property, plant and equipment at valuation (fair value)	179 773	232 764
Total property, plant and equipment at cost (deemed fair value)	28 251	25 678
Total accumulated amortisation	(5 270)	(4 684)
Total accumulated depreciation	(13 764)	(20 183)
Total property, plant and equipment	188 990	233 575

Valuation of land and buildings

Refer note 2.10.

Impairment

With the exception of a parcel of land classified as held for sale, there were no indications of impairment of property, plant and equipment and infrastructure for 2013-14 and 2012-13.

21.1 *Reconciliation of land, buildings and leasehold improvements*

The following table shows the movement of land, buildings and improvements, and leasehold improvements during 2013-14:

2014	Vacant land $'000	Site land $'000	Buildings and imprvmnts $'000	Leasehold imprvmnts $'000	Total land, buildings and leasehold imprvmnts $'000
Carrying amount at 1 July	-	118 188	102 847	7 456	228 491
Purchases	-	-	152	-	152
Disposals - sales/write-offs	-	(425)	(270)	-	(695)
Assets classified as held for sale	-	(22 636)	(1 662)	-	(24 298)
Depreciation and amortisation for the year	-	-	(3 379)	(1 143)	(4 522)
Transfers between other classes	-	-	(66)	-	(66)
Transfers from works in progress	-	-	-	350	350
Net expenses relating to non-current assets classified as held for sale	-	(17 300)	-	-	(17 300)
Carrying amount at 30 June	-	77 827	97 622	6 663	182 112
2013					
Carrying amount at 1 July	5 670	118 036	52 762	7 651	184 119
Prior period adjustment	-	695	(228)	(66)	401
Restated balance at the 1 July	-	118 731	52 534	7 585	184 520
Purchases	-	-	-	187	187
Derecognition of asset prior period	-	(1 781)	-	-	(1 781)
Disposals - sales/write-offs	-	(1 770)	(350)	-	(2 120)
Assets classified as held for sale	-	(2 180)	(163)	-	(2 343)
Depreciation and amortisation for the year	-	-	(3 964)	(1 002)	(4 966)
Transfers to other departments	-	(1 080)	(1 564)	-	(2 644)
Transfers between other classes	(5 670)	5 670	(48)	48	-
Transfers from works in progress	-	-	67 264	638	67 902
Net revaluation increment (decrement)	-	(598)	(10 862)	-	(11 460)
Carrying amount at 30 June	-	116 992	102 847	7 456	227 295

21.2 *Reconciliation of plant and equipment*

The following table shows the movement of plant and equipment during 2013-14:

2014	Computing equipment $'000	Motor vehicles $'000	ILEP equipment $'000	Other plant and equipment $'000	Total plant and equipment $'000
Carrying amount at 1 July	28	101	3 543	1 412	5 084
Purchases	-	-	2 346	1 349	3 695
Disposals	-	-	(30)	(197)	(227)
Depreciation and amortisation for the year	(7)	(31)	(1 398)	(250)	(1 686)
Transfers between other classes	-	-	-	66	66
Transfers in through administrative restructures	(21)	-	-	(23)	(44)
Transfers from works in progress	-	-	(10)	-	(10)
Carrying amount at 30 June	-	70	4 451	2 357	6 878
2013					
Carrying amount at 1 July	108	143	3 328	1 229	4 808
Purchases	-	-	1 411	51	1 462
Disposals	-	(17)	(22)	(37)	(76)
Depreciation and amortisation for the year	(80)	(38)	(1 245)	(234)	(1 597)

21.2 Reconciliation of plant and equipment (continued)

2013 (continued)	Computing equipment $'000	Motor vehicles $'000	ILEP equipment $'000	Other plant and equipment $'000	Total plant and equipment $'000
Transfers to other departments	-	-	-	(7)	(7)
Transfers from works in progress	-	13	71	410	494
Carrying amount at 30 June	28	101	3 543	1 412	5 084

22. Capital works in progress

	2014 $'000	2013 $'000
Property, plant and equipment in progress at cost (deemed fair value)	9 893	3 810
Total capital works in progress	9 893	3 810

Reconciliation of capital works in progress

The following table shows the movement of capital works in progress during 2013-14:

	Total capital works in progress $'000
2014	
Carrying amount at 1 July	3 810
Purchases	5 650
Transfers to completed works	(340)
Works in progress adjustments	773
Carrying amount at 30 June	9 893
2013	
Carrying amount at 1 July	68 009
Purchases	4 285
Transfers to completed works	(68 428)
Transfer out through administrative restructures	(56)
Carrying amount at 30 June	3 810

23. Intangible assets

	2014 $'000	2013 $'000
Computer software at cost (deemed fair value)	844	198
Accumulated amortisation - computer software	(384)	(176)
Total intangible assets	460	22

Reconciliation of intangible assets

The following table shows the movement of intangible assets during 2013-14.

	Total intangible assets $'000
2014	
Carrying amount at 1 July	22
Purchases	646
Amortisation for the year	(208)
Carrying amount at 30 June	460
2013	
Carrying amount at 1 July	-
Transfers from works in progress	32
Amortisation for the year	(10)
Carrying amount at 30 June	22

Impairment

There were no indications of impairment on intangible assets for 2013-14 and 2012-13.

24. Fair value measurement

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The Department categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement.

24. Fair value measurement (continued)

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 30 June 2014:

The Department had no valuations categorised into level 1.

Fair value measurements		Level 2	Level 3	Total
Recurring fair value measurements:	Note	$'000	$'000	$'000
Land	21	77 827	-	77 827
Buildings	21	30 425	67 197	97 622
Leasehold improvements	21	-	6 663	6 663
Plant and equipment	21	-	6 878	6 878
Total recurring fair value measurements		108 252	80 738	188 990
Non-recurring fair value measurements:				
Land held for sale	20	22 636	-	22 636
Buildings held for sale	20	1 662	-	1 662
Total non-recurring fair value measurements		24 298	-	24 298
Total		132 550	80 738	213 288

As permitted by the transitional provisions of the new standard, comparative information for non-financial assets has not been provided.

There have been no transfers of assets between level 1 and 2 fair value hierarchy levels in 2014. The Department's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Valuation techniques used to derive level 2 and 3 fair values are in note 2.10. There were no changes in valuation techniques during 2014, the following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

Quantitative information about fair value measurement using significant unobservable inputs (level 3)

Description	*Fair value at 30.06.14 $'000*	*Valuation technique*	*Unobservable inputs*	*Range of inputs $'000*	*Years*
Lease improvements	6 663	Depreciated replacement cost (DRC)*	Current market replacement cost/useful life	10-4 411	0-21
Plant and equipment	6 878	Depreciated replacement cost (DRC)*	Current market replacement cost/useful life	10-216	3-10
Buildings	67 197	Depreciated replacement cost (DRC)*	Current market replacement cost/useful life	67 197	50

* Due to the nature of the asset, the fair value was determined using depreciated replacement cost approach. Key assumptions were the assessed remaining life, rate of consumption and application purpose of the asset. These assets are deemed to be fair value.

2014	Buildings $'000	Plant and equipment $'000	Leasehold imprvmnts $'000
Opening balance as at 1 July	68 558	5 084	7 456
Acquisitions	-	3 695	-
Capitalised subsequent expenditure	-	-	350
Acquisition (Disposal) through administrative restructures	-	(44)	-
Disposals	-	(227)	-
Transfer between asset classes	-	56	-
Closing balances at 30 June	68 558	8 564	7 806
Gain (Loss) for the period recognised in net result:			
Depreciation/Amortisation	(1 361)	(1 686)	(1 143)
	(1 361)	(1 686)	(1 143)
Carrying amount at 30 June	67 197	6 878	6 663

25. Payables

	2014	2013
Current:	$'000	$'000
Creditors	48 033	51 592
Accrued expenses	2 335	1 325
Employee benefit on-costs	9 674	8 284
Other	243	531
Total current payables	60 285	61 732
Non-current:		
Employee benefit on-costs	4 165	4 911
Total non-current payables	4 165	4 911
Total payables	64 450	66 643

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to the amounts being payable on demand.

Maturity analysis of payables

Refer note 30.

Categorisation of financial instruments and risk exposure information

Refer note 30.

26. Employee benefits

	2014	2013
Current:	$'000	$'000
Annual leave	31 810	29 466
LSL	8 596	8 443
SERL	1 730	1 460
Accrued salaries and wages	5 653	6 516
Total current employee benefits	47 789	45 885
Non-current:		
LSL	45 897	51 123
Total non-current employee benefits	45 897	51 123
Total employee benefits	93 686	97 008

The liability for LSL was determined through an actuarial assessment undertaken by Mercer (Australia) Pty Ltd. A salary inflation rate of 2.5% p.a. (3% p.a.) was used and a discount rate of 3.5% p.a. (3.24% p.a.), based on the gross seven year (six year) Commonwealth Government bonds rate at 30 June 2014. The proportion of leave taken in service for 2013-14 was assumed to be 40% (40%) in accordance with the percentage set out in APS 5.24.

27. Provisions

		2014	2013
Current:	Note	$'000	$'000
Insurance	27.1	89	89
Workers compensation	27.2	9 836	9 475
Other provisions		64	1 446
Total current provisions		9 989	11 010
Non-current:			
Insurance	27.1	126	126
Workers compensation	27.2	29 008	28 326
Total non-current provisions		29 134	28 452
Total provisions		39 123	39 462

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Public Sector Workforce Division of DPC.

27.1 Reconciliation of insurance

The following table shows the movement of insurance during 2013-14:

27.1 Reconciliation of insurance (continued)

	Public liability $'000	Property $'000	2014 Total $'000	Public liability $'000	Property $'000	2013 Total $'000
Carrying amount at 1 July	180	35	215	160	41	201
Increase to provision due to new claims	40	6	46	50	23	73
Reduction due to payments	(33)	(1)	(34)	(16)	(18)	(34)
Net revision of estimates	(7)	(5)	(12)	(14)	(11)	(25)
Carrying amount at 30 June	180	35	215	180	35	215

27.2 Reconciliation of workers compensation

The following table shows the movement of workers compensation:	2014 $'000	2013 $'000
Carrying amount at 1 July	37 801	34 449
Increase to provision due to revision of estimates	12 397	12 627
Reduction due to payments	(11 354)	(9 275)
Carrying amount at 30 June	38 844	37 801

28. Other liabilities

Current:		
Unclaimed monies	136	116
Unearned revenue	569	949
Lease incentive	637	637
Total current other liabilities	1 342	1 702
Non-current:		
Lease incentive	3 504	4 141
Total non-current other liabilities	3 504	4 141
Total other liabilities	4 846	5 843

29. Equity

Contributed capital	74 325	74 325
Retained earnings	79 879	57 755
Revaluation surplus	28 740	47 578
Total equity	182 944	179 658

The revaluation surplus is used to record increments and decrements in the fair value of land, buildings and plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

30. Financial instruments/Financial risk management

30.1 Categorisation of financial instruments

		2014		2013	
Financial assets	Note	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Cash and cash equivalents	17,34	107 536	107 536	82 804	82 804
Receivables*	18	49 032	49 032	62 653	62 653
Total financial assets		156 568	156 568	145 457	145 457
Financial liabilities					
Payables**	25	50 611	50 611	53 448	53 448
Total financial liabilities		50 611	50 611	53 448	53 448

* Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 18 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 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.

** Payables amount disclosed excludes employee on-costs.

30.1 Categorisation of financial instruments (continued)

The value of receivables and payables disclosed above excludes statutory receivables and payables such as GST input tax credit payable and recoverable.

30.2 Fair value

The Department does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable.

30.3 Credit risk

Credit risk arises when there is the possibility of the Department's debtors defaulting on their contractual obligations resulting in financial loss to the Department.

The Department has minimal concentration of credit risk to the non-public sector. The Department does not engage in high risk hedging for its financial assets.

30.4 Ageing analysis of financial assets

The following table discloses the ageing of financial assets, past due including impaired assets past due:

	Past due by			
	Overdue for less than 30 days	Overdue for 30-60 days	Overdue for more than 60 days	Total
2014	$'000	$'000	$'000	$'000
Not impaired:				
Receivables	363	277	1 270	1 910
Impaired:				
Receivables	-	-	(817)	(817)
	363	277	453	1 093
2013				
Not impaired:				
Receivables	1 050	80	603	1 733
Impaired:				
Receivables	-	-	(550)	(550)
	1 050	80	53	1 183

The amount of receivables and payables disclosed above excludes statutory receivables and payables such as GST input tax credit payable and recoverable.

30.5 Maturity analysis of financial assets and liabilities

		Contractual maturities		
	Carrying amount	Less than 1 year	1-5 years	More than 5 years
2014				
Financial assets:	$'000	$'000	$'000	$'000
Cash and cash equivalents	107 536	107 536	-	-
Receivables	49 032	31 571	8 077	9 384
Total financial assets	156 568	139 107	8 077	9 384
Financial liabilities:				
Payables	50 611	50 611	-	-
Total financial liabilities	50 611	50 611	-	-
2013				
Financial assets:				
Cash and cash equivalents	82 804	82 804	-	-
Receivables	62 653	43 655	8 848	10 150
Total financial assets	145 457	126 459	8 848	10 150
Financial liabilities:				
Payables	53 448	53 448	-	-
Total financial liabilities	53 448	53 448	-	-

30.5 Maturity analysis of financial assets and liabilities (continued)

Maturity analysis of receivables and payables excludes statutory receivables and payables such as GST receivables and payables.

30.6 Liquidity risk

Liquidity risk arises where the Department is unable to meet its financial obligations as they are due to be settled. The Department is funded principally from appropriation by the SA Government. The Department works with DTF to determine the cash flows associated with its government approved program of work and to ensure funding is provided through the SA Government budgetary process to meet the expected cash flows. The Department settles undisputed accounts within 30 days from the date of the invoice or the date the invoice is first received.

The Department considers its liquidity risk is minimal based on past experience and current assessment of risk.

The carrying amount of financial liabilities shown at note 30.1 represent the Department's maximum exposure to financial liabilities.

30.7 Market risk

Market risk for the Department is primarily through interest rate risk. Exposure to interest rate risk may arise through interest bearing liabilities, including borrowings. The Department's interest bearing liabilities are managed through SAFA and any movement in interest rates are monitored on a daily basis. Any exposure to foreign currency risks is managed by SAFA.

30.8 Sensitivity disclosure analysis

A sensitivity analysis has not been undertaken for the interest rate risk of the Department as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial.

31. Unrecognised contractual commitments

	2014	2013
31.1 Capital commitments	$'000	$'000
Capital expenditure contracted at the reporting date but not recognised as liabilities in the financial report, are as follows:		
Within one year	2 247	5 148
Total capital commitments	2 247	5 148

31.2 Operating lease commitments

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities in the financial report, are payable as follows:		
Within one year	9 525	11 287
Later than one year but not later than five years	30 709	35 848
Later than five years	10 778	20 220
Total operating lease commitments	51 012	67 355

The Department has many lease agreements. These leases are for administrative purposes and vary in length. Lease payments are monthly and predominantly paid in advance. Some lease agreements have renewal options for a determined period, exercisable by both the lessor and lessee.

The Department also has commitments to provide funding to various NGOs in accordance with negotiated service agreements. The value of these commitments as at 30 June 2014 has not been quantified.

32. Transferred functions

There were no functions transferred in or out of the Department in the 2012-13 or 2013-14 financial year.

33. Contingent assets and liabilities

Contingent assets

The Department is not aware of any contingent assets.

Contingent liabilities

In May 2014, the Department sought advice from the Public Sector Workforce Relations Division of DPC (PSWR) in relation to the appropriate award entitlements for eight employees with an intellectual disability performing duties at Strathmont Centre. PSWR advised of the requirement to backpay these employees in accordance with their wage assessment agreements and the SA Government Health etc Ancillary Employees Award.

Contingent liabilities (continued)

A provision has been made to backpay these eight employees to the date the wage assessment agreement was signed (December 2013). The Department is liaising with PSWR to determine if further back payments are required including for former employees. It is not possible to estimate the dollar effects at this time.

34. Cash flow reconciliation

	2014	2013
Reconciliation of cash and cash equivalents at 30 June as per:	$'000	$'000
Statement of Cash Flows	107 536	82 804
Statement of Financial Position	107 536	82 804

Reconciliation of net cash provided by (used in) operating activities to net cost of providing services

	2014	2013
Net cash provided by (used in) operating activities	36 162	25 661
SA Government appropriation	(973 821)	(986 040)
Grants from SA Government agencies	(12 518)	(10 815)
	(950 177)	(971 194)
Non-cash items:		
Depreciation	(5 065)	(5 672)
Amortisation	(1 351)	(901)
Donated and transferred assets	(23)	(2 652)
Gain (Loss) from disposal of non-current assets	(501)	(1 907)
Bad and doubtful debts	(331)	33
Work in progress adjustment	773	(56)
Movements in assets/liabilities:		
Receivables	(12 652)	15 204
Inventories	22	(2)
Other assets	(2 343)	2 343
Payables and provisions	2 532	(15 639)
Non-current assets accrued in payables	452	(4 376)
Employee benefits	3 322	(4 157)
Other liabilities	360	(917)
Net cost of providing services	(964 982)	(989 893)

35. Remuneration of board and committee members

There are various committees, forums, groups, panels and councils that have been created to assist the Department in meeting its objectives. In addition, there are committees that have been created by the Minister. Where any of the members are remunerated, certain disclosures are required under the APFs issued by DTF.

All members of the board/committees, including those who may have resigned or their term had expired during the financial year, are listed below:

Risk Management and Audit Committee

Peter Bull (Member)
Nicolle Rantanen* (Member)
Lynn Young (Member)
Mary Patetsos* (Chairperson)
Yvonne Sneddon* (Member)

* The Committee shall comprise of at least three external members (including the Chair).

The Risk Management and Audit Committee is responsible for overseeing risk management, internal controls, financial reporting, auditing and monitoring compliance with laws, policies and relevant codes of conduct, and reports to the Chief Executive.

Charitable and Social Welfare Fund Board (Community Benefit SA)

Declan Jonathon Andrews (Member)
Christina Pauline Birch (Member)
Nori Annapuran (Member)
Gary David Storkey (Chair)
Kristine Peters (Member)
Letitia Ashworth (Member)
Michelle Lee-Anne Jones (Member)
Michelle Mary Slatter (Member)
Brenton Wright (Member)

Ministerial Advisory Group on Volunteering

Zoe Bettison (Chairperson)
Michael Egbert Feszczak (Member)
John Gerard Haren (Member)
Claudia Cream (Member)
Emma Gillett (Member)
Georgia Heath (Member)

Ministerial Advisory Group on Volunteering (continued)

Sabah Izzett (Member)
Sophie Larsen (Member)
Lisel Alice O'Dwyer (Member)
Vicki-Jo Russell (Member)
Wayne Brian Thorley (Member)
Mark Kennett Whitfield (Member)
Con Katsambis (Member)
David Edward Mitchell (Member)
Evelyn O'Loughlin (Member)
Jan Lynette Sutherland (Member)
Sonya Weiser (Member)

Minister's Disability Advisory Council

Katharine Elisabeth Annear (Chair)
David Caudrey (Ex Officio)
Kyra Beth Kimpton (Member)
Lorraine Amanda Sheppard (Member)
Tracy Lee Vandepeer (Member)
Jacqueline Elise Beard (Member)
Sheelagh Maree Daniels-Mayes (Member)
Wayne Noel Oldfield (Member)
Michael John Taggart (Deputy Chair)

Minister's Youth Council

Mohammad Al-Khafaji (Member)
Jesse Leigh Baker Gale (Member)
Henry De Cure (Member)
Laura Catherine Gray (Member)
Lulu Hensman (Member)
Jake William Lane (Member)
Thomas James (Thom) Manning (Member)
Sarah Jean Nelson (Member)
Kathryn Reed (Member)
Cassandra Attwood (Deputy Chairperson)
Oliver Bullitis (Member)
Sarah Elsayed (Member)
Kye Hanley (Member)
Lauren Kimm (Member)
Nai Heak Lim (Member)
Georgina Frances Morphett (Chairperson)
Rachel Phillips (Member)
Marwa Shabbar (Member)

Premier's Council for Women

Alison Frances Adair (Member)
Anne Rosalie Edwards (Member)
Maria Hagias-Tramontin (Member)
Katrine Anne Hildyard (Member)
Sonia Romeo (Member)
Miriam Amena Silva (Member)
Katrina Lea Webb-Dennis (Member)
Eunice Elizabeth Aston (Member)
Kate Jean Gould (Chair)
Anne-Marie Hayes (Member)
Anuradha (Anu) Mundkur (Member)
Nerida Michelle Saunders (Member)
Louise Kathryn Stock (Member)
Christine Zeitz (Member)

South Australian Multicultural and Ethnic Affairs Commission

Daniela Valentina Conesa (Member)
Vesna Drapac (Member)
Stamatiki Kritas (Member)
Vikram Maden (Member)
Teresa Nowak (Deputy Chairperson)
Norman Anthony Schueler (Member)
Sumeja Skaka (Member)
Domenico (Don) Totino (Member)
Michelle (Swee Xing) Dieu (Member)
Branka King (Member)
Hieu Van Le (Chairperson)
Joseph Julius Masika (Member)
Peter Ppiros (Member)
Miriam Amena Silva (Member)
Malgorzata (Gosia) Skalban (Member)

State Emergency Relief Fund

Angela Chooi (Member)
Sherree Lee Goldsworthy (Member)
Danielle Melanie Kowalski (Member)
Veronica Margaret Faggotter (Member)
Barry Joseph Grear (Chair)
Raina Nella Nechvoglod (Member)

Supported Residential Facilities Advisory Committee

Frances Ellen Anderson (Member)
Sylvia Marga Maria Brideoake (Member)
Anthony Dew (Deputy Member) (O'Connell)
Shaunee Fox (Deputy Presiding Member)
Adrian Hill (Member)
Neville Edward Kitchin (Member)
Evanne Margaret (Anne) Megaw (Deputy Member)
Kirin Louise Moat (Deputy Member) (Brideoake)
Debra Ruth Petrys (Deputy Member) (Chapman)
Lesley Siggery (Deputy Member) (Fox)
Susan Margaret (Sue) Whitington (Member)
Gary Lynn Wilson (Deputy Member) (McNamara)
Jennifer Sue Boisvert (Deputy Member) (Whetstone)
Barbara (Jane) Chapman (Presiding Member)
Kevin John Duke (Deputy Member) (Whitington)
Peter David Hans Heysen (Member)
Sandra Ison (Deputy Member) (Richards)
Mariann Rose McNamara (Member)
Devon Anne Mellows (Deputy Member)
Geoffrey J O'Connell (Member)
Melissa Joy Richards (Member)
Debra Anne (Deb) Whetstone (Member)
Jillian Yvonne Whittaker (Member)
Helen Wright (Deputy Member) (Whittaker)

35. Remuneration of board and committee members (continued)

Deputies listed may or may not have attended a committee meeting during the financial year.

Total income received or due to be receivable by members was $155 000 ($188 000).

The number of members whose income from the entity falls within the following bands is:	2014 Number	2013 Number
$0	35	40
$1 - $9 999	79	70
$10 000 - $19 999	1	1
$20 000 - $29 999	-	-
$30 000 - $39 999	1	1
Total	116	112

In accordance with DPC Circular 16, government employees did not receive any remuneration for board, committee or forum duties during the financial year.

Benefits given by the Department to superannuation funds or otherwise in connection with the retirement of members were $15 000 ($13 000).

During the financial year, no loans were made to members. At the reporting date, no outstanding loans exist with Members.

Unless otherwise disclosed, transactions between related parties are on conditions no more favourable than those which it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

36. Events after balance date

There are no known events after balance date that affect this general purpose financial report in a material manner.

37. Administered items

The revenues, expenditures, assets and liabilities that were administered but not controlled by the Department have not been included in the financial statements. These administered transactions and balances are regarded as significant in relation to the Department's overall financial performance and in accordance with APF II, separate consolidated administered financial statements and notes to the accounts have been prepared.

38. Transactions with SA Government

		SA Government		Non-SA Government		Total	
		2014	2013	2014	2013	2014	2013
	Note	$'000	$'000	$'000	$'000	$'000	$'000
Expenses							
Supplies and services:	6						
Accommodation and property related		14 276	16 337	9 399	9 995	23 675	26 332
Advertising and promotions		62	14	507	388	569	402
Brokerage care services		552	768	133 671	111 255	134 223	112 023
Business services		6 074	5 470	13	19	6 087	5 489
Client related expenses		51	37	6 240	6 443	6 291	6 480
Communication and computing		3 646	1 722	10 715	12 053	14 361	13 775
Contractors and agency staff		2 449	2 816	11 589	15 694	14 038	18 510
Consultants		-	-	321	37	321	37
Drug and medical supplies		13	5	1 991	2 209	2 004	2 214
Insurance		255	1 299	1 413	16	1 668	1 315
Interpreter and translator fees		-	-	64	77	64	77
Managed payments		1 206	1 184	60	74	1 266	1 258
Minor equipment		1 047	1 026	8 357	6 703	9 404	7 729
Motor vehicles		5 954	3 536	1 636	4 620	7 590	8 156
Printing, stationery, postage and periodicals		20	32	1 968	2 101	1 988	2 133
Repairs and maintenance		513	488	4 367	3 725	4 880	4 213
Seminars, courses and training		72	57	890	964	962	1 021

38. Transactions with SA Government (continued)

		SA Government		Non-SA Government		Total	
Supplies and services:		2014	2013	2014	2013	2014	2013
(continued)	Note	$'000	$'000	$'000	$'000	$'000	$'000
Travel and accommodation		4	58	1 382	1 636	1 386	1 694
Other administration		1 356	2 224	9 176	5 703	10 532	7 927
Audit fees paid/payable to the Auditor-General's Department relating to the audit of financial statements		327	271	-	-	327	271
Other services provided by the Auditor-General's Department		-	-	-	-	-	-
Grants and subsidies	8	264 037	344 467	237 623	216 690	501 660	561 157
Other expenses:	9						
Bad and doubtful debts		96	106	235	(139)	331	(33)
Transferred assets		-	2 644	-	-	-	2 644
Donated assets		-	8	23	-	23	8
Returned funding to the Commonwealth		-	-	-	175	-	175
Packaged care and residential care for younger people		-	-	-	27 225	-	27 225
Other		-	-	-	-	-	-
Total expenses		302 010	384 569	441 640	427 663	743 650	812 232
Income							
Revenue from rent, fees and charges:	10						
Employee services		86 299	71 409	-	-	86 299	71 409
Insurance recoveries		147	35	1 203	942	1 350	977
Recoveries		10 267	12 763	4 657	6 922	14 924	19 685
Business services		15 345	16 013	-	40	15 345	16 053
Fees, fines and penalties		3 637	266	424	3 396	4 061	3 662
Rent		164	718	43	111	207	829
Patient and client fees		-	-	10 152	9 595	10 152	9 595
Other revenues	14	1 221	677	1 059	934	2 280	1 611
Total income		117 080	101 881	17 538	21 940	134 618	123 821
Financial assets							
Receivables:	18						
Debtors		19 737	7 090	2 229	25 984	21 966	33 074
Employee related services recoverable		25 849	28 937	-	-	25 849	28 937
Overpaid salaries		-	-	308	252	308	252
Sundry		-	-	558	252	558	252
Grant receivables		283	-	68	138	351	138
Prepayments		-	22	1 417	757	1 417	779
GST receivable		-	-	3 108	2 335	3 108	2 335
Total financial assets		45 869	36 049	7 688	29 718	53 557	65 767
Financial liabilities							
Payables:	25						
Creditors		30 395	15 054	17 638	36 538	48 033	51 592
Accrued expenses		1 074	68	1 261	1 257	2 335	1 325
Employment benefit on-costs		5 243	5 312	8 596	7 883	13 839	13 195
Other		-	355	243	176	243	531
Other liabilities:	28						
Unclaimed monies		-	-	136	116	136	116
Unearned revenue		307	256	262	693	569	949
Lease incentive		-	-	4 141	4 778	4 141	4 778
Total financial liabilities		37 019	21 045	32 277	51 441	69 296	72 486

39. Residential aged care sector reporting

The *Aged Care Act 1997* (the Act) provides for the regulation and funding of aged care services. Persons who are approved under the Act to provide aged care services (approved providers) can be eligible to receive subsidy payments in respect of the care they provide to approved care recipients.

39. Residential aged care sector reporting (continued)

In accordance with the Act, the Department must prepare an audited general purpose financial report for the residential aged care facilities provided at Highgate and Northgate.

The financial statements for the regulated aged care services reflect an allocation of the Department's income, expenses, assets and liabilities, as recorded in the Department's financial records, to the regulated activities. The financial statements have been prepared using the Department's accounting policies described in note 2.

The former Julia Farr Services (JFS) was an approved provider of residential aged care (RAC) with 32 places licensed by the Commonwealth Department of Health and Ageing. Effective 1 July 2007, the Governor proclaimed the dissolution of JFS and all assets and liabilities vested in or held by JFS were transferred, assigned to or vested in the Minister for Disability. Certain assets held by the former JFS are subject to the terms and conditions of the Home for Incurables Trust and the Minister for Disability has been appointed as trustee. The trust assets are administered but not controlled by the Department, hence they are not included in the accounts of the Department.

The former IDSC was also an approved provider of residential aged care with 32 places licensed by the Commonwealth Department of Health and Ageing. On 29 June 2006 the Governor proclaimed the dissolution of The IDSC in association with reforms to the governance arrangements within the SA Government with respect to the management of the provision of disability services.

Statement of Comprehensive Income for the year ended 30 June 2014

		Residential Aged Care	
		Highgate Disability SA	Northgate Disability Services SA
	NAPS ID*	1021	3051
	RACS ID**	6402	6203
Expenses:		$'000	$'000
Employee benefit expenses		3 920	3 362
Supplies and services		2 072	1 127
Depreciation and amortisation		1	143
Total expenses		5 993	4 632
Income:			
Rent, fees and charges		1 491	876
Commonwealth revenues		1 397	1 840
Total income		2 888	2 716
Net cost of providing services		(3 105)	(1 916)
Net result		(3 105)	(1 916)

* National Approved Provider System (NAPS)

** Residential Aged Care Service (RACS)

Statement of Financial Position as at 30 June 2014

		Residential Aged Care	
		Highgate Disability SA	Northgate Disability Services SA
	NAPS ID	1021	3051
	RACS ID	6402	6203
Current assets:		$'000	$'000
Receivables		323	28
Total current assets		323	28
Non-current assets:			
Receivables		6	5
Property, plant and equipment		-	8 816
Total non-current assets		6	8 821
Total assets		329	8 849

Statement of Financial Position as at 30 June 2014 (continued)

	Residential Aged Care Highgate Disability SA	Residential Aged Care Northgate Disability Services SA
Current liabilities:		
Payables	221	180
Employee benefits	758	514
Provisions	137	113
Total current liabilities	1 116	807
Non-current liabilities:		
Payables	40	36
Employee benefits	434	386
Provisions	390	323
Total non-current liabilities	864	745
Total liabilities	1 980	1 552
Net assets	(1 651)	7 297

Cash deficits in residential aged care are funded by contributions from the SA Government.

Statement of Comprehensive Income for the year ended 30 June 2013

		Residential Aged Care Highgate Disability SA	Residential Aged Care Northgate Disability Services SA
	NAPS ID*	1021	3051
	RACS ID**	6402	6203
Expenses:		$'000	$'000
Employee benefit expenses		4 026	2 611
Supplies and services		2 550	1 108
Depreciation and amortisation		1	139
Total expenses		6 577	3 858
Income:			
Rent, fees and charges		1 505	740
Commonwealth revenues		1 279	1 803
Total income		2 784	2 543
Net cost of providing services		(3 793)	(1 315)
Net result		(3 793)	(1 315)

* National Approved Provider System (NAPS)
** Residential Aged Care Service (RACS)

Statement of Financial Position as at 30 June 2013

		Residential Aged Care Highgate Disability SA	Residential Aged Care Northgate Disability Services SA
	NAPS ID	1021	3051
	RACS ID	6402	6203
Current assets:		$'000	$'000
Receivables		67	1
Total current assets		67	1
Non-current assets:			
Receivables		3	2
Property, plant and equipment		-	8 959
Total non-current assets		3	8 961
Total assets		70	8 962

Statement of Financial Position as at 30 June 2013 (continued)

	Residential Aged Care	
	Highgate Disability SA	Northgate Disability Services SA
Current liabilities:		
Payables	181	134
Employee benefits	744	450
Provisions	136	94
Total current liabilities	1 061	678
Non-current liabilities:		
Payables	47	37
Employee benefits	508	398
Provisions	491	338
Total non-current liabilities	1 046	773
Total liabilities	2 107	1 451
Net assets	(2 037)	7 511

Cash deficits in residential aged care are funded by contributions from the SA Government.

Statement of Administered Comprehensive Income
for the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Expenses:			
Employee benefit expenses		339	314
Supplies and services		1 411	1 679
Depreciation and amortisation expense		1 687	1 644
Grants, subsidies and client payments	A7	181 842	175 914
Client trust fund payments	A4	14 296	13 779
Total expenses		199 575	193 330
Income:			
Grants and contributions		10 691	10 424
Revenue from rent, fees and charges		992	1 043
Interest revenues		628	675
Client trust fund receipts	A4	13 631	14 371
Other income		493	348
Total income		26 435	26 861
Net cost of providing services		(173 140)	(166 469)
Revenues from (Payments to) SA Government:			
SA Government appropriation		174 367	165 350
Payments to SA Government under cash alignment policy	A8	-	(14 300)
Total revenues from (payments to) SA Government		174 367	151 050
Net result		1 227	(15 419)
Other comprehensive income:			
Revaluation surplus		-	466
Total other comprehensive income		-	466
Total comprehensive result		1 227	(14 953)

Statement of Administered Financial Position
as at 30 June 2013

	Note	2014 $'000	2013 $'000
Current assets:			
Cash and cash equivalents		44 265	39 803
Receivables		38	161
Total current assets		44 303	39 964
Non-current assets:			
Property, plant and equipment	A11.1	28 463	30 150
Investment property	A11.2	1 220	1 220
Capital works in progress	A11.3	1 754	662
Total non-current assets		31 437	32 032
Total assets		75 740	71 996
Current liabilities:			
Payables		8 878	7 134
Overdraft		24	24
Employee benefits		2	-
Total current liabilities		8 904	7 158
Total liabilities		8 904	7 158
Net assets		66 836	64 838
Equity:			
Retained earnings		40 184	38 186
Revaluation surplus		26 652	26 652
Total equity		66 836	64 838

Statement of Administered Changes in Equity
for the year ended 30 June 2014

	Revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2012	26 186	53 605	79 791
Net result for 2012-13	-	(15 419)	(15 419)
Gain (Loss) on revaluation of property, plant and equipment during 2012-13	466	-	466
Total comprehensive result for 2012-13	466	(15 419)	(14 953)
Balance at 30 June 2013	26 652	38 186	64 838
Net result for 2013-14	-	1 227	1 227
Total comprehensive result for 2013-14	-	1 227	1 227
Transactions with SA Government as owner:			
Net assets received from controlled items	-	771	771
Balance at 30 June 2014	26 652	40 184	66 836

Statement of Administered Cash Flows
for the year ended 30 June 2014

	Note	2014 Inflows (Outflows) $'000	2013 Inflows (Outflows) $'000
Cash flows from operating activities:			
Cash outflows:			
Payments to SA Government		-	(14 300)
Employee benefit payments		(339)	(314)
Concessions		(151 753)	(155 996)
Payments of grants, subsidies and client payments		(28 409)	(27 522)
Payments for supplies and services		(1 261)	(1 676)
Client trust fund payments		(14 296)	(13 779)
Cash used in operations		(196 058)	(213 587)
Cash inflows:			
Receipts from SA Government		174 367	165 350
Rent, fees and charges		992	934
Grants and contributions		10 691	10 673
Interest received		629	590
Client trust fund receipts		13 669	14 371
Other receipts		493	457
Cash generated from operations		200 841	192 375
Net cash provided by (used in) operating activities	A14	4 783	(21 212)
Cash flows from investing activities:			
Cash outflows:			
Purchase of property, plant and equipment		(1 092)	(662)
Cash used in investing activities		(1 092)	(662)
Net cash provided by (used in) investing activities		(1 092)	(662)
Cash flows from financing activities:			
Cash outflows:			
Cash overdraft		-	1
Cash used in financing activities		-	1
Cash inflows:			
Cash from controlled items		771	-
Cash generated from financing activities		771	-
Net cash provided by (used in) financing activities		771	1
Net increase (decrease) in cash and cash equivalents		4 462	(21 873)
Cash and cash equivalents at 1 July		39 803	61 676
Cash and cash equivalents at 30 June	A14	44 265	39 803

Schedule of Expenses and Income attributable to Administered Activities for the year ended 30 June 2014

(Activities - refer note A3)	1		2		3	
	2014	2013	2014	2013	2014	2013
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefit expenses	-	-	-	-	-	-
Supplies and services	902	1 144	200	200	249	274
Depreciation and amortisation expense	-	-	-	-	1 687	1 644
Grants, subsidies and client payments	5 425	5 262	3 987	2 502	438	427
Client trust fund payments	-	-	-	-	-	-
Total expenses	6 327	6 406	4 187	2 702	2 374	2 345
Income:						
Grants and contributions	5 871	5 863	4 000	4 000	-	-
Revenue from rent, fees and charges	187	319	28	64	681	536
Interest revenues	19	12	-	-	186	268
Client trust fund receipts	-	-	-	-	-	-
Other income	350	160	-	-	-	-
Total income	6 427	6 354	4 028	4 064	867	804
Net cost of providing services	100	(52)	(159)	1 362	(1 507)	(1 541)
Revenues from (Payments to) SA Government:						
SA Government appropriation	112	41	-	-	-	-
Payments to SA Government under cash alignment policy	-	-	-	-	-	-
Total revenues from (payments to) SA Government	112	41	-	-	-	-
Net result	212	(11)	(159)	1 362	(1 507)	(1 541)

(Activities - refer note A3)	4		5		6	
	2014	2013	2014	2013	2014	2013
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefit expenses	-	-	-	-	-	-
Supplies and services	-	-	-	-	-	-
Depreciation and amortisation expense	-	-	-	-	-	-
Grants, subsidies and client payments	-	-	-	-	-	-
Client trust fund payments	-	-	-	-	14 296	13 779
Total expenses	-	-	-	-	14 296	13 779
Income:						
Grants and contributions	-	-	-	-	-	-
Revenue from rent, fees and charges	-	-	-	-	-	-
Interest revenues	6	-	1	1	396	390
Client trust fund receipts	-	-	-	-	13 631	14 371
Other income	107	-	1	1	-	-
Total income	113	-	2	2	14 027	14 761
Net cost of providing services	113	-	2	2	(269)	982
Revenues from (Payments to) SA Government:						
SA Government appropriation	-	-	-	-	-	-
Payments to SA Government under Cash Alignment Policy	-	-	-	-	-	-
Total revenues from (payments to) SA Government	-	-	-	-	-	-
Net result	113	-	2	2	(269)	982

Schedule of Expenses and Income attributable to Administered Activities for the year ended 30 June 2014 (continued)

(Activities - refer note A3)	7		8		9	
	2014	2013	2014	2013	2014	2013
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefit expenses	302	297	-	-	-	-
Supplies and services	-	-	-	-	-	-
Depreciation and amortisation expense	-	-	-	-	-	-
Grants, subsidies and client payments	-	-	-	-	152 209	148 392
Client trust fund payments	-	-	-	-	-	-
Total expenses	302	297	-	-	152 209	148 392
Income:						
Grants and contributions	300	297	-	-	264	14
Revenue from rent, fees and charges	-	-	-	-	25	-
Interest revenues	-	-	14	-	-	-
Client trust fund receipts	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Total income	300	297	14	-	289	14
Net cost of providing services	(2)	-	14	-	(151 920)	(148 378)
Revenues from (Payments to) SA Government:						
SA Government appropriation	-	-	-	-	153 416	145 692
Payments to SA Government under Cash Alignment Policy	-	-	-	-	-	(14 300)
Total revenues from (payments to) SA Government	-	-	-	-	153 416	131 392
Net result	(2)	-	14	-	1 496	(16 986)

(Activities - refer note A3)	10		11		12	
	2014	2013	2014	2013	2014	2013
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefit expenses	-	-	-	-	37	17
Supplies and services	-	-	16	-	40	61
Depreciation and amortisation expense		-	-	-	-	-
Grants, subsidies and client payments	18 399	18 071	-	-	130	-
Client trust fund payments	-	-	-	-	-	-
Total expenses	18 399	18 071	16	-	207	78
Income:						
Grants and contributions	-	-	-	-	-	-
Revenue from rent, fees and charges	-	-	-	-	71	124
Interest revenues	-	-	2	2	4	2
Client trust fund receipts	-	-	-	-	-	-
Other income	-	-	24	-	11	187
Total income	-	-	26	2	86	313
Net cost of providing services	(18 399)	(18 071)	10	2	(121)	235
Revenues from (Payments to) SA Government:						
SA Government appropriation	18 399	18 071	-	-	-	-
Payments to SA Government under Cash Alignment Policy	-	-	-	-	-	-
Total revenues from (payments to) SA Government	18 399	18 071	-	-	-	-
Net result	-	-	10	2	(121)	235

Schedule of Expenses and Income attributable to Administered Activities for the year ended 30 June 2014 (continued)

(Activities - refer note A3)	13		14		Total	
	2014	2013	2014	2013	2014	2013
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefit expenses	-	-	-	-	339	314
Supplies and services	-	-	4	-	1 411	1 679
Depreciation and amortisation expense	-	-	-	-	1 687	1 644
Grants, subsidies and client payments	1 124	1 260	30	-	181 842	175 914
Client trust fund payments	-	-	-	-	14 296	13 779
Total expenses	1 124	1 260	34	-	199 575	193 330
Income:						
Grants and contributions	-	-	256	250	10 691	10 424
Revenue from rent, fees and charges	-	-	-	-	992	1 043
Interest revenues	-	-	-	-	628	675
Client trust fund receipts	-	-	-	-	13 631	14 371
Other income	-	-	-	-	493	348
Total income	-	-	256	250	26 435	26 861
Net cost of providing services	(1 224)	(1 260)	222	250	(173 140)	(166 469)
Revenues from (Payments to) SA Government:						
SA Government appropriation	2 440	1 546	-	-	174 367	165 350
Payments to SA Government under Cash Alignment Policy	-	-	-	-	-	(14 300)
Total revenues from (payments to) SA Government	2 440	1 546	-	-	174 367	151 050
Net result	1 216	286	222	250	1 227	(15 419)

Notes to and forming part of the administered financial statements

A1. Background

The revenues, expenditures, assets and liabilities that were administered but not controlled by the Department for Communities and Social Inclusion (DCSI or the Department) have not been included in the financial statements of the Department. These administered transactions and balances are regarded as significant in relation to the Department's overall financial performance and in accordance with APF II, separate consolidated administered financial statements and notes to the accounts have been prepared.

A2. Accounting policies

The accounting policies pertaining to the administered items for the Department are contained in note 2 for the Department.

A3. Activities of administered items

1. Gamblers Rehabilitation
2. Charitable and Social Welfare Fund (Community Benefit SA Program)
3. Home for Incurables Trust*
4. Disability Services trust funds, donations and bequests**
5. Supported Residential Facilities Indemnity Fund
6. Client Trust Accounts
7. Minister's Salary
8. Domiciliary Care Services trust funds, donations and bequests**
9. Concessions
10. Community Service Obligations
11. State Emergency Relief Fund
12. Duke of Edinburgh Trust
13. Personal Alert Rebate Scheme
14. Consumer Advocacy and Research Fund

A3. Activities of administered items (continued)

* Effective 1 July 2007, the Minister for Disability became the trustee of the Home for Incurables Trust by virtue of the vesting of assets and liabilities of the former Julia Farr Services (JFS). Separate financial information pertaining to the Home for Incurables Trust is in note A17.

** During 2013-14, two new administered items were created to accommodate a transfer of funds that were previously reported as part of DCSI's Controlled cash and cash equivalents balance. The amount transferred from the controlled cash balance into the new administered items has been allocated as required by the Trust between the former Intellectual Disability Services Council Incorporated (IDSC) and MDC agencies and reported separately in the new programs listed above.

A4. Client trust accounts

The Department acts as trustee of client trust accounts, including relating to clients of the former IDSC and the former JFS. These amounts cannot be used by the Department to achieve its own objectives, and accordingly are not included in the controlled financial statements. Client trust receipts include interest revenue.

	2014	2013
	$'000	$'000
Opening balance 1 July	12 536	11 554
Receipts	14 027	14 761
Expenses	(14 296)	(13 779)
Closing balance 30 June	12 267	12 536

A5. Consumer Advocacy and Research Fund

This fund was established under the *Water Industry Act 2012* Part 10, section 87. The Consumer Advocacy and Research Fund commenced on 1 July 2012 and supports research or advocacy that promotes the interests of consumers with a disability, on a low income or located in a regional area of the State.

	2014	2013
	$'000	$'000
Opening balance 1 July	250	-
Receipts	256	250
Expenses	(34)	-
Closing balance 30 June	472	250

A6. State Emergency Relief Fund

This fund was established as part of the Emergency Management (State Emergency Relief Fund) Amendment Bill 2006. The Fund's main purpose is to provide financial support to those affected by a disaster occurring within South Australia. As at 30 June 2014 the fund held $80 000 ($70 000) in cash and these funds earned interest of $2000 ($2000). During the year, the South Australian Bushfire Emergency Relief Appeal commenced as a result of fires that burned out of control in the State, resulting in multiple homes being destroyed.

South Australian Bushfire Emergency Relief Appeal	2013	2012
	$'000	$'000
Opening balance 1 July	-	-
Receipts	24	-
Expenses	(16)	-
Closing balance 30 June	8	-

Payments have been made to people affected by the South Australian bushfires in January 2014. It is anticipated that further payments relating to this appeal will be made during the 2014-15 financial year.

A7. Grants, subsidies and client payments		2014	2013
	Note	$'000	$'000
Gamblers Rehabilitation		5 425	5 262
Community Benefit SA program		3 987	2 502
Home for Incurables Trust		438	427
Duke of Edinburgh Trust		130	-
Concessions	A7.1	152 209	148 392
Community service obligations		18 399	18 071
Personal Alert Rebate Scheme		1 224	1 260
Consumer advocacy and research		30	-
Total grants, subsidies and client payments		181 842	175 914

A7.1 Concessions

	2014	2013
	$'000	$'000
Water and sewerage rates	47 378	45 018
Council rates	33 231	32 994
Energy	31 609	31 648
Transport	31 211	29 947
Emergency Services levy	7 324	7 296
Other	1 456	1 489
Total concessions	152 209	148 392

A8. Payments to SA Government

	2014	2013
Cash alignment policy transfer	-	14 300
Total payments to SA Government	-	14 300

A9. Consultancies

There were no consultants engaged in the 2012-13 and 2013-14 financial years.

A10. Unexpended funding commitments

The Department is engaged in a variety of funding programs involving State and Commonwealth sources who provide monies to the Department on the premise that these funds are expended in a manner consistent with the terms of the program. As at 30 June 2014, the Department had outstanding funding commitments to the following programs:

	2014	2013
	$'000	$'000
Community Benefits SA program	4 598	4 694
Gamblers Rehabilitation Fund	942	422
Personal Alert Rebate Scheme	-	286
Consumer Advocacy and Research Fund	472	250
Total operating funding commitments	6 012	5 652
Highgate Park facilities works	231	738
Total capital funding commitments	231	738
Total unexpended funding commitments	6 243	6 390

A11. Property, plant and equipment

A11.1 Property, plant and equipment

	2014	2013
Land and buildings:		
Site land (fair value)	13 510	13 510
Buildings and improvements (fair value)	14 953	16 640
Total land and buildings	28 463	30 150

Reconciliation of land and buildings

The following table shows the movement of land and buildings and improvements during 2013-14:

2014	Site land	Buildings and imprvmnts	Total land and buildings
	$'000	$'000	$'000
Carrying amount at 1 July	13 510	16 640	30 150
Depreciation and amortisation for the year	-	(1 687)	(1 687)
Carrying amount at 30 June	13 510	14 953	28 463
2013			
Carrying amount at 1 July	13 510	17 818	31 328
Depreciation and amortisation for the year	-	(1 644)	(1 644)
Revaluation increment	-	466	466
Carrying amount at 30 June	13 510	16 640	30 150

A11.2 Investment property

	2014	2013
	$'000	$'000
Investment building	786	786
Fair value at 30 June	786	786

A11.2 Investment property (continued)	2014	2013
	$'000	$'000
Investment land	434	434
Fair value at 30 June	434	434
Total investment property at 30 June	1 220	1 220

A11.3 Capital works in progress		
Software application	39	-
Property, plant and equipment (fire upgrade)	1 715	662
Total capital works in progress	1 754	662

Reconciliation of capital works in progress

The following table shows the movement of capital works in progress:

	Total capital works in progress
2014	$'000
Carrying amount at 1 July	662
Purchases	1 092
Carrying amount at 30 June	1 754
2013	
Carrying amount at 1 July	-
Purchases	662
Carrying amount at 30 June	662

A12. Fair value measurement

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The Department categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement.

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 30 June 2014:

The Department had no valuations categorised into level 1.

Fair value measurement	Level 2	Level 3	Total
Recurring fair value measurement:	$'000	$'000	$'000
Land	13 510	-	13 510
Buildings	14 954	-	14 954
Investment property	1 220	-	1 220
Total recurring fair value measurements	29 684	-	29 684

As permitted by the transitional provisions of the new standard, comparative information for non-financial assets has not been provided.

There have been no transfers of assets between level 1 and level 2 fair value hierarchy levels in 2014. The Department's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

A13. Transferred functions

There were no functions transferred in or out of the Department in the 2012-13 and in the 2013-14 financial years.

A14. Cash flow reconciliation

	2014	2013
Reconciliation of cash and cash equivalents at 30 June as per:	$'000	$'000
Statement of Administered Cash Flows	44 265	39 803
Statement of Administered Financial Position	44 265	39 803

Reconciliation of net cash provided by (used in) operating activities to net result

Net cash provided by (used in) operating activities	4 783	(21 212)
Non-cash items:		
Depreciation and amortisation	(1 687)	(1 644)
Movements in assets/liabilities:		
Receivables	(122)	(133)
Payables	(1 745)	7 571

Reconciliation of net cash provided by (used in) operating activities to net result (continued)	2014 $'000	2013 $'000
Movements in assets/liabilities: (continued)		
Employee benefits	(2)	-
Other liabilities	-	(1)
Net result	1 227	(15 419)

A15. Administered contingent assets and liabilities

The Department has no administered contingent assets and liabilities.

A16. Supported Residential Facilities Indemnity Fund

	2014	2013
Opening balance 1 July	39	37
Receipts:		
Fees - councils[1]	1	1
Interest	1	1
Closing balance 30 June	41	39

This note has been prepared to meet the requirements of section 56(11) of the *Supported Residential Facilities Act 1992* (the Act) in reporting upon the operations of the Supported Residential Facilities Indemnity Fund. This note meets the specific requirements of the Act.

(1) Under the Act, certain premises which provide residential accommodation are required to be licensed. That licence fee is payable to the local councils who monitor the residential accommodation. The Act requires the councils to remit 10% of fees collected for deposit in the Supported Residential Facilities Indemnity Fund within 28 days after the end of the financial year in which the fees are received.

A17. Home for Incurables Trust

As part of wide ranging reforms relating to the delivery of disability services by the Department, effective 1 July 2007, JFS was dissolved and all assets and liabilities vested in or held by JFS were transferred or assigned or vested with the Minister for Disability. Certain assets held by the former JFS are subject to the terms and conditions of the Home for Incurables Trust. The original trust was established in June 1879 and was varied by the Supreme Court on 7 November 1997.

The former Board of Julia Farr Services was trustee of the Home for Incurables Trust and on dissolution, the Board of Julia Farr Services resolved to resign as trustee of the Home for Incurables Trust. The Minister for Disability is the trustee for the Home for Incurables Trust.

The role of the Trust is:

> *… to apply property vested in it for the purpose of providing for persons whose ability to live independently is temporarily or permanently impaired or in jeopardy as a consequence of an acquired brain injury or degenerative neurological condition or a physical condition resulting in disability including but not limiting the foregoing in any way whatsoever, the following services and facilities:*
>
> *(a) by providing for them, in a variety of residential, centre and community based settings*
> - *(i) accommodation*
> - *(ii) nursing, medical, allied health and attendant care service*
> - *(iii) personal and community support services*
> - *(iv) technical and personal support aids*
> - *(v) rehabilitation, respite and recreational services*
> - *(vi) out patient and day care services*
> - *(vii) measures and services to enhance their quality of life.*
>
> *(b) by providing facilities for education research with respect to such persons*
>
> *(c) by providing any services and facilities ancillary or in relation to the foregoing or by providing additional services and facilities that may be appropriate from time to time.*

The following income, expenses, assets and liabilities of the Home for Incurables Trust have been included in the administered items financial statements, but are separately disclosed in the following schedules in accordance with the governance requirements of the Trust.

Schedule of Income and Expenses - Home for Incurables Trust for the year ended 30 June 2014

	2014	2013
Expenses:	$'000	$'000
Supplies and services	249	274
Grants, subsidies and client payments	438	427
Depreciation and amortisation	1 686	1 644
Total expenses	2 373	2 345
Income:		
Rental income	681	536
Interest	186	268
Total income	867	804
Net result	(1 506)	(1 541)
Other comprehensive income:		
Revaluation surplus	-	466
Total comprehensive income	-	466
Total comprehensive result	(1 506)	(1 075)

Schedule of Assets and Liabilities - Home for Incurables Trust as at 30 June 2014

	2014	2013
Current assets:	$'000	$'000
Cash and cash equivalents:		
Deposits with the Treasurer	679	322
Deposits with SAFA	5 754	6 774
Receivable	-	85
Total cash and cash equivalents	6 433	7 181
Total current assets	6 433	7 181
Non-current assets:		
Property, plant and equipment	28 464	30 150
Investment property	1 220	1 220
Capital works in progress	1 715	662
Total non-current assets	31 399	32 032
Total assets	37 832	39 213
Current liabilities:		
Payables	124	-
Total current liabilities	124	-
Total liabilities	124	-
Net assets	37 708	39 213

Schedule of Changes in Equity - Home for Incurables Trust for the year ended 30 June 2014

	Revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2012	26 186	14 102	40 288
Net result for 2012-13	-	(1 541)	(1 541)
Gain (Loss) on revaluation of property, plant and equipment during 2012-13	466	-	466
Total comprehensive result for 2012-13	466	(1 541)	(1 075)
Balance at 30 June 2013	26 652	12 561	39 213
Gain (Loss) on revaluation of property, plant and equipment during 2013-14	-	-	-
Net result for 2013-14	-	(1 506)	(1 506)
Total comprehensive result for 2013-14	-	(1 506)	(1 506)
Balance at 30 June 2014	26 652	11 055	37 707

Schedule of Administered Cash Flows - Home for Incurables Trust for the year ended 30 June 2014

	2014 Inflows (Outflows) $'000	2013 Inflows (Outflows) $'000
Cash flows from operating activities:		
Cash inflows:		
Interest revenue	186	183
Rental revenue	681	536
Other revenue	-	-
Total cash inflows	867	719
Cash outflows:		
Supplies and services	(39)	(287)
Grants, subsidies and client payments	(438)	(427)
Other	-	-
Total cash outflows	(477)	(714)
Net cash inflows (outflows) from operating activities	389	5
Cash flow from investing activities:		
Cash outflows:		
Payments for plant, equipment and investments	(1 053)	(662)
Total cash outflows	(1 053)	(662)
Net cash inflows (outflows) from investing activities	(1 053)	(662)
Net increase (decrease) in cash and cash equivalents	(663)	(657)
Cash and cash equivalents at 1 July	7 096	7 753
Cash and cash equivalents at 30 June	6 433	7 096

Accounting policies

The accounting policies pertaining to the administered items for the Department are contained in note 2.

Cash and cash equivalents

Cash and cash equivalents as reported in the Schedule of Assets and Liabilities - Home for Incurables Trust includes cash on hand, deposits held at call and other short-term, highly liquid investments with maturities of three months or less that are readily convertible to cash and which are subject to insignificant risk of changes in value. Cash is measured at nominal value.

Reconciliation of property, plant and equipment - Home for Incurables Trust	2014	2013
Property, plant and equipment:	$'000	$'000
Land and buildings:		
Site land (fair value)	13 510	13 510
Buildings and improvements (fair value)	14 953	16 640
Total land and buildings	28 463	30 150

Reconciliation of land and buildings - Home for Incurables Trust

The following table shows the movement of land and buildings and improvements for the Home For Incurables Trust during 2013-14:

2014	Site land $'000	Buildings and imprvmnts $'000	Total land and buildings $'000
Carrying amount at 1 July	13 510	16 640	30 150
Depreciation and amortisation for the year	-	(1 687)	(1 687)
Carrying amount at 30 June	13 510	14 953	28 463
2013			
Carrying amount at 1 July	13 510	17 818	31 328
Depreciation and amortisation for the year	-	(1 644)	(1 644)
Revaluation increment	-	466	466
Carrying amount at 30 June	13 510	16 640	30 150

Reconciliation of capital works in progress

The following table shows the movement of capital works in progress during 2013-14.

Reconciliation of capital works in progress (continued) **2014**	Total capital works in progress $’000
Carrying amount at 1 July	662
Purchases	1 053
Carrying amount at 30 June	1 715

Investment property - Home for Incurables Trust	2014 $’000	2013 $’000
Investment building	786	786
Fair value at 30 June	786	786
Investment land*	434	434
Fair value at 30 June	434	434
Total investment property at 30 June	1 220	1 220

* The land valued was based on the footprint of the investment building, not the surrounding land.

Fair value measurement

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The Department categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement.

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 30 June 2014:

The Department had no valuations categorised into level 1.

Fair value measurement	Level 2	Level 3	Total
Recurring fair value measurement:	$’000	$’000	$’000
Land	13 510	-	13 510
Buildings	14 953	-	14 953
Investment property	1 220	-	1 220
Total recurring fair value measurements	29 683	-	29 683
Total	29 683	-	29 683

Comparative information for non-financial assets has not been provided as permitted by the transitional provisions of the new standard.

There have been no transfers of assets between level 1 and 2 fair value hierarchy levels in 2014. The Department’s policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Valuation techniques and inputs

There were no changes in valuation techniques during 2014.

Department for Correctional Services

Functional responsibility

Establishment

The Department for Correctional Services (the Department) is an administrative unit established pursuant to the PSA. The Department is responsible to the Minister for Correctional Services.

Functions

The primary function of the Department is to contribute to public safety through the safe, secure and humane management of offenders and the provision of opportunities for rehabilitation and reintegration. For details of the Department's functions refer note 1 to the financial statements.

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 31(1)(b) of the PFAA provides for the Auditor-General to audit the accounts of the Department for each financial year.

Assessment of controls

Section 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Department in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether internal controls are consistent with the TIs with particular focus on TIs 2 and 28.

Scope of the audit

The audit program covered major financial systems and was directed primarily to obtaining sufficient evidence to enable an opinion to be formed with respect to the financial report and internal controls. Specific areas of audit attention included:

- payroll
- expenditure
- cash
- general ledger
- revenue
- fixed assets.

An understanding of internal audit activities has been obtained in order to identify and assess the risks of material misstatement of the financial report and to design and perform audit procedures.

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of Department for Correctional Services as at 30 June 2014, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the Department for Correctional Services in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matters raised in relation to payroll and expenditure as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Department for Correctional Services have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit of the Department were detailed in a management letter to the officers responsible for the governance of the Department. The main matters raised with the Department and the related responses are detailed below.

Risk management framework

The audit of the Department considered the risk management arrangements in place. Audit identified that risk registers held by different areas of the Department were not consistent, were incomplete and in a number of instances did not reflect evidence that risks had been reviewed in the last 12 months.

The Department responded that it has recently established a Risk Advisory Group to oversee and report on the ongoing identification, assessment and review of risks impacting the Department and to monitor the maintenance of all the Department's risk registers.

Payroll

Bona fide certificates

The audit of payroll considered procedures in place to ensure that payments are only made for bona fide employees, at the correct classification. In previous years Audit have recommended improvements to the consistency of the review of bona fide certificates. The review for 2013-14 again concluded that bona fide certificates were not always signed by the relevant delegated authorising officer as evidence of review within the required timeframes.

The Department responded that it would ensure managers are advised of their responsibility to verify bona fide certificates in a timely manner and that compliance would be monitored on a regular basis. The Department also noted that it had recently reviewed and amended the approval authorities relating to the bona fide certificates as a result of a review of the human resources delegations.

Leave reporting

The audit of payroll considered procedures in place to ensure that leave taken was completely and correctly recorded within the payroll system. In previous years Audit has recommended improvements to implement arrangements that provide assurance that all leave taken is recorded. In 2013-14 Audit found that leave reports are reviewed. Instances were however identified where these reports were not always signed by the relevant delegated authorising officer, as evidence of review, within the required timeframes.

The Department responded that it would ensure managers are advised of their responsibility to verify leave return reports in a timely manner and that compliance would be monitored on a regular basis. The Department also noted that it had reviewed and amended the approval authorities relating to the leave reports as a result of a review of the human resources delegations.

Custodial officer roster system

The review of payroll considered controls that ensure that custodial officers are paid for hours worked. Consistent with past years Audit noted that, for custodial officers, payroll payments were based on attendance data maintained on the Department's roster system. Review of the roster system found:

- the input of changes to attendance and roster data was not always independently reviewed
- reports containing attendance details were not always approved
- there were no formal policies and procedures over key approvals and processing to the rostering system.

In response the Department advised that it is in the process of developing policies and procedures to manage roster data, including requiring an independent review of all adjustments and approval of the attendance records.

Expenditure

Contract rates and prices

The review of expenditure considered controls that ensure that amounts paid for supplies and services are in accordance with agreed upon rates and prices. Audit identified that there were areas within the Department that did not compare the prices on the invoices back to appropriate sources prior to confirming the goods and services were certified correct for payment.

The Department responded that it will reinforce the requirement to check rates on invoices back to corresponding contracts, agreements, purchase orders and price listings.

Review and approval of workers compensation invoice payments

As part of the overall expenditure audit, a review was performed over the approval of payments made through the Self Insurance Management System (SIMS) relating to payments associated with workers compensation, including reimbursements for medical appointments. This review identified that no independent check was performed over the amounts which had been entered into SIMS prior to the payments being made.

The lack of an independent review creates a risk that inappropriately approved or incorrectly processed payments may be made.

The Department responded that processes have been revised to include an independent check of a sample of SIMS payments for each batch, reviewing approval and processing, and that the Department's monthly compliance processes have been expanded to capture SIMS payments for review.

Shared Services SA – financial systems and transaction processing environments

SSSA processes financial transactions on behalf of the Department under service level determinations. The main systems and control environments include accounts payable, payroll and general ledger financial functions.

Last year's Report made specific comment on the progress being taken by SSSA to remediate key control weaknesses raised in prior years for the systems and control environments, in order to achieve a satisfactory ongoing standard of control operation over financial transaction processing.

As discussed in the commentary under 'Department of the Premier and Cabinet' elsewhere in Part B of this Report, Audit review and evaluation of controls for the SSSA main accounts payable and payroll systems and environments concluded that controls met a generally satisfactory standard for 2013-14. Notwithstanding this overall conclusion, there were some specific matters that were raised with SSSA for corrective action and review for process and procedural improvement. The matters did not relate to the Department's transaction processing

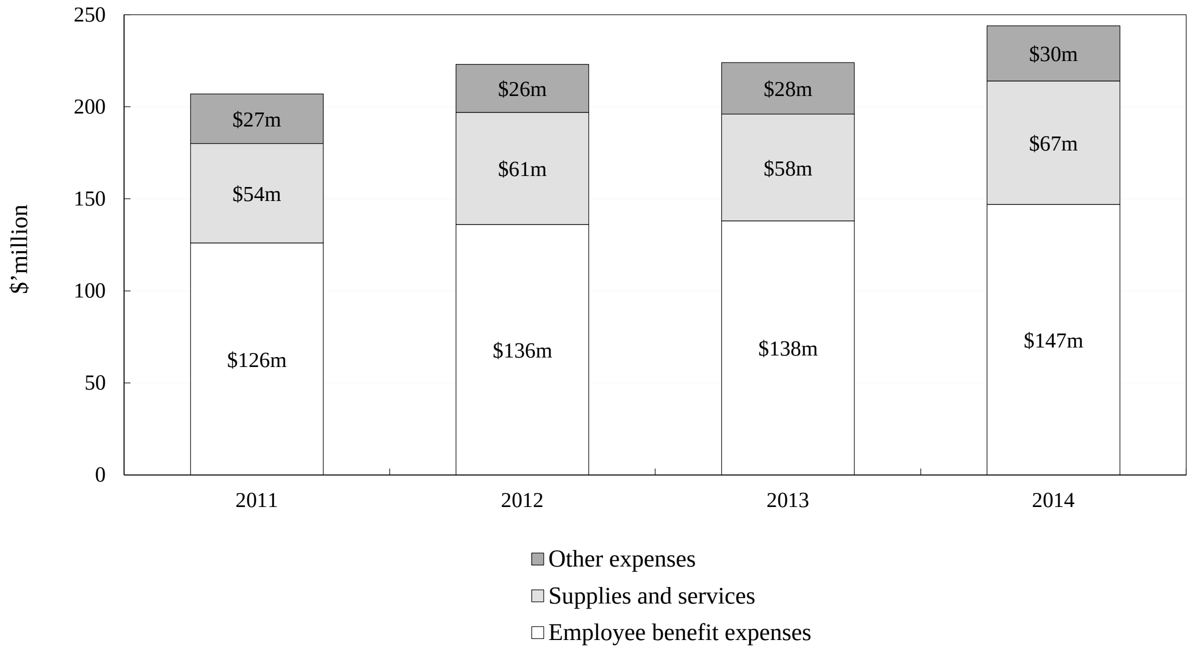
Interpretation and analysis of the financial report

Highlights of the financial report	2014 $'million	2013 $'million
Expenses		
Employee benefit expenses	147	138
Supplies and services	67	58
Other expenses	30	28
Total expenses	244	224
Income		
Income from prison labour and canteen and kitchen sales	5	5
Other income	5	5
Total income	10	10
Net cost of providing services	234	214
Revenues from SA Government	228	218
Payments to SA Government	2	-
Net result	(8)	4
Total comprehensive result	1	10
Net cash provided by (used in) operating activities	11	17
Net cash provided by (used in) investing activities	(27)	(35)
Net cash provided by (used in) financing activities	13	28
Assets		
Current assets	17	21
Non-current assets	458	440
Total assets	475	461
Liabilities		
Current liabilities	31	32
Non-current liabilities	36	35
Total liabilities	67	67
Total equity	408	394

Statement of Comprehensive Income

Expenses

For the four years to 2014, a structural analysis of the main expense items for the Department is shown in the following chart.



Employee benefit expenses

Employee benefit expenses increased by $9 million to $147 million.

The increase in employee benefit expenses is predominantly due to annual salary award increases and increases in penalties and allowances. A contributing factor to the increase is the high prisoner population throughout 2013-14.

The Department paid TVSPs to 13 employees totalling $1.005 million. Refer note 5 to the financial statements for further details of TVSP payments and recoveries from DTF.

Supplies and services expenses

Supplies and services expenses increased by $8.5 million to $67 million. This relates predominantly to an increase of $4.5 million associated with the contract for the management of the Mount Gambier Prison as a result of the commissioning of a new 108 bed unit. There has also been an increase of $2 million in workers compensation expense reflecting an increase in the workers compensation provision as valued by an actuary. Refer note 27 to the financial statements for further details regarding the workers compensation provision.

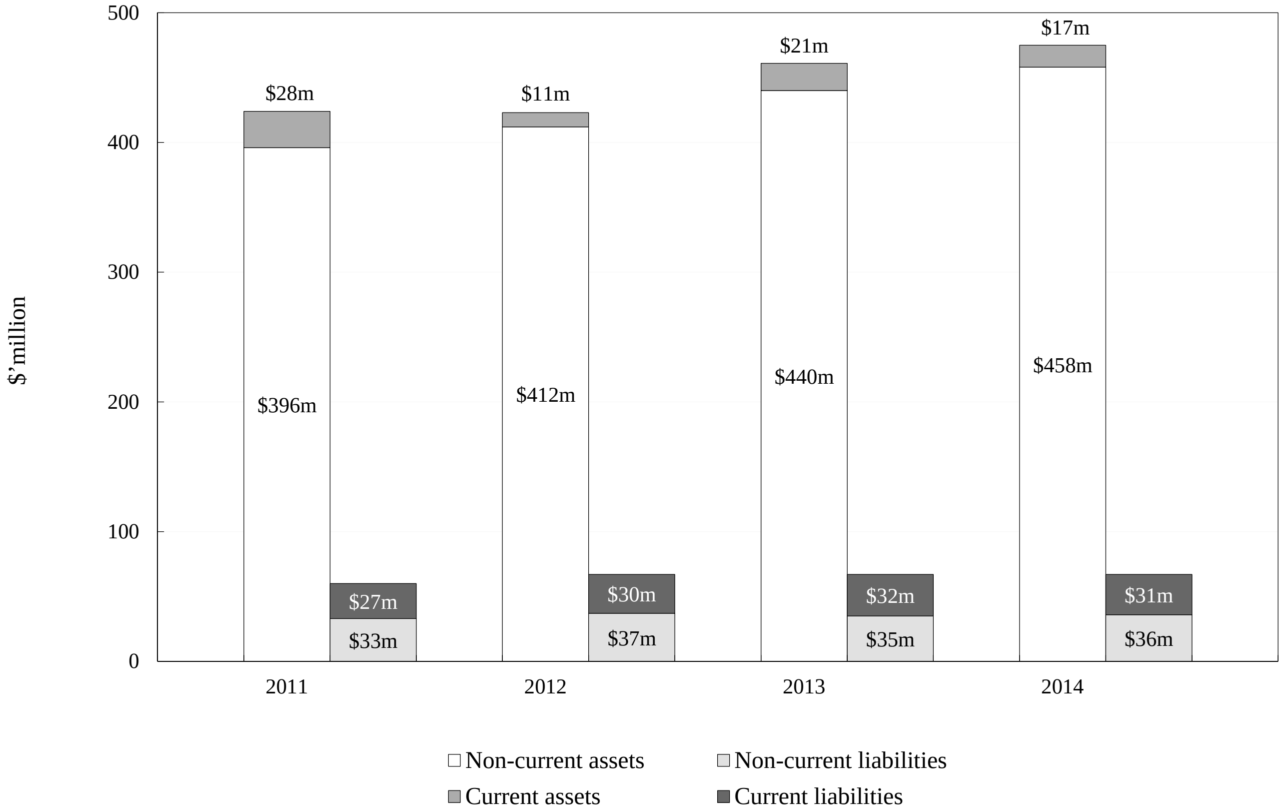
Income

Revenues from SA Government increased by $10 million to $228 million and are the major source of funding for the Department.

The SA Government also provided an equity contribution of $13 million ($28 million).

Statement of Financial Position

For the four years to 2014, a structural analysis of assets and liabilities is shown in the following chart.



Assets

Cash and cash equivalents

Cash and cash equivalents decreased by $3 million to $14 million ($17 million). The decrease in cash is predominantly due to a return of surplus cash pursuant to the cash alignment policy of $2 million. These funds were directly paid to the Consolidated Account. Despite this return of cash the Department's current liabilities of $31 million exceed current assets of $17 million. Note 35(e) to the financial statements addresses liquidity risk.

Property, plant and equipment

The main item of the Department's Statement of Financial Position is property, plant and equipment, representing 90% of total assets.

The carrying value of property, plant and equipment increased by $30 million to $430 million due mainly to:

- a revaluation of land and buildings as of 30 June 2014 resulting in a $9 million increment in land and buildings

- $37 million in completed capital works, the main components being $22.8 million for additional accommodation at the Mt Gambier Prison and $10.5 million for Yatala Labour Prison gatehouse

- depreciation charges of $16 million which offset the aforementioned increases to the carrying value.

Capital works in progress

As at 30 June 2014 capital works in progress totalled $27 million which mainly comprises:

- additional prisoner accommodation at Mount Gambier Prison, $2.4 million
- kitchen upgrade at Adelaide Remand Centre, $2 million
- Northfield infrastructure upgrade, $18.8 million.

Statement of Cash Flows

The following table summarises the net cash flows for the four years to 2014.

	2014 $'million	2013 $'million	2012 $'million	2011 $'million
Net cash flows				
Operating	11	17	-	18
Investing	(27)	(35)	(24)	(16)
Financing	13	28	6	13
Change in cash	(3)	10	(18)	15
Cash at 30 June	14	17	7	25

The table highlights a $3 million decrease in cash to $14 million.

The decrease in the net cash flows used in operating activities mainly reflects increased expenditure relating to employee benefits and supplies and services.

The decrease in net cash flows used in investing activities mainly reflects the lessening cash outflows relating to the additional prisoner accommodation and infrastructure upgrades at various prisons throughout 2013-14.

The net cash flows from financing activities reflect the equity contribution received from the SA Government of $13 million.

Statement of Comprehensive Income
for the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Expenses:			
Employee benefit expenses	5	147 164	138 028
Supplies and services	6	66 595	58 118
Depreciation and amortisation expense	7	16 457	15 143
Payments to prisoners		2 935	2 615
Accommodation and associated lease costs		10 095	9 238
Grants	8	564	568
Net loss from disposal of non-current assets	9	44	4
Other expenses	10	540	318
Total expenses		244 394	224 032
Income:			
Prison labour	12	1 128	997
Salaries and goods and services recoups		1 692	2 031
Interest revenues		1	5
Commonwealth revenue	13	514	990
Canteen and kitchen sales	14	3 934	3 539
Other income	15	2 773	2 268
Total income		10 042	9 830
Net cost of providing services		234 352	214 202
Revenues from (Payments to) SA Government:			
Revenues from SA Government	16	228 384	218 155
Payments to SA Government	16	(2 425)	-
Net result		(8 393)	3 953
Other comprehensive income:			
Items that will not be reclassified to net result:			
Changes in revaluation surplus	20	8 988	6 279
Total comprehensive result		595	10 232

Net result and total comprehensive result are attributable to the SA Government as owner

Statement of Financial Position
as at 30 June 2014

	Note	2014 $'000	2013 $'000
Current assets:			
Cash and cash equivalents	17	13 608	16 936
Receivables	18	2 574	2 739
Inventories	19	1 196	1 220
Total current assets		17 378	20 895
Non-current assets:			
Property, plant and equipment	20	429 845	400 127
Capital works in progress	21	26 673	39 597
Intangible assets	22	997	-
Biological assets	23	221	190
Total non-current assets		457 736	439 914
Total assets		475 114	460 809
Current liabilities:			
Payables	25	13 175	15 157
Employee benefits	26	13 680	12 453
Provisions	27	4 172	4 052
Total current liabilities		31 027	31 662
Non-current liabilities:			
Payables	25	2 198	2 028
Employee benefits	26	22 801	21 187
Provisions	27	11 412	11 976
Total non-current liabilities		36 411	35 191
Total liabilities		67 438	66 853
Net assets		407 676	393 956
Equity:			
Retained earnings	28	73 013	81 427
Prisoner amenities reserve	28	280	259
Revaluation surplus	28	273 590	264 602
Contributed capital	28	60 793	47 668
Total equity		407 676	393 956

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	29		
Contingent assets and liabilities	30		

Statement of Changes in Equity
for the year ended 30 June 2014

	Note	Prisoner amenities reserve $'000	Revaluation surplus $'000	Contributed capital $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2012		234	258 323	19 664	77 499	355 720
Net result for 2012-13		-	-	-	3 953	3 953
Gain on revaluation of land and buildings during 2012-13		-	6 279	-	-	6 279
Net changes in reserves		25	-	-	(25)	-
Total comprehensive result for 2012-13		25	6 279	-	3 928	10 232
Transactions with SA Government as owner:						
Equity contribution received		-	-	28 004	-	28 004
Balance at 30 June 2013	28	259	264 602	47 668	81 427	393 956
Net result for 2013-14		-	-	-	(8 393)	(8 393)
Gain on revaluation of land and buildings during 2013-14		-	8 988	-	-	8 988
Net changes in reserves		21	-	-	(21)	-
Total comprehensive result for 2013-14		21	8 988	-	(8 414)	595
Transactions with SA Government as owner:						
Equity contribution received		-	-	13 125	-	13 125
Balance at 30 June 2014	28	280	273 590	60 793	73 013	407 676

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

Statement of Cash Flows
for the year ended 30 June 2014

	Note	2014 Inflows (Outflows) $'000	2013 Inflows (Outflows) $'000
Cash flows from operating activities:			
Cash outflows:			
Employee benefit payments		(143 143)	(138 146)
Supplies and services		(87 092)	(79 019)
Prisoner payments		(2 935)	(2 615)
Grants		(564)	(568)
Payments for Paid Parental Leave Scheme		(85)	(145)
Other payments		(540)	(313)
Cash used in operations		(234 359)	(220 806)
Cash inflows:			
Receipts from prison labour		1 128	997
Interest received		1	5
GST recovered from the ATO		8 599	8 668
Receipts for Paid Parental Leave Scheme		87	141
Other receipts		9 640	9 413
Cash generated from operations		19 455	19 224
Cash flows from (to) SA Government:			
Receipts from SA Government		228 384	218 155
Payments to SA Government		(2 425)	-
Cash generated from SA Government		225 959	218 155
Net cash provided by (used in) operating activities	33	11 055	16 573
Cash flows from investing activities:			
Cash outflows:			
Purchase of property, plant and equipment		(27 510)	(35 004)
Cash used in investing activities		(27 510)	(35 004)
Cash inflows:			
Proceeds from sale of property, plant and equipment		2	27
Cash generated from investing activities		2	27
Net cash provided by (used in) investing activities		(27 508)	(34 977)
Cash flows from financing activities:			
Cash inflows:			
Capital contributions from SA Government		13 125	28 004
Cash generated from financing activities		13 125	28 004
Net cash provided by (used in) financing activities		13 125	28 004
Net increase (decrease) in cash and cash equivalents		(3 328)	9 600
Cash and cash equivalents at 1 July		16 936	7 336
Cash and cash equivalents at 30 June	17	13 608	16 936

Disaggregated Disclosures – Expenses and Income for the year ended 30 June 2014

(Activities - refer note 4)	1	2	3	Total
	2014	2014	2014	2014
Expenses:	$'000	$'000	$'000	$'000
Employee benefit expenses	104 508	25 194	17 462	147 164
Supplies and services	56 844	5 208	4 543	66 595
Depreciation and amortisation expense	14 951	806	700	16 457
Payments to prisoners	2 532	-	403	2 935
Accommodation and associated lease costs	6 760	3 335	-	10 095
Grants	-	-	564	564
Net loss from disposal of non-current assets	23	-	21	44
Other expenses	493	33	14	540
Total expenses	186 111	34 576	23 707	244 394
Income:				
Prison labour	-	-	1 128	1 128
Salaries and goods and services recoups	184	1 450	58	1 692
Interest revenues	1	-	-	1
Commonwealth revenue	-	-	514	514
Canteen and kitchen sales	3 934	-	-	3 934
Other income	2 080	26	667	2 773
Total income	6 199	1 476	2 367	10 042
Net cost of providing services	179 912	33 100	21 340	234 352
Revenues from (Payments to) SA Government:				
Revenues from SA Government	174 197	31 905	22 282	228 384
Payments to SA Government	(1 850)	(339)	(236)	(2 425)
Net result	(7 565)	(1 534)	706	(8 393)

Disaggregated Disclosures – Expenses and Income for the year ended 30 June 2013

(Activities - refer note 4)	1	2	3	Total
	2013	2013	2013	2013
Expenses:	$'000	$'000	$'000	$'000
Employee benefit expenses	99 967	25 363	12 698	138 028
Supplies and services	48 350	5 271	4 497	58 118
Depreciation and amortisation expense	13 693	806	644	15 143
Payments to prisoners	2 257	-	358	2 615
Accommodation and associated lease costs	6 034	3 190	14	9 238
Grants	537	31	-	568
Net loss from disposal of non-current assets	4	-	-	4
Other expenses	282	25	11	318
Total expenses	171 124	34 686	18 222	224 032
Income:				
Prison labour	-	-	997	997
Salaries and goods and services recoups	296	1 704	31	2 031
Interest revenues	5	-	-	5
Commonwealth revenue	-	-	990	990
Canteen and kitchen sales	3 539	-	-	3 539
Other income	254	16	1 998	2 268
Total income	4 094	1 720	4 016	9 830
Net cost of providing services	167 030	32 966	14 206	214 202
Revenues from (Payments to) SA Government:				
Revenues from SA Government	170 113	33 574	14 468	218 155
Payments to SA Government	-	-	-	-
Net result	3 083	608	262	3 953

Disaggregated Disclosures – Assets and Liabilities as at 30 June 2014

(Activities - refer note 4)	1	2	3	General/Not attributable	Total
	2014	2014	2014	2014	2014
Current assets:	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	40	3	1	13 564	13 608
Receivables	24	-	-	2 550	2 574
Inventories	401	-	577	218	1 196
Total current assets	465	3	578	16 332	17 378
Non-current assets:					
Property, plant and equipment	402 236	10 929	13 234	3 446	429 845
Capital works in progress	23 741	-	-	2 932	26 673
Intangible assets	-	-	-	997	997
Biological assets	-	-	221	-	221
Total non-current assets	425 977	10 929	13 455	7 375	457 736
Total assets	426 442	10 932	14 033	23 707	475 114
Current liabilities:					
Payables	5 656	1 064	341	6 114	13 175
Employee benefits	9 305	2 850	1 525	-	13 680
Provisions	-	-	-	4 172	4 172
Total current liabilities	14 961	3 914	1 866	10 286	31 027
Non-current liabilities:					
Payables	1 561	376	261	-	2 198
Employee benefits	15 009	4 763	3 029	-	22 801
Provisions	-	-	-	11 412	11 412
Total non-current liabilities	16 570	5 139	3 290	11 412	36 411
Total liabilities	31 531	9 053	5 156	21 698	67 438
Net assets	394 911	1 879	8 877	2 009	407 676

Disaggregated Disclosures – Assets and Liabilities as at 30 June 2013

(Activities - refer note 4)	1	2	3	General/Not attributable	Total
	2013	2013	2013	2013	2013
Current assets:	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	30	6	-	16 900	16 936
Receivables	-	-	(65)	2 804	2 739
Inventories	353	-	525	342	1 220
Total current assets	383	6	460	20 046	20 895
Non-current assets:					
Property, plant and equipment	371 669	13 046	11 520	3 892	400 127
Capital works in progress	38 327	79	16	1 175	39 597
Intangible assets	-	-	-	-	-
Biological assets	-	-	190	-	190
Total non-current assets	409 996	13 125	11 726	5 067	439 914
Total assets	410 379	13 131	12 186	25 113	460 809
Current liabilities:					
Payables	10 220	892	677	3 368	15 157
Employee benefits	9 262	2 094	1 097	-	12 453
Provisions	-	-	-	4 052	4 052
Total current liabilities	19 482	2 986	1 774	7 420	31 662
Non-current liabilities:					
Payables	1 226	329	165	308	2 028
Employee benefits	14 519	4 492	2 176	-	21 187
Provisions	-	-	-	11 976	11 976
Total non-current liabilities	15 745	4 821	2 341	12 284	35 191
Total liabilities	35 227	7 807	4 115	19 704	66 853
Net assets	375 152	5 324	8 071	5 409	393 956

Notes to and forming part of the financial statements

1. Objectives of the Department for Correctional Services (the Department)

The Department is an administrative unit established pursuant to the PSA.

The Department contributes to a safer community by working in partnership with other criminal justice organisations and the community to prevent crime and reduce repeat offending.

The Department safely, securely and humanely manages people ordered by the courts to serve a community based or prison sanction and provides them with opportunities to lead law-abiding productive lives.

2. Significant accounting policies

(a) Statement of compliance

The Department has prepared these financial statements in compliance with section 23 of the PFAA.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with applicable AASs and comply with TIs and APSs promulgated under the provisions of the PFAA.

The Department has applied AASs that are applicable to not-for-profit entities, as the Department is a not-for-profit entity.

(a) Statement of compliance (continued)

AASs and interpretations that have recently been issued or amended but are not yet in effect have not been adopted by the Department for the reporting period ending 30 June 2014 (refer note 3).

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Department's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA, by authority of TI 19. In the interest of public accountability and transparency the APSs require the following note disclosures, which have been included in these financial statements:

  (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature

  (b) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income)

  (c) employee TVSP information

  (d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees

  (e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The Department's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a 12 month operating cycle and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2014 and the comparative information presented.

(c) Reporting entity

The Department is a government department of the State of South Australia, established pursuant to the PSA. The Department is an administrative unit acting on behalf of the Crown.

The financial statements and accompanying notes include all the controlled activities of the Department. The transactions and balances relating to administered items are not recognised as departmental income, expense, assets and liabilities. As administered items are insignificant in relation to the Department's overall financial performance and position, they are disclosed in note 36. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for departmental items.

(d) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or APSs have required a change.

Where presentation or classification of items in the financial statements has been amended, comparative amounts have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

The restated comparative amounts do not replace the original financial statements for the preceding period.

(e) Rounding

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

(f) Taxation

The Department is not subject to income tax. The Department is liable for payroll tax, FBT, GST, Emergency Services levy and other tax equivalents.

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 ATO, 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
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

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

(g) Events after the reporting period

Where an event occurs after 30 June and before the date the financial statements are authorised for issue but provides information about conditions that existed at 30 June, adjustments are made to amounts recognised in the financial statements.

(h) Income and expenses

Income and expenses are recognised to the extent that it is probable that the flow of economic benefits to or from the Department will occur and can be reliably measured.

Income and expenses have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard or where offsetting reflects the substance of the transaction or other event.

Income

The following are specific recognition criteria:

- *Disposal of non-current assets*

  Income from the disposal of non-current assets is recognised when control of the asset has passed to the buyer and determined by comparing proceeds with the carrying amount. When revalued assets are sold, the revaluation surplus is transferred to retained earnings.

  Any gain (loss) on disposal is recognised at the date control of the asset is passed to the buyer and is determined after deducting the cost of the asset from the proceeds at that time.

- *Revenues from SA Government*

  Appropriations for program funding are recognised as revenues when the Department obtains control over the funding. Control over appropriations is normally obtained upon receipt.

  Where money has been appropriated in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of the Department and the appropriation is recorded as contributed capital.

- *Grants received/paid*

  Grants paid are amounts provided by the Department to entities for general assistance or for a particular purpose. Such grants may be for capital, current or recurrent purposes and the name or category reflects the use of the grant. Grants received are recognised as income at the time the Department obtains control over the funds. Grants paid/received are usually subject to terms and conditions set out in the contract, correspondence, or by legislation governing the provision of the grant.

Expenses

- *Employee benefits*
  Employee benefit expenses include all costs related to employment including wages and salaries and leave entitlements. These are recognised when incurred.

- *Superannuation*
  The amount charged to the Statement of Comprehensive Income represents the contributions made by the Department to the superannuation plan in respect of current services of current departmental staff. DTF centrally recognises the superannuation liability in the whole-of-government financial statements.

- *Payments to SA Government*
  Payments to the SA Government include the return of surplus cash pursuant to the cash alignment policy and are paid directly to the Consolidated Account.

(i) Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. The Department has a clearly identifiable operating cycle of 12 months. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within 12 months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the Department has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

(j) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position include cash at bank and on hand and are used in the cash management function on a day-to-day basis.

Cash is measured at nominal value.

(k) Receivables

Receivables include amounts receivable from goods and services, GST input tax credits recoverable, prepayments and other accruals.

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

Collectability of trade receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence the Department will not be able to collect the debt. Bad debts are written off when identified.

Other debtors arise outside the normal course of selling goods and services to other agencies and to the public.

(l) Inventories

Inventories include goods and other property held either for sale or distribution at nominal cost in the ordinary course of business.

Inventory in institutional stores is held for distribution at cost and is adjusted when applicable for any loss of service potential.

Inventory held in prison canteens is held for sale at nominal cost and is assigned on the basis of average cost.

Inventory held by prison industries is measured at cost.

Lock and physical security item inventory is held for distribution at cost and adjusted when applicable for any loss of service potential.

(m) Non-current asset acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental costs involved with the acquisition. Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position.

(m) Non-current asset acquisition and recognition (continued)

Since the Department controls a large number of low value items, the cost of accounting for the capitalisation of items costing less than \$10 000 is expected to outweigh the benefits that would be gained from reporting this information. As a result, items with an acquisition cost less than \$10 000 are expensed in the period in which they are acquired.

Capital works in progress are recognised as the cumulative costs of capital projects to balance date. Projects completed during the year have been recognised as buildings, plant or equipment and are valued at cost.

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved in the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation.

(n) Revaluation of non-current assets

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.

Every three years a full revaluation of the Department’s land and buildings is undertaken. A desk-top revaluation is undertaken by an independent valuer for the two interim years. However, if at any time management considers the carrying amount of an asset materially differs from its fair value then a full revaluation may be undertaken and the asset will be revalued regardless of when the last full valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Any revaluation increment is credited to the revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset class previously recognised in the Statement of Comprehensive Income, in which case the increase is recognised in the Statement of Comprehensive Income.

Any revaluation decrement is recognised in the Statement of Comprehensive Income, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the revaluation surplus to the extent of the credit balance existing in the revaluation surplus for that asset class.

Accumulated depreciation is restated proportionately whereby the carrying amount of the asset after revaluation equals the revalued amount of the asset.

Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

(o) Impairment

All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. An amount by which the asset’s carrying amount exceeds the recoverable amount is recorded as an impairment loss.

For revalued assets, an impairment loss is offset against the revaluation surplus.

(p) Depreciation and amortisation of non-current assets

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. Amortisation is used in relation to leasehold improvements and intangible assets such as software licences, while depreciation is applied to tangible assets such as property, plant and equipment.

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 value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter.

(p) Depreciation and amortisation of non-current assets (continued)

Land is not depreciated.

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

Class of asset	*Depreciation method*	*Useful life (years)*
Plant and equipment	Straight-line	4-20
Buildings (including prisons)	Straight-line	Up to 60
Intangibles	Straight-line	3-5
Leasehold improvements	Straight-line	Life of lease

(q) Intangible assets

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 Department 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 of software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits), the 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.

(r) Biological assets

Biological assets such as cattle are measured at fair value less estimated point-of-sales costs. The fair value is determined based on current market values of the biological assets.

The olive grove is measured at cost plus any gains arising from changes in fair value less estimated point-of-sale costs attributable to physical changes.

The citrus grove is measured at cost plus any gains arising from changes in fair value less estimated point-of-sale costs attributable to physical changes.

(s) Fair value measurement

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

The Department classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation:

Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.

Level 3: not traded in an active market and are derived from unobservable inputs.

The valuation processes and fair value changes are reviewed by the Department at each reporting date.

Non-financial assets

In determining fair value, the Department has taken into account the characteristic of the asset (eg condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

The Department's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As the Department did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

(s) Fair value measurement (continued)

The carrying amount of non-financial assets with a fair value at the time of acquisition that was less than $1 million or had an estimated useful life that was less than three years are deemed to approximate fair value.

Refer note 24 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

Financial assets/liabilities

The Department does not recognise any financial assets or financial liabilities at fair value.

(t) Payables

Payables include creditors, accrued expenses, GST payable, employment on-costs and Paid Parental Leave Scheme payable.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Department.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

The Paid Parental Leave Scheme payable represents amounts which the Department has received from the Commonwealth Government to forward onto eligible employees via the Department's standard payroll processes. That is, the Department is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance Office.

All payables are measured at their nominal amount and are normally settled within 30 days from the date of the invoice or the date the invoice is first received.

Employment benefit on-costs include superannuation contributions, workers compensation levies and payroll tax with respect to outstanding liabilities for salaries and wages, LSL, annual leave and SERL.

The Department makes contributions to several State Government 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 South Australian Superannuation Board. The only liability outstanding at balance date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

(u) Employee benefits

These benefits accrue for employees 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.

Wages, salaries, annual leave, SERL and sick leave

Liability for salaries and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability and the SERL liability is generally expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. Where annual leave liability and SERL liability are payable later than 12 months, the liability is measured at present value.

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 of sick leave.

LSL

The liability for LSL 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 estimated liability for LSL is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

LSL (continued)
The LSL provision is classified as current or non-current using the average leave pattern history of previous years.

Unclaimed salaries and wages have been included as a current liability for employee benefits.

Employee benefit on-costs
Employee benefit on-costs (payroll tax, workers compensation and superannuation) are recognised separately under payables.

Provisions
Provisions are recognised when the Department has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Department expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted for the time value of money and the risks specific to the liability.

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2014 provided by a consulting actuary engaged through the Public Sector Workforce Relations Division of DPC. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

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

(v) Unrecognised contractual commitments and contingent assets and liabilities
Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

Contingent assets and 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.

(w) Leases
The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement. The Department has assessed whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. The Department has entered into a number of operating lease agreements for buildings and motor vehicles.

Operating leases
Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.

The Department does not have any finance lease arrangements.

(x) Prisoner amenities reserve
Proceeds from the sale of canteen goods to prisoners net of the cost of certain direct canteen expenses are made available for the acquisition of items for the benefit of prisoners. These net proceeds are accounted for in the prisoner amenities reserve.

(y) Payments to prisoners
These include payments made on behalf of prisoners and payments made to prisoners upon release.

3. Changes in accounting policies
The Department did not voluntarily change any of its accounting policies during 2013-14.

3. Changes in accounting policies (continued)

In accordance with the new AASB 13, which became effective for the first time in 2013-14, the Department has:

- reviewed its fair value valuation techniques (both internal estimates and independent valuation appraisal) for non-financial assets to ensure they are consistent with the standard. Previously, the Department has used the cost approach or the market approach to determine fair value. The Department will continue to measure its non-financial assets using either the cost or market approach. The application of AASB 13 has not had a material impact on the fair value measurements

- included additional disclosures where required to assist users in assessing the valuation techniques and inputs used to ascertain fair value measurements used for asset and liability measurements.

Fair value hierarchy and other information is provided in note 24.

AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Department for the period ending 30 June 2014. The Department has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Department.

4. Activities of the Department

In achieving its objectives, the Department provides a range of services classified into the following activities:

Activity 1: Custodial Services

The Department provides secure containment and supervision for adults on remand and those sentenced by the courts to serve a custodial sanction. The Custodial Services program includes costs associated with operating the State's prison system, the humane treatment of prisoners while in custody and the secure movement of prisoners.

Activity 2: Community Based Services

The Department case manages and supervises offenders in the community on probation, parole or under home detention and bailees on supervised bail.

Activity 3: Rehabilitation and Reparation Services

The Department provides a range of educational, vocational and rehabilitative activities designed to assist offenders to address their offending behaviour and provide them with opportunities to lead law-abiding and productive lives.

General/Not attributable

Certain assets and liabilities of the Department are unable to be allocated reliably to activities.

The disaggregated disclosures schedules present expenses, income, assets and liabilities information attributable to each of the activities for the years ended 30 June 2013 and 30 June 2014.

5. Employee benefit expenses	2014	2013
	$'000	$'000
Salaries and wages	110 923	105 687
Employment on-costs - superannuation	11 645	11 087
Employment on-costs - payroll tax	6 826	6 333
Annual leave	11 263	10 499
LSL	4 172	2 484
SERL	388	431
Workers compensation salary payments	1 947	1 507
Total employee benefit expenses	147 164	138 028

Salaries and wages on termination are included in salaries and wages.

Remuneration of employees	2014	2013
The number of employees whose remuneration received or receivable falls within the following bands:	Number	Number
$138 000 - $141 499*	n/a	3
$141 500 - $151 499	4	7
$151 500 - $161 499	4	2
$161 500 - $171 499	4	5
$171 500 - $181 499	1	3
$181 500 - $191 499	1	-
$191 500 - $201 499	-	1
$201 500 - $211 499	1	-
$211 500 - $221 499	2	1
$221 500 - $231 499	-	1
$251 500 - $261 499	1	-
$291 500 - $301 499	1	-
$301 500 - $311 499	-	1
Total	19	24

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2012-13.

The table includes all employees who 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 (including termination payments), superannuation contributions, FBT and any other salary sacrifice benefits. The total remuneration received by these employees for the year was $3.4 million ($4 million).

TVSPs	2014	2013
Amount paid during the reporting period to separated employees:	$'000	$'000
TVSPs	1 005	430
Annual leave and LSL paid to those employees	399	111
	1 404	541
Recovery from DTF	(556)	(206)
Amount paid using Accrual Appropriation Excess Funds Account	848	335

The number of employees who received a TVSP during the reporting period was 13 (3).

6. Supplies and services

Supplies and services provided:	2014	2013
Contracts[(1)]	23 399	18 596
Works and equipment costs	4 467	4 540
Cost of goods sold - prison industries	1 711	1 525
Cost of goods sold - canteen and kitchen sales	3 793	3 401
Offender related costs	7 473	7 850
Utilities	7 403	7 122
Consultants	10	33
Travel expenses	1 035	1 020
IT costs	4 421	3 805
Workers compensation	2 232	236
Staff related costs	1 626	1 323
Contracted staff	384	679
SSSA processing charges	2 132	1 976
Insurance charges	1 250	1 228
WHS expenses	273	267
Materials and consumables	618	434
Board and committee fees	268	270
Sundry other expenses[(2)]	4 100	3 813
Total supplies and services	66 595	58 118

(1) The main contracts for the Department include the Mount Gambier prison management, prisoner movement and in-court management and Electronic Monitoring Services South Australia.

(2) Includes auditor's remuneration costs (refer note 11).

Consultants

The number and dollar amount of consultants paid/payable (included in consultants expense shown above) that fell within the following band:	2014 Number	2014 $'000	2013 Number	2013 $'000
Between $10 000 and $50 000	1	10	1	33
Total	1	10	1	33

7. Depreciation and amortisation expense

	2014 $'000	2013 $'000
Depreciation:		
Buildings	14 952	13 860
Plant and equipment	328	309
Total depreciation	15 280	14 169
Amortisation:		
Leasehold improvements	1 007	974
Intangible assets	170	-
Total amortisation	1 177	974
Total depreciation and amortisation expense	16 457	15 143

During the year, the Department reassessed the useful life of its assets and determined that no change was necessary.

8. Grants

Grants:		
Recurrent grants	564	568
Total grants provided	564	568

9. Net loss from disposal of non-current assets

Plant and equipment:		
Proceeds from disposal of non-current assets	2	27
Net book value of assets disposed	(46)	(31)
Net gain (loss) from disposal of plant and equipment	(44)	(4)
Total assets:		
Proceeds from disposal of non-current assets	2	27
Net book value of assets disposed	(46)	(31)
Net gain (loss) from disposal of total assets	(44)	(4)

10. Other expenses

Other expenses:		
Bad debts expense	-	5
Bank charges	24	28
FBT	284	275
Other	232	10
Total other expenses	540	318

11. Auditor's remuneration

Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	134	126
Total audit fees	134	126

Other services

No other services were provided by the Auditor-General's Department.

12. Net income (loss) from prison labour

	Yatala Labour Prison		Mobilong Prison		Cadell Training Centre		Adelaide Women's Prison/Pre-release Centre	
	2014	2013	2014	2013	2014	2013	2014	2013
Sales income	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Internal sales	421	349	392	379	697	616	269	203
External sales	409	425	255	182	171	104	28	61
Total sales income	830	774	647	561	868	720	297	264
Cost of goods sold	(387)	(342)	(438)	(387)	(532)	(414)	(134)	(175)
Gross profit	443	432	209	174	336	306	163	89
Other income	1	1	1	9	29	(50)	29	-
Other expenses	(1 844)	(1 716)	(1 000)	(893)	(1 310)	(1 238)	(252)	(266)
Net income (loss)	(1 400)	(1 283)	(790)	(710)	(945)	(982)	(60)	(177)

	Port Augusta Prison		Port Lincoln Prison		Total	
	2014	2013	2014	2013	2014	2013
Sales income	$'000	$'000	$'000	$'000	$'000	$'000
Internal sales	270	5	21	15	2 070	1 567
External sales	25	26	240	199	1 128	997
Total sales income	295	31	261	214	3 198	2 564
Cost of goods sold	(114)	(94)	(106)	(113)	(1 711)	(1 525)
Gross profit	181	(63)	155	101	1 487	1 039
Other income	(10)	-	(9)	(8)	41	(48)
Other expenses	(1 015)	(921)	(384)	(388)	(5 805)	(5 422)
Net income (loss)	(844)	(984)	(238)	(295)	(4 277)	(4 431)

Internal sales include $284 000 ($89 000) resulting from work undertaken by prisoners for projects that are part of the capital works program.

Internal sales have been eliminated from consolidated income and are therefore not included in the Statement of Comprehensive Income.

Other expenses include employee benefits, supplies and services, offender related costs and depreciation associated with industry operations at each location.

13. Commonwealth revenue

	2014	2013
	$'000	$'000
Commonwealth revenue	514	990
Total Commonwealth revenue	514	990

Commonwealth revenue is for the Remote Areas Program.

14. Canteen and kitchen sales

Canteen and kitchen sales	3 934	3 539
Cost of goods sold	(3 793)	(3 401)
Total canteen and kitchen sales	141	138

15. Other income

Other income:		
Grants received	876	805
Revenue from recoveries	248	236
Internally generated assets	284	89
Prisoner telephone receipts	1 204	1 060
Net revaluation increment (decrement) from valuation of biological assets	-	(16)
Other	161	94
Total other income	2 773	2 268

16. Revenues from (Payments to) SA Government

Revenues from SA Government:		
Appropriations from Consolidated Account pursuant to the *Appropriation Act* and other revenues from the Consolidated Account	228 384	218 155
Total revenues from SA Government	228 384	218 155

16. Revenues from (Payments to) SA Government (continued)

	2014	2013
Payments to SA Government:	$'000	$'000
Return of surplus cash pursuant to cash alignment policy	2 425	-
Total payments to SA Government	2 425	-

17. Cash and cash equivalents

Deposits with the Treasurer	13 572	16 898
Prison imprest accounts	26	28
Petty cash	10	10
Total cash and cash equivalents	13 608	16 936

Deposits with the Treasurer (Accrual Appropriation)

Includes funds held in the Accrual Appropriation Excess Funds Account totalling $0 ($0). The balance of this fund is not available for general use, ie funds can only be used in accordance with the Treasurer's/Under Treasurer's approval.

During 2013-14 the Department transferred $2.4 million ($0) of its cash balance to the Consolidated Account in accordance with the cash alignment policy.

Interest rate risk

Petty cash and deposits at call and with the Treasurer are non-interest bearing. Prison imprest and payment processing service accounts earn a floating interest rate based on daily bank deposit rates. The carrying amount of cash approximates fair value.

18. Receivables

	2014	2013
Current:	$'000	$'000
Receivables	735	712
Provision for doubtful debts	(5)	(5)
	730	707
Accrued revenue	61	7
GST receivable	1 783	2 007
Prepayments - other	-	18
Total receivables	2 574	2 739

Provision for doubtful debts

A provision for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired. An allowance for impairment loss has been recognised in other expenses in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	2014	2013
Movements in the provision for doubtful debts (impairment loss):	$'000	$'000
Carrying amount at 1 July	5	18
Increase in the provision	-	-
Amounts written off	-	(13)
Carrying amount at 30 June	5	5

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received.

Receivables are normally settled within 30 days. Trade receivables, prepayments and accrued revenues are non-interest bearing. Other than recognised in the provision 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

(a) Maturity analysis of receivables (refer note 35).
(b) Categorisation of financial instruments and risk exposure information (refer note 35).

The Department does not have any material interest bearing assets and liabilities and is not exposed to any interest rate risk.

19. Inventories

	2014	2013
Current - held for distribution:	$'000	$'000
Stores	619	695
Total current inventories held for distribution	619	695
Current - other than those held for distribution:		
Raw materials and work in progress	487	457
Finished goods	87	63
Stores	3	5
Total current inventories other than those held for distribution	577	525
Total inventories	1 196	1 220

20. Property, plant and equipment

Land and buildings:		
Land at fair value (existing use)	63 296	59 318
Buildings at fair value	725 437	678 095
Accumulated depreciation	(367 621)	(346 888)
Total land and buildings	421 112	390 525
Leasehold improvements:		
Leasehold improvements at fair value	11 638	11 355
Accumulated amortisation	(4 663)	(3 656)
Total leasehold improvements	6 975	7 699
Plant and equipment:		
Plant and equipment at cost (deemed fair value)	5 083	4 978
Accumulated depreciation	(3 325)	(3 075)
Total plant and equipment	1 758	1 903
Total property, plant and equipment	429 845	400 127

Valuation of land and buildings

A desktop valuation of land and buildings was performed by independent valuer Martin Burns of Liquid Pacific as at 30 June 2014.

The valuer arrived at fair value using the market approach. The valuation was based on recent market transactions for similar land and buildings (non-specialised) in the area and includes adjustment for factors specific to the land and building being valued such as size and location.

The valuer used depreciated replacement cost for specialised buildings, due to there not being an active market for such buildings. The depreciated replacement cost considered the need for ongoing provision of government services; specialised nature of the assets, including the restricted use of the assets; the size, condition and location. The valuation was based on an assessment of useful life and asset condition.

Carrying amount of plant and equipment and leasehold improvements

All items of plant and equipment and leasehold improvements had a fair value at the time of acquisition that was less than $1 million or had an estimated useful life that was less than three years, and have not been revalued in accordance with APF III. The carrying value of these items are deemed to approximate fair value. These assets are classified in level 3 as there have been no subsequent adjustments to their value, except for management assumptions about the assets condition and remaining useful life.

Impairment

There were no indications of impairment of property, plant and equipment and infrastructure assets at 30 June 2014.

Reconciliation of property, plant and equipment

The following table shows movement in property, plant and equipment during 2013-14:

	Land and buildings $'000	Leasehold imprvmnts $'000	Plant and equipment $'000	Total $'000
Carrying amount at 1 July	390 525	7 699	1 903	400 127
Acquisitions	-	-	86	86
Transfers from capital works in progress	36 551	283	143	36 977

Reconciliation of property, plant and equipment (continued)

	Land and buildings $'000	Leasehold imprvmnts $'000	Plant and equipment $'000	Total $'000
Disposals	-	-	(46)	(46)
Revaluation increment	8 988	-	-	8 988
Depreciation and amortisation	(14 952)	(1 007)	(328)	(16 287)
Transfers between asset classes	-	-	-	-
Carrying amount at 30 June	421 112	6 975	1 758	429 845

The increase in asset values for prisons in 2013-14 reflects an increase in the construction cost estimates used by the independent valuer relative to the costs incorporated in the 2012-13 valuation.

The following table shows movement in property, plant and equipment during 2012-13:

	Land and buildings $'000	Leasehold imprvmnts $'000	Plant and equipment $'000	Total $'000
Carrying amount at 1 July	377 177	8 619	1 773	387 569
Acquisitions	-	-	129	129
Transfers from capital works in progress	20 965	54	305	21 324
Disposals	-	-	(31)	(31)
Revaluation increment	6 279	-	-	6 279
Depreciation and amortisation	(13 860)	(974)	(309)	(15 143)
Transfers between asset classes	(36)	-	36	-
Carrying amount at 30 June	390 525	7 699	1 903	400 127

21. Capital works in progress

	2014 $'000	2013 $'000
Capital works in progress	26 673	39 597
Total capital works in progress	26 673	39 597

Reconciliation of capital works in progress

The following table shows movement in capital works in progress during 2013-14:

	2014	2013
Carrying amount at 1 July	39 597	23 699
Additions	25 229	37 222
Transfers to property, plant and equipment	(36 977)	(21 324)
Transfers to intangible assets	(1 167)	-
Expense of prior years capital costs	(9)	-
Carrying amount at 30 June	26 673	39 597

The decrease in the carrying amount in 2013-14 mainly reflects the completion of additional accommodation projects at Mount Gambier Prison of $22.8 million and the Northfield infrastructure upgrade project of $10.5 million, offset by further expenditure on additional accommodation projects at Mount Gambier Prison totalled $2.4 million and Northfield infrastructure upgrade project of $10.8 million.

22. Intangible assets

	2014 $'000	2013 $'000
Software licences:		
Software licences	1 167	-
Accumulated amortisation	(170)	-
Total software licences	997	-

Reconciliation of intangible assets

The following table shows movement in intangible assets during 2013-14:

	2014	2013
Carrying amount at 1 July		
Transfers from capital works in progress	1 167	-
Amortisation	(170)	-
Carrying amount at 30 June	997	-

23. Biological assets

	2014	2013
Livestock	131	100
Olive grove	90	90
Total biological assets	221	190

Reconciliation of biological assets

The following table shows the movement in biological assets during 2013-14:

	Citrus $'000	Livestock $'000	Olive grove $'000	Total $'000
2014				
Carrying amount at 1 July	-	100	90	190
Increases due to purchases	-	30	-	30
Gain (Loss) arising from changes in fair value less estimated point-of-sale costs attributable to physical changes	-	(12)	-	(12)
Gain (Loss) arising from changes in fair value less estimated point-of-sale costs attributable to price changes	-	31	-	31
Revaluation decrement	-	-	-	-
Decreases due to sales	-	(18)	-	(18)
Carrying amount at 30 June	-	131	90	221

The following table shows the movement in biological assets during 2012-13:

	Citrus $'000	Livestock $'000	Olive grove $'000	Total $'000
2013				
Carrying amount at 1 July	-	153	106	259
Increases due to purchases	-	4	-	4
Gain (Loss) arising from changes in fair value less estimated point-of-sale costs attributable to physical changes	-	(1)	-	(1)
Gain (Loss) arising from changes in fair value less estimated point-of-sale costs attributable to price changes	-	(27)	-	(27)
Revaluation decrement	-	-	(16)	(16)
Decreases due to sales	-	(29)	-	(29)
Carrying amount at 30 June	-	100	90	190

Livestock

Currently there are 157 (136) cattle held at Cadell Training Centre and Port Lincoln Prison for the purpose of milk and meat production for internal use within the prison system. The cattle are at various stages of life. As at reporting date there are no commitments for the development or acquisition of livestock.

Financial risk is considered to be extremely low with any losses being absorbed in the year of exposure. No government grants have been issued in relation to the livestock.

Plants

The olive grove is situated on approximately 32 hectares of land at the Cadell Training Centre. The grove has been developed to produce commercially viable olive oil.

The citrus grove is situated on approximately 19 hectares of land at the Cadell Training Centre. The original plantation (13.21 hectares) has reached the end of its useful life. The current plantation comprises 6.23 hectares of existing trees that are currently non-productive.

24. Fair value measurements

Fair value hierarchy

The fair value of non-financial assets must be estimated for recognition, measurement and for disclosure purposes. The Department categorises non-financial assets measured at fair value into a hierarchy based on the level of inputs used in measurement.

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 30 June 2014.

The Department had no valuations categorised into level 1.

Comparative information for non-financial assets has not been provided as permitted by the transitional provisions of the new standard.

Fair value measurements

	Level 2	Level 3	2014 Total
Recurring fair value measurements:	$'000	$'000	$'000
Buildings - specialised	-	355 863	355 863
Buildings - non-specialised	1 953	-	1 953
Land	63 296	-	63 296
Leasehold improvements	-	6 975	6 975
Plant and equipment	-	1 758	1 758
Biological assets	221	-	221
Total recurring fair value measurements	65 470	364 596	430 066

There were no transfers of assets between level 1 and 2 fair value hierarchy levels in 2014. The Department's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Valuation techniques and inputs

Valuation techniques used to derive level 2 and 3 fair values are at notes 2 and 20. Unobservable inputs used in determining the fair value of plant and equipment and leasehold improvements are cost, useful lives and assessed condition as described in notes 2 and 20.

The inputs used in the valuation process for buildings - specialised are outlined below.

Quantitative information about fair value measurement using significant unobservable inputs – level 3

			Range	
Description	*Valuation technique*	*Unobservable inputs*	*Low*	*High*
Buildings - specialised	Depreciated replacement cost	Cost per unit of area	$2 000	$10 500
		Effective life (years)	40	60

Reconciliation of fair value measurements – level 3

The following table is a reconciliation of fair value measurements using unobservable inputs (level 3).

	Specialised buildings $'000	Leasehold imprvmnts $'000	Plant and equipment $'000	Total $'000
Opening balance at 1 July	327 285	7 699	1 903	336 887
Acquisitions	-	-	86	86
Capitalised subsequent expenditure	36 478	283	143	36 904
Disposals	-	-	(46)	(46)
Gain (Loss) for the period recognised in net result:				
Depreciation and amortisation	(14 759)	(1 007)	(328)	(16 094)
	(14 759)	(1 007)	(328)	(16 094)
Gain (Loss) for the period recognised in other comprehensive income:				
Revaluation increment (decrement)	6 859	-	-	6 859
	6 859	-	-	6 859
Closing balance at 30 June	355 863	6 975	1 758	364 596

25. Payables

	2014	2013
Current:	$'000	$'000
Creditors[1]	7 860	10 894
Accruals	3 123	2 267
Employment on-costs	2 185	1 991
Paid Parental Leave Scheme payable	7	5
Total current payables	13 175	15 157
Non-current:		
Employment on-costs	2 198	2 028
Total non-current payables	2 198	2 028
Total payables	15 373	17 185

(1) Creditors include $3.5 million ($6.3 million) for additional prisoner accommodation projects.

25. Payables (continued)

Based on an actuarial assessment performed by DTF, the percentage of the proportion of LSL taken as leave has remained at the 2013 rate of 40% and the average factor for the calculation of employer superannuation cost on-cost has remained at the 2013 rate of 10.3%. These rates are used in the employment on-cost calculation.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefit that they relate to is discharged.

All payables are non-interest bearing.

The carrying amount of payables represents fair value due to the amounts being payable on demand.

26. Employee benefits

	2014	2013
Current:	$'000	$'000
Annual leave	9 663	8 972
LSL	2 435	2 302
SERL	342	431
Accrued salaries and wages	1 236	744
Unclaimed salaries and wages	4	4
Total current employee benefits	13 680	12 453
Non-current:		
Annual leave	662	476
LSL	21 919	20 711
SERL	220	-
Total non-current employee benefits	22 801	21 187
Total employee benefits	36 481	33 640

AASB 119 contains the calculation methodology for LSL liability. This year, the actuarial assessment performed by DTF has provided a set level of liability for the measurement of LSL.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has decreased from 2013 (3.75%) to 2014 (3.5%).

A decrease in the bond yield, which is used as the rate to discount future LSL cash flows, results in an increase in the reported LSL liability.

The net financial effect of the changes in methodology and actuarial assumptions in the current financial year is an increase in the LSL liability of $512 000 and employee benefit expenses of $512 000. The impact on future periods is impracticable to estimate as the LSL liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

The actuarial assessment performed by DTF left the salary inflation rate at 4%. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

27. Provisions

	2014	2013
Current:	$'000	$'000
Workers compensation - medical and other costs	2 381	2 639
Workers compensation - income maintenance	1 791	1 413
Total current provisions	4 172	4 052
Non-current:		
Workers compensation - medical and other costs	7 439	8 259
Workers compensation - income maintenance	3 973	3 717
Total non-current provisions	11 412	11 976
Total provisions	15 584	16 028
Carrying amount at 1 July	16 028	18 232
Workers compensation payments	(2 526)	(2 661)
Increase in provision	2 082	457
Carrying amount at 30 June	15 584	16 028

27. Provisions (continued)

A liability has been recognised to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Public Sector Workforce Relations Division of DPC.

28. Equity	2014	2013
	$'000	$'000
Retained earnings	73 013	81 427
Prisoner amenities reserve	280	259
Revaluation surplus	273 590	264 602
Contributed capital	60 793	47 668
Total equity	407 676	393 956

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets to the extent that they offset one another. Relevant amounts are transferred to retained earnings on disposal of an asset.

The prisoner amenities reserve reflects the funds available to purchase amenities, such as gym equipment, for the specific benefit and use of prisoners. Proceeds from the sale of canteen goods to prisoners net of the cost of certain direct expenses less any associated prisoner amenities expenditure incurred during the financial year is transferred to or from the reserve at year end.

Contributed capital received represents equity contribution from the SA Government under the *Appropriation Act* to fund the investing activities of the Department.

29. Unrecognised contractual commitments	2014	2013
Contract service commitments	$'000	$'000
Within one year	24 768	19 226
Later than one year but not later than five years	26 388	20 474
Total contract service commitments	51 156	39 700

The prisoner movement and in-court management contract commenced on 1 August 2009 and is due to expire on 31 July 2014. Prior to expiration of the lease a 18 month contract extension was granted and is due to expire on 31 January 2016.

The home detention monitoring contract was renewed on 20 January 2014 for a three year period. The contract is due to expire on 19 January 2017.

The management of Mount Gambier Prison contract is effective from 1 December 2011 to 30 November 2016, a five year period.

The above contracts have provisions for termination by the Crown without penalty to the Crown. However, a termination for convenience by the Crown would attract variable payments and reimbursements specified in the contract depending on the circumstance and amount of the termination notice. The ongoing cancellable commitments (which have not been recognised as liabilities) are noted above.

The above figures:

- are subject to an escalation based on indices not yet published by the Australian Bureau of Statistics, and as a result are not adjusted for inflation and are based on 2013-14 prisoner populations
- are exclusive of GST.

Expenditure commitments - remuneration

Commitments for the payment of salaries and other remuneration under employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:	2014 $'000	2013 $'000
Within one year	1 904	1 955
Later than one year but not later than five years	3 217	3 334
Total expenditure commitments - remuneration	5 121	5 289

Amounts disclosed include commitments arising from executive and other limited tenure employment contracts. The Department does not offer remuneration contracts greater than five years.

Operating lease commitments	2014	2013
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:	$'000	$'000
Within one year	4 837	4 637
Later than one year but not later than five years	12 313	12 178
Later than five years	4 666	7 052
Total operating lease commitments	21 816	23 867

The Department's operating leases are for office accommodation and for motor vehicles. Office accommodation is leased from Building Management Accommodation and Property Services, a branch of the Department of Planning, Transport and Infrastructure. Motor vehicles are leased from SAFA through their agent LeasePlan Australia. The leases are non-cancellable and are payable monthly in advance.

30. Contingent assets and liabilities

The Department has a number of common law claims made against it by various claimants. The maximum exposure facing the Department in respect of these claims is $253 000 ($316 000).

The Department has an exposure in respect of a possible underpayment of officers' higher duty allowances. This is disclosed as a contingent liability as its potential value had not been determined as at balance date.

These contingent liabilities are not actual liabilities and have therefore not been included in the financial statements. They represent a potential financial obligation in circumstances which have been deemed to be possible but not probable.

31. Remuneration of board and committee members

Members that were entitled to receive remuneration for membership during the 2013-14 financial year were:

Parole Board of South Australia

Frances Nelson (Presiding Member)
Timothy Bourne (Deputy Presiding Member)
Vanessa Swan*
David Haebich
Janina Gipslis
Nora Bloor
Garth Dodd
Denis Edmonds
Pamela Mitchell (appointment ceased December 2013)
Janice Steinert (appointment commenced December 2013)
Susan MacDonald* (appointment commenced December 2013)

Department for Correctional Services Advisory Council

Ian Shephard (Presiding Member)
Elizabeth Anne Bachmann
Helena Jasinski
Kathryn Stone
Warren Dibben
Bernadette McAlary

Serious Offender Committee

Jeffrey Andrews* (Chair) (appointment ceased March 2014)
Jackie Bray* (Chair)
Darren Fielke* (appointment ceased June 2014)
David Hugh Kerr
Darian Shephard-Bayly* (appointment commenced March 2014)
Anthony James Shillabeer*
Steven Raggatt* (appointment ceased January 2014)
Gaye Tonkin* (appointment commenced July 2013)
Hayley Mills*
Anthony Eoughton Waters* (appointment ceased June 2013)
Naomi Oberscheidt*
Sandra Russell*
Darren Lovegrove* (appointment commenced December 2010)
Peter Ralph May*
Rachel McKay* (appointment commenced April 2014)
Scharlene Lamont* (appointment commenced November 2013)
Kevin Wade Wilson* (appointment ceased October 2013)

DCS Audit and Risk Management Committee

Joe Ullianich (Chair) (appointment commenced May 2014)
Mark Mackie* (appointment commenced October 2013)
Jackie Bray* (appointment commenced July 2013)
Mike Reynolds * (appointment commenced October 2013)
Angela Gransden* (appointment commenced October 2013)

* In accordance with DPC Circular 16, government employees did not receive any remuneration for board duties during the financial year.

31. Remuneration of board and committee members (continued)

The number of members whose income remuneration received/receivable falls within the following bands:	2014 Number	2013 Number
$0 - $9 999	32	23
$10 000 - $19 999	1	-
$20 000 - $29 999	-	2
$30 000 - $39 999	4	3
$40 000 - $49 999	2	2
$50 000 - $59 999	1	1
Total	40	31

Remuneration of members reflects all costs of performing board member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by board members was $292 000 ($294 000).

Amounts paid to a superannuation plan for board members was $24 000 ($24 000).

The Department for Correctional Services Advisory Council was dissolved during the 2013-14 financial year. Board fees have not been paid to members since September 2013.

In accordance with the *Correctional Services Act 1982* the Department has established Community Service Advisory Committees within each region (Northern Metro, Northern Country and Southern Region) to formulate guidelines for the approval of projects and tasks suitable for the performance of community service by offenders and to perform other functions as directed by the Minister. The members are entitled to remuneration, however, the majority of members volunteer. The total remuneration received or receivable by Community Service Advisory Committee members was $0 ($0).

Transactions between members are on conditions no more favourable to the recipient than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm’s length in the same circumstances.

32. Trust funds

The Department holds prisoner monies in a trustee capacity. These monies are excluded from the financial statements as the Department cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account:

	2014 $’000	2013 $’000
Balance at 1 July	613	519
Prisoner monies receipts	6 848	6 136
Prisoner monies payments	(6 766)	(6 042)
Balance at 30 June	695	613

33. Cash flow reconciliation

	2014	2013
Reconciliation of cash - cash at 30 June as per:		
Statement of Cash Flows	13 608	16 936
Statement of Financial Position	13 608	16 936

Reconciliation of net cash provided by (used in) operating activities to net cost of providing services

	2014	2013
Net cash provided by (used in) operating activities	11 055	16 573
Revenues from SA Government	(228 384)	(218 155)
Payments to SA Government	2 425	-
Non-cash items:		
Provision for doubtful debts	-	13
Net loss on disposal of assets	(44)	(4)
Depreciation and amortisation expense	(16 457)	(15 143)
Movements in assets/liabilities:		
Receivables	(165)	253
Inventories	(24)	55
Biological assets	31	(69)
Payables	(392)	1 388
Employee benefits	(2 841)	(1 317)
Provisions	444	2 204
Net cost of providing services	(234 352)	(214 202)

34. Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

		SA Government		Non-SA Government		Total	
		2014	2013	2014	2013	2014	2013
	Note	$'000	$'000	$'000	$'000	$'000	$'000
Expenses							
Employee benefit expenses	5	18 259	17 119	128 905	120 909	147 164	138 028
Supplies and services:	6						
Contracts		-	-	23 399	18 596	23 399	18 596
Works and equipment costs		704	1 527	3 763	3 013	4 467	4 540
Cost of goods sold - prison industries		-	1	1 711	1 524	1 711	1 525
Cost of goods sold - canteen and kitchen sales		-	-	3 793	3 401	3 793	3 401
Offender related costs		1 201	699	6 272	7 151	7 473	7 850
Utilities		2 209	2 498	5 194	4 624	7 403	7 122
Consultants		-	-	10	33	10	33
Travel expenses		7	31	1 028	989	1 035	1 020
IT costs		3 821	3 132	600	673	4 421	3 805
Workers compensation		528	475	1 704	(239)	2232	236
Staff related costs		104	1 265	1 522	58	1 626	1 323
Contracted staff		-	-	384	679	384	679
SSSA processing charges		2 132	1 976	-	-	2 132	1 976
Insurance charges		1 249	1 207	1	21	1 250	1 228
WHS expenses		2	1	271	266	273	267
Materials and consumables		-	1	618	433	618	434
Board and committee fees		-	-	268	270	268	270
Sundry other expenses		494	870	3 606	2 943	4 100	3 813
Depreciation and amortisation	7	-	-	16 457	15 143	16 457	15 143
Payments to prisoners		-	-	2 935	2 615	2 935	2 615
Accommodation and associated lease costs		8 836	8 219	1 259	1 019	10 095	9 238
Grants	8	-	-	564	568	564	568
Net loss from disposal of non-current assets	9	-	-	44	4	44	4
Other expenses:	10						
Bad debts		-	-	-	5	-	5
Bank charges		-	-	24	28	24	28
FBT		-	-	284	275	284	275
Other		8	15	224	(5)	232	10
Payments to SA Government	16	2 425	-	-	-	2 425	-
Total expenses		41 979	39 036	204 840	184 996	246 819	224 032
Income							
Prison labour	12	-	-	1 128	997	1 128	997
Salaries and goods and services recoups		961	1 356	731	675	1 692	2 031
Interest		-	-	1	5	1	5
Commonwealth revenues	13	-	-	514	990	514	990
Canteen and kitchen sales	14	-	-	3 934	3 539	3 934	3 539
Other income:	15						
Grants received		876	805	-	-	876	805
Revenue from recoveries		6	61	242	175	248	236
Internally generated assets		284	89	-	-	284	89
Prisoner telephone receipts		-	-	1 204	1 060	1 204	1 060
Net revaluation increment (decrement) from valuation of biological assets		-	-	-	(16)	-	(16)
Other		-	25	161	69	161	94
Revenues from SA Government	16	228 384	218 155	-	-	228 384	218 155
Total income		230 511	220 491	7 915	7 494	238 426	227 985

34. Transactions with SA Government (continued)

		SA Government		Non-SA Government		Total	
		2014	2013	2014	2013	2014	2013
Financial assets	Note	$'000	$'000	$'000	$'000	$'000	$'000
Receivables:	18						
Receivables		255	260	475	447	730	707
Accrued revenue		8	1	53	6	61	7
GST receivable		-	-	1 783	2 007	1 783	2 007
Prepayments - other		-	-	-	18	-	18
Total financial assets		263	261	2 311	2 478	2 574	2 739
Financial liabilities							
Payables:	25						
Creditors		4 432	7 786	3 428	3 108	7 860	10 894
Accruals		1 585	1 177	1 538	1 090	3 123	2 267
Employment on-costs		4 383	4 019	-	-	4 383	4 019
Paid Parental Leave Scheme		-	-	7	5	7	5
Total financial liabilities		10 400	12 982	4 973	4 203	15 373	17 185

35. Financial instruments

(a) 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 note 2.

A separate table for the categorisation of financial assets and liabilities has not been included (refer notes 17, 18 and 25). Prepayments, accrued revenue and statutory receivables and payables such as GST receivables, Paid Parental Leave payable and employment on-costs do not qualify as financial assets and liabilities.

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 note 2.

(b) Fair value

The Department does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable.

The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer notes 2, 18 and 25).

(c) Credit risk

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

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

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Currently the Department does not hold any collateral as security to any of its financial assets.

The following table discloses the ageing of financial assets, past due, including impaired assets past due.

(c) Credit risk (continued)

2014	Past due by Overdue for less than 30 days	Overdue for 30-60 days	Overdue for more than 60 days	Total
Not impaired:	$'000	$'000	$'000	$'000
Receivables	588	25	34	647
Impaired:				
Receivables	-	-	5	5
2013				
Not impaired:				
Receivables	622	8	5	635
Impaired:				
Receivables	-	-	5	5

(d) Maturity analysis

All non-statutory receivables and payables are expected to be settled within 12 months.

(e) Liquidity risk

Liquidity risk arises where the Department is unable to meet its financial obligations as they are due to be settled. The continued existence of the Department is dependent on State Government policy and on continuing appropriations by Parliament for the Department's administration and programs. The Department 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 Department's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

(f) Market risk

Market risk for the Department is primarily through interest rate risk. The Department currently holds no interest bearing financial instruments and is not exposed to any market risk.

36. Disclosure of administered items

	2014	2013
Administered income:	$'000	$'000
Revenues from Victims of Crime levy	139	130
Mobilong Inmate Charity Fund	2	1
Revenues from SA Government	74	165
Total administered income	215	296
Administered expenses:		
Victims of Crime levy payments	139	130
Mobilong Inmate Charity Fund	6	4
Employee benefit expenses	74	165
Total administered expenses	219	299
Net result	(4)	(3)
Administered current assets:		
Cash	15	19
Receivables	25	-
Total administered assets	40	19
Administered current liabilities:		
Victims of Crime levy payables	9	9
Minister's salary payable	25	-
Total administered liabilities	34	9
Net administered assets	6	10
Administered equity:		
Retained earnings	6	10
Total administered equity	6	10
Changes in equity:		
Balance at 1 July	10	13
Net result	(4)	(3)
Balance at 30 June	6	10

36. Disclosure of administered items (continued)

	2014 Inflows (Outflows) $'000	2013 Inflows (Outflows) $'000
Cash flows from operating activities:		
Cash inflows:		
Victims of Crime levy	139	130
Mobilong Inmate Charity Fund	2	1
Revenues from SA Government	49	341
Total administered income	190	472
Cash outflows:		
Victims of Crime levy payments	(139)	(130)
Mobilong Inmate Charity Fund	(6)	(4)
Employee benefit expenses	(49)	(341)
Total administered expenses	(194)	(475)
Net cash inflows (outflows) from operating activities	(4)	(3)
Net increase (decrease) in cash	(4)	(3)
Cash at 1 July	19	22
Cash at 30 June	15	19

Administered items of the Department

The Department administers but does not control certain resources on behalf of the Attorney-General (Victims of Crime levy), the Mobilong Inmate Charity Fund and appropriations from Special Acts. It is accountable for the transactions involving these administered resources but does not have the discretion to deploy these resources for the achievement of the Department's objectives. Transactions and balances relating to these administered resources are not recognised as departmental income, expenses, cash inflows or cash outflows, assets or liabilities, but are recognised as administered income, expenses, cash inflows, cash outflows, assets or liabilities.

Courts Administration Authority

Functional responsibility

Establishment

The Courts Administration Authority (the Authority) was established pursuant to the *Courts Administration Act 1993*. The Authority is constituted of the State Courts Administration Council (SCAC), the State Courts Administrator and other staff of the SCAC.

Functions

The function of the Authority, which is independent of the control of Executive Government, is to provide courts with the administrative facilities and services necessary for the proper administration of justice. For more information about the Authority's objectives and priorities refer note 1 to the financial statements.

There was a change in the responsibility for the management of the collection of fines and penalties within South Australia with the transfer of the Authority's Fines Payment Unit to the Attorney-General's Department Fines Enforcement and Recovery Unit (the FERU), effective 3 February 2014 (refer notes 2(d) and 29 to the financial statements).

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 31(1)(b) of the PFAA and section 27 of the *Courts Administration Act 1993* provide for the Auditor-General to audit the accounts of the Authority for each financial year.

Assessment of controls

Section 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Authority in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether internal controls are consistent with the TIs with particular focus on TIs 2 and 28.

Scope of the audit

The audit program covered major financial systems to obtain sufficient evidence to form an opinion on the financial report and internal controls.

During 2013-14, areas of review included:

- payroll
- expenditure
- financial accounting
- cash
- revenue and receipting
- financial management compliance program

- Fines Payment Unit
- trust accounts
- fixed assets.

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the Courts Administration Authority as at 30 June 2014, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the Courts Administration Authority in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for all matters outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Courts Administration Authority have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in management letters to the State Courts Administrator. The main matters raised with the State Courts Administrator and the related responses are detailed below.

Accounts payable

The audit of accounts payable activities identified that changes to the vendor master file were not always supported by adequate documentation. The audit also found a lack of a written agreement to support the amounts being charged by an intergovernment service provider.

In response the Authority indicated that it will remind staff to ensure that master file changes are supported by appropriate documentation, and that a documented inter agency agreement will be put in place with the service provider.

The Authority uses the Masterpiece system for both accounts payable purchasing and payment functions. Audit completed a review of the Authority's user access arrangements relating to the system. While the review found certain system related access issues affecting segregation of duties, in most instances compensating controls had been applied.

To periodically confirm that appropriate segregation and supervisory controls are in operation Audit recommended that regular user access reviews be undertaken.

In response the Authority indicated that action would be taken to improve the level of user access control.

Payroll

The audit of payroll processes found that the review and certification of bona fide reports by pay point delegates was not performed in a timely manner in accordance with procedures. The review also found instances where leave taken was not recorded in the payroll system.

In response the Authority indicated that it would take action to address these matters.

Payment of jury and witness fees

The audit of the system that facilitates payment of jury and witness fees found that no transaction limits had been implemented on the disbursement bank account. The audit also identified that there were no regular user access reviews performed over the Jury Election and Management system (JEM).

In response the Authority indicated that a transaction limit has been established on the disbursement bank account, and that a procedure will be established to conduct a periodic review over user access to JEM.

Interpretation and analysis of the financial report

Highlights of the financial report

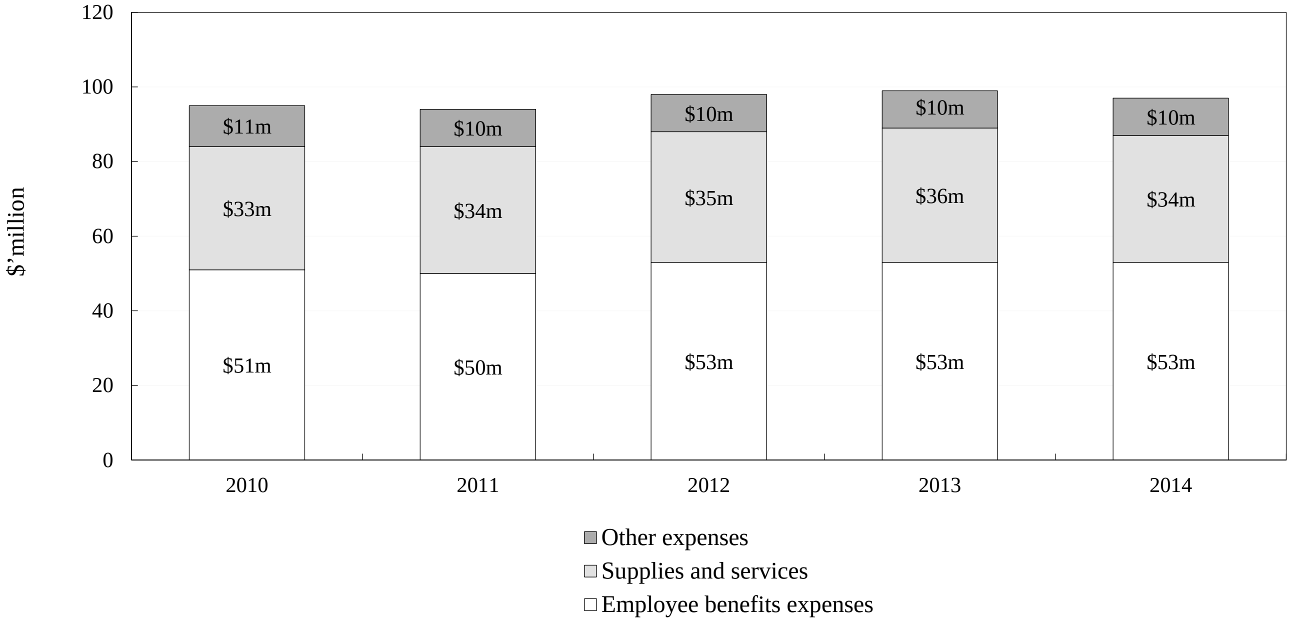
	2014 $'million	2013 $'million
Expenses		
Employee benefits expenses	53	53
Supplies and services	34	36
Other expenses	10	10
Total expenses	97	99
Income		
Revenues from fees and charges	5	6
Other revenues	1	1
Total income	6	7
Net cost of providing services	91	92
Revenues from SA Government	92	91
Net result	1	(1)
Changes in revaluation surplus	5	-
Total comprehensive result	6	(1)
Net cash provided by (used in) operating activities	8	8
Assets		
Current assets	39	36
Non-current assets	213	213
Total assets	252	249
Liabilities		
Current liabilities	9	11
Non-current liabilities	24	26
Total liabilities	33	37
Total equity	219	212

Statement of Comprehensive Income

The Authority's expenses reflect the costs incurred in performing its statutory responsibilities including the collection of administered income such as fines and court fees on behalf of the Government. This income is directly credited to the Consolidated Account and is reported under administered income.

Expenses

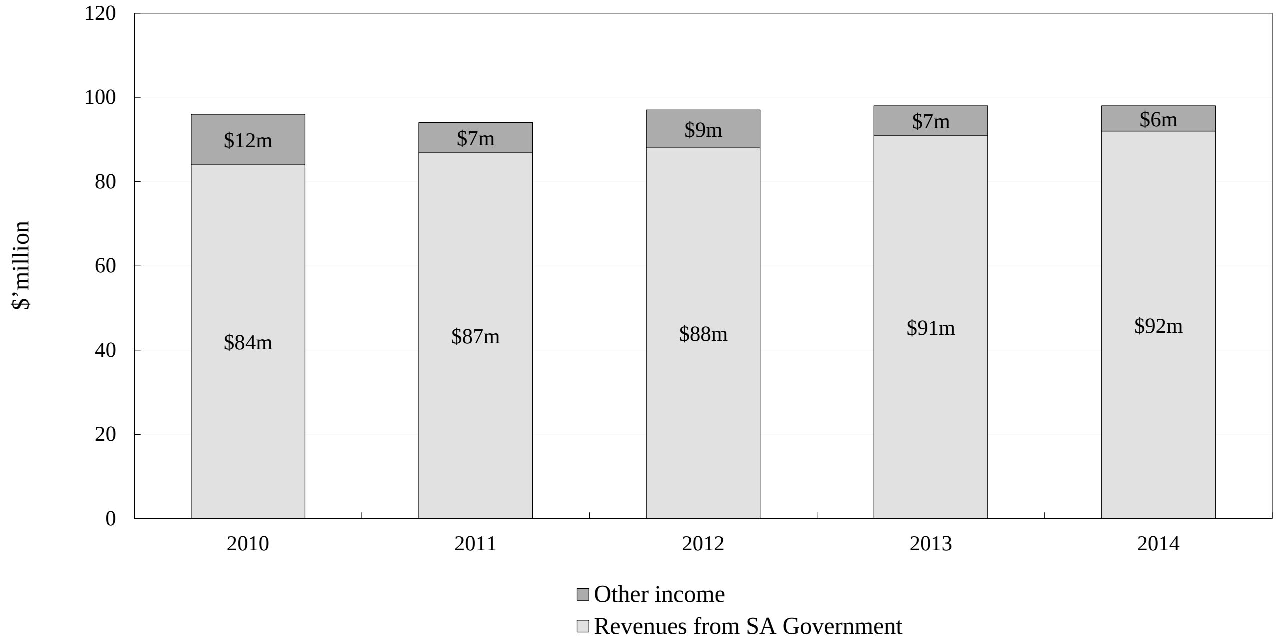
The following chart shows a structural analysis of the main expense items for the five years to 2014.



Employee benefits expenses are the major expense category for the Authority accounting for 54% (54%) of total expenses. They reduced slightly in 2013-14. Note 5 to the financial statements shows that salaries and wages decreased by $2 million but this decrease was offset by an increase in LSL expense of $951 000 and TVSP expenses of $481 000. Supplies and services account for 35% (36%) of total expenses and include $14 million ($14 million) in accommodation and services expenses and $6 million ($5 million) in computing and communications expenses.

Income

The following chart shows a structural analysis of the main income items for the five years to 2014.



Revenues from SA Government are the major source of funding for the Authority accounting for 94% (93%) of total income. Other income has decreased primarily due to the transfer of the Fines Payment Unit to the Attorney-General's Department FERU in February 2014.

Statement of Financial Position

Non-current assets mainly comprise land and buildings totalling $188 million ($184 million), which accounts for 88% (87%) of non-current assets. The increase in the value of land and buildings is due to the revaluation as at 30 June 2014 (refer note 18 to the financial statements).

Current assets mainly comprise cash and cash equivalents totalling $37 million ($34 million), which accounts for 96% (96%) of current assets.

Statement of Cash Flows

Included in cash at 30 June 2014 are deposits with the Treasurer including $37 million ($32 million) held in the Accrual Appropriation Excess Funds Account. The balance of these funds is not available for general use and can only be used in accordance with the Under Treasurer's approval.

Interpretation and analysis of the financial report for administered activities

	2014 $'million	2013 $'million
Expenses		
Judicial benefits expenses	38	39
Victims of Crime payments	14	22
Payments to the FERU	14	-
Payments to the Consolidated Account	44	64
Other expenses	1	1
Total expenses	111	126
Income		
Revenues from SA Government	38	39
Fines	21	34
Court fees	22	29
Victims of Crime levies	14	22
FERU income	14	-
Other income	2	2
Total income	111	126
Net and total comprehensive result	-	-
Net cash provided by (used in) operating activities	(3)	7
Assets		
Current assets	11	14
Total assets	11	14
Liabilities		
Current liabilities	8	12
Non-current liabilities	11	10
Total liabilities	19	22
Total equity	(8)	(8)

Statement of Administered Comprehensive Income

As a result of the management of penalties imposed in the criminal jurisdiction transferring from the Authority to the FERU in the Attorney-General's Department, effective 3 February 2014, the overall administered expenditure and income has decreased.

Income is still being collected on behalf of the FERU which is subsequently remitted to the unit.

Expenses

Payments to the Consolidated Account totalling $44 million comprise fines and court fees, transcript fees and other income offset by other administered expenses.

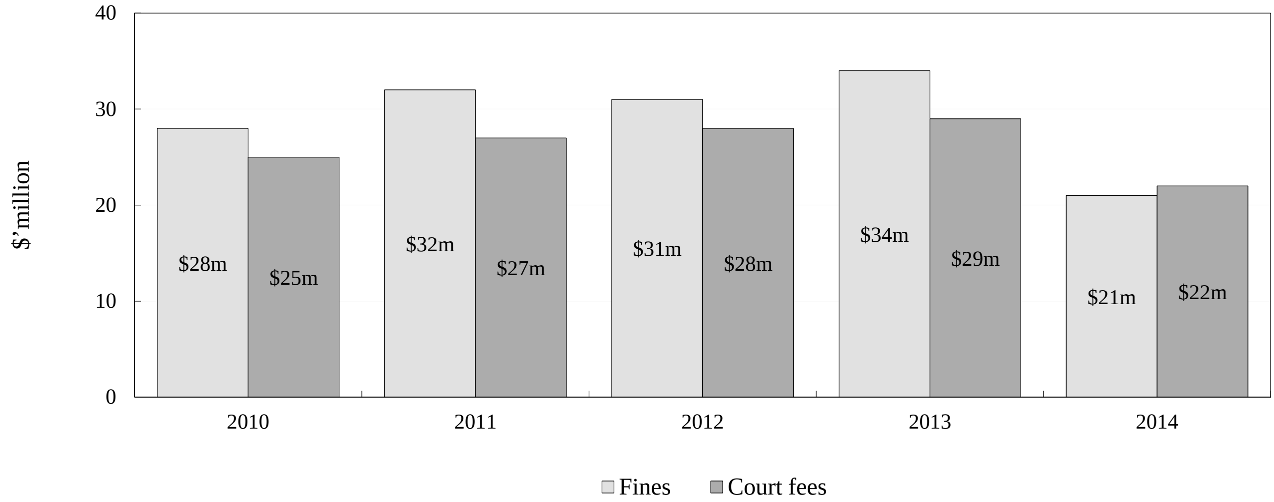
Judicial benefits expenses were $38 million, a decrease of $1 million from the previous year as a result of a number of judicial officers' positions not being filled.

Income

Fines and court fees

Fines and court fees are raised and collected by the Authority and paid directly to the Consolidated Account.

The following chart shows a structural analysis of income from fines and court fees for the five years to 2014.



As reflected in the chart above the decrease is due to the transfer of the Fines Payment Unit from the Authority to the FERU.

Victims of Crime levy

The Authority collects monies associated with the *Victims of Crime Act 2001*, which provides for payment of compensation to persons who suffer injury as a result of criminal acts and recovery of monies from offenders.

The Authority collects the monies and remits them to a special interest bearing deposit account managed by the Attorney-General's Department.

During 2013-14 Victims of Crime levies received were $14 million, a decrease of $8 million over the previous year. Again, this is due to the transfer of the Fines Payment Unit from the Authority to the FERU.

Revenues from SA Government

Revenues from the SA Government are received by the Authority to fund the payment of employment expenses of the Judiciary. During 2013-14 revenues of $38 million ($39 million) were received from the SA Government to pay the recurrent expenditure associated with the Judiciary.

Statement of Comprehensive Income
for the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Expenses:			
Employee benefits expenses	5	52 657	53 198
Supplies and services	6	33 766	36 006
Depreciation and amortisation expenses	7	8 715	8 304
Borrowing costs	8	858	924
Net loss from disposal of non-current assets	11	-	4
Other expenses	9	1 206	913
Total expenses		97 202	99 349
Income:			
Revenues from fees and charges	12	5 046	6 123
Sales of goods and services	13	671	769
Grants and transfers	14	473	285
Total income		6 190	7 177
Net cost of providing services		91 012	92 172
Revenues from (Payments to) SA Government:			
Revenues from SA Government	15	91 801	91 175
Payments to SA Government	15	-	(21)
Net result		789	(1 018)
Other comprehensive income:			
Items that will not be reclassified to net result:			
Changes in property, plant and equipment revaluation surplus		5 561	-
Total other comprehensive income		5 561	-
Total comprehensive result		6 350	(1 018)

Net result and total comprehensive result are attributable to the SA Government as owner

Statement of Financial Position as at 30 June 2014

	Note	2014 $'000	2013 $'000
Current assets:			
Cash and cash equivalents	16	36 942	34 496
Receivables	17	1 619	1 441
Total current assets		38 561	35 937
Non-current assets:			
Property, plant and equipment	18,19	212 810	212 622
Intangible assets	20	176	164
Other non-current assets		33	36
Total non-current assets		213 019	212 822
Total assets		251 580	248 759
Current liabilities:			
Payables	22	3 130	4 652
Financial liabilities	26	1 286	1 216
Employee benefits	23	4 084	4 217
Provisions	24	381	369
Other current liabilities	25	435	336
Total current liabilities		9 316	10 790
Non-current liabilities:			
Payables	22	780	831
Financial liabilities	26	13 347	14 633
Employee benefits	23	8 225	8 813
Provisions	24	1 402	1 522
Total non-current liabilities		23 754	25 799
Total liabilities		33 070	36 589
Net assets		218 510	212 170
Equity:			
Contributed capital		3 140	3 140
Retained earnings		83 906	83 127
Revaluation surplus		131 464	125 903
Total equity		218 510	212 170

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	27		
Contingent assets and liabilities	28		

Statement of Changes in Equity
for the year ended 30 June 2014

	Note	Contributed capital $'000	Revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2012		3 140	125 903	84 145	213 188
Net result for 2012-13		-	-	(1 018)	(1 018)
Total comprehensive result for 2012-13		-	-	(1 018)	(1 018)
Balance at 30 June 2013		3 140	125 903	83 127	212 170
Net result for 2013-14		-	-	789	789
Gain on revaluation of land and buildings during 2013-14	19	-	5 561	-	5 561
Total comprehensive result for 2013-14		-	5 561	789	6 350
Net assets transferred as a result of an administrative restructure	29	-	-	(10)	(10)
Balance at 30 June 2014		3 140	131 464	83 906	218 510

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

Statement of Cash Flows for the year ended 30 June 2014

	Note	2014 Inflows (Outflows) $'000	2013 Inflows (Outflows) $'000
Cash flows from operating activities:			
Cash outflows:			
Employee benefits payments		(53 435)	(53 624)
Payments for supplies and services		(39 169)	(39 849)
Payments for Paid Parental Leave Scheme		(131)	(134)
Borrowing costs		(858)	(924)
Other payments		(498)	(275)
Cash used in operations		(94 091)	(94 806)
Cash inflows:			
Grants and transfers		473	285
Fees and charges		5 613	7 050
GST recovered from the ATO		3 656	3 732
Receipts for Paid Parental Leave Scheme		125	142
Cash generated from operations		9 867	11 209
Cash flows from SA Government:			
Receipts from SA Government		91 801	91 175
Payments to SA Government		-	(21)
Cash generated from SA Government		91 801	91 154
Net cash provided by (used in) operating activities	31	7 577	7 557
Cash flows from investing activities:			
Cash outflows:			
Purchase of intangibles		(72)	(42)
Purchase of property, plant and equipment		(3 843)	(4 645)
Cash used in investing activities		(3 915)	(4 687)
Cash inflows:			
Proceeds from the sale of surplus land		-	30
Cash generated from investing activities		-	30
Net cash provided by (used in) investing activities		(3 915)	(4 657)
Cash flows from financing activities:			
Cash outflows:			
Repayment of finance lease		(1 216)	(1 150)
Cash used in financing activities		(1 216)	(1 150)
Net cash provided by (used in) financing activities		(1 216)	(1 150)
Net increase (decrease) in cash and cash equivalents		2 446	1 750
Cash and cash equivalents at 1 July		34 496	32 746
Cash and cash equivalents at 30 June	16	36 942	34 496

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2014

(Activities - refer note 4)	1		2	
	2014	2013	2014	2013
Expenses:	$'000	$'000	$'000	$'000
Employee benefits expenses	44 671	43 770	2 553	2 497
Supplies and services	28 534	29 658	685	687
Depreciation and amortisation expenses	7 819	7 624	60	52
Borrowing costs	853	918	-	-
Net loss from disposal of non-current assets	-	4	-	-
Other expenses	1 095	838	27	15
Total expenses	82 972	82 812	3 325	3 251
Income:				
Revenues from fees and charges	1 205	1 159	-	-
Sales of goods and services	645	734	-	-
Grants and transfers	473	285	-	-
Resources received free of charge	-	-	-	-
Total income	2 323	2 178	-	-
Net cost of providing services	80 649	80 634	3 325	3 251
Revenues from (Payments to) SA Government:				
Revenues from SA Government	81 351	74 058	3 352	3 726
Payments to SA Government	-	(21)	-	-
Net result	702	(6 597)	27	475

(Activities - refer note 4)	3		Total	
	2014	2013	2014	2013
Expenses:	$'000	$'000	$'000	$'000
Employee benefits expenses	5 433	6 931	52 657	53 198
Supplies and services	4 547	5 661	33 766	36 006
Depreciation and amortisation expenses	836	628	8 715	8 304
Borrowing costs	5	6	858	924
Net loss from disposal of non-current assets	-	-	-	4
Other expenses	84	60	1 206	913
Total expenses	10 905	13 286	97 202	99 349
Income:				
Revenues from fees and charges	3 841	4 964	5 046	6 123
Sales of goods and services	26	35	671	769
Grants and transfers	-	-	473	285
Resources received free of charge	-	-	-	-
Total income	3 867	4 999	6 190	7 177
Net cost of providing services	7 038	8 287	91 012	92 172
Revenues from (Payments to) SA Government:				
Revenues from SA Government	7 098	13 391	91 801	91 175
Payments to SA Government	-	-	-	(21)
Net result	60	5 104	789	(1 018)

Disaggregated Disclosures – Assets and Liabilities as at 30 June 2014

(Activities - refer note 4)	1		2		3	
	2014	2013	2014	2013	2014	2013
Assets:	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	-	-	-	-	-	-
Receivables	1 617	1 382	-	-	2	59
Property, plant and equipment	207 195	186 490	5 476	6 938	139	19 194
Intangible assets	171	144	5	5	-	15
Other non-current assets	32	32	1	1	-	3
Total assets	209 015	188 048	5 482	6 944	141	19 271
Liabilities:						
Payables	3 706	4 516	79	105	125	862
Financial liabilities	14 573	15 745	-	-	60	104
Employee benefits	11 588	10 721	597	612	124	1 697
Provisions	1 722	1 736	40	31	21	124
Other liabilities	434	322	-	-	1	14
Total liabilities	32 023	33 040	716	748	331	2 801

(Activities - refer note 4)	General/ Not attributable		Total	
	2014	2013	2014	2013
Assets:	$'000	$'000	$'000	$'000
Cash and cash equivalents	36 942	34 496	36 942	34 496
Receivables	-	-	1 619	1 441
Property, plant and equipment	-	-	212 810	212 622
Intangible assets	-	-	176	164
Other non-current assets	-	-	33	36
Total assets	36 942	34 496	251 580	248 759
Liabilities:				
Payables	-	-	3 910	5 483
Financial liabilities	-	-	14 633	15 849
Employee benefits	-	-	12 309	13 030
Provisions	-	-	1 783	1 891
Other liabilities	-	-	435	336
Total liabilities	-	-	33 070	36 589

Notes to and forming part of the financial statements

1. Objectives of the Courts Administration Authority (the Authority)

The Authority operates within the *Courts Administration Act 1993*. It is overseen by the State Courts Administration Council and is independent of the Government.

The continued existence of the Authority is dependent on State Government policy and on continuing appropriations by Parliament in order to fund the Authority's net cost of providing services.

Its principal objective is to provide quality administration to the Judiciary and to ensure an effective and accessible courts system.

1. Objectives of the Courts Administration Authority (the Authority) (continued)

The major priorities of the Authority and the State Courts Administration Council are to:

- provide administrative support to the courts of this State
- foster an environment in which judicial officers, staff and volunteers can contribute to improved performance of the courts system
- cooperate with other parts of the justice system to improve access to justice and the overall performance of the justice system
- improve court facilities
- keep up-to-date with technological developments and apply those that are appropriate to improve the performance of the courts system
- increase the community's understanding of the operations of the courts and provide new avenues for community comment on the operations of the courts and their registries.

2. Summary of significant accounting policies

(a) Statement of compliance

The Authority has prepared these financial statements in compliance with section 23 of the PFAA.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant AASs and comply with TIs and APSs promulgated under the provisions of the PFAA.

The Authority has applied AASs that are applicable to not-for-profit entities, as the Authority is a not-for-profit entity.

AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Authority for the reporting period ended 30 June 2014 (refer note 3).

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures that have been included in these financial statements:

  (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature

  (b) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income)

  (c) employee TVSP information

  (d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees

  (e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The Authority's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

(b) Basis of preparation (continued)

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a 12 month period and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2014 and the comparative information presented.

(c) Reporting entity

The Authority was established by the *Courts Administration Act 1993* as a statutory authority independent of executive government. The State Courts Administration Council (governing body), the State Courts Administrator and staff of the Council are collectively referred to as the Authority.

The financial statements and accompanying notes include all the controlled activities of the Authority. Transactions and balances relating to administered resources are not recognised as the Authority's income, expense, assets and liabilities. As administered items are significant in relation to the Authority's overall financial performance and position, they are disclosed in the administered financial statements at the back of the controlled general purpose financial statements. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for the controlled items.

(d) Transferred functions

The Public Sector (Reorganisation of Public Sector Operations) Notice 2013 (dated 30 January 2014) declared that the management of penalties imposed in the criminal jurisdiction transferred from the Authority to the Fines Enforcement and Recovery Unit (the FERU) in the Attorney-General's Department, effective 3 February 2014 (refer note 29).

(e) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or APSs have required a change.

Where presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impractical.

The restated comparative amounts do not replace the original financial statements for the preceding period.

(f) Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars ($'000).

(g) Taxation

The Authority is not subject to income tax. The Authority is liable for payroll tax, FBT, GST, Emergency Services levy, land tax equivalents and local government rate equivalents.

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 ATO, 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
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

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

(h) Events after the reporting period

There were no events occurring after balance date.

(i) Income

Income is recognised to the extent that it is probable that the flow of economic benefits to the Authority will occur and can be reliably measured.

Income has been aggregated according to its nature and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

Fees and charges

Revenues from fees and charges are derived from the provision of goods and services to other SA Government agencies and to the public. This revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.

The Authority performs activities on behalf of the Government and other government agencies and reports these in the administered financial statements. Fines income from infringements issued to offenders, court fees and Victims of Crime levies are recognised at the time cash is received due to the uncertainty of amounts to be collected. From 3 February 2014 the Authority has continued to receive fines income, court fees and Victims of Crime levies in relation to fines enforcement activities which were transferred to the Attorney-General's Department and report the income in the Administered Financial Statements. Transcript fees are recognised upon delivery of the service. Recovery from other SA Government agencies for witness fees paid is included in other income when the witness fee expense is paid.

Sale of goods and services

Revenues from sales of goods and services are derived from the provision of goods and recouping of services to other SA Government agencies and to the public.

Contributions received (grants and transfers)

Contributions are recognised as an asset and income when the Authority obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met (ie the amount can be reliably measured and the flow of resources is probable).

Generally, the Authority has obtained control or the right to receive for:

- contributions with unconditional stipulations – this will be when the agreement becomes enforceable ie the earlier of when the receiving entity has formally been advised that the contribution (eg grant application) has been approved; agreement/contract is executed; and/or the contribution is received
- contributions with conditional stipulations – this will be when the enforceable stipulations specified in the agreement occur or are satisfied; that is income would be recognised for contributions received or receivable under the agreement.

The majority of contributions received by the Authority have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt.

Revenues from SA Government

Appropriations for activity funding are recognised as revenues when the Authority obtains control over the funding. Control over appropriations is normally obtained upon receipt.

Where money has been appropriated in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of the Authority and the appropriation is recorded as contributed equity.

(j) Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits from the Authority will occur and can be reliably measured.

Expenses have been aggregated according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

Superannuation
The amount charged to the Statement of Comprehensive Income represents the contributions made by the Authority to the superannuation plan in respect of current services of current staff. DTF centrally recognises the superannuation liability in the whole-of-government financial statements.

Depreciation and amortisation
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. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to tangible assets such as property, plant and equipment.

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 value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter.

Land, non-current assets held for sale and works of art are not depreciated. The Authority does not depreciate the works of art because it believes that works of art do not diminish in value over time.

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

Class of asset	*Useful life (years)*
Buildings and improvements	10-56
Building under finance lease	Life of lease
Leasehold improvements	Life of lease
Computing and office furniture and equipment	3-25
Library collections	5-25
Intangibles	3-7

Borrowing costs
All borrowing costs are recognised as expenses.

Disposal of non-current assets
Income from the disposal of non-current assets is recognised when the control of the asset has passed to the buyer and has been determined by comparing proceeds with the carrying amount. When revalued assets are sold, the revaluation surplus is transferred to retained earnings.

Losses on disposal of equipment are recognised at the date control of the asset is passed to the buyer and are determined after deducting the cost of the asset from the proceeds at that time.

Payments to SA Government
Payments to the SA Government include proceeds from the sale of assets, taxation revenues and expiation fees received on behalf of the Government and paid directly to the Consolidated Account.

The Authority makes payments pursuant to the *Remuneration Act 1990* to members of the judiciary and receives reimbursement for these and other expenses paid on behalf of other agencies. It is dependent on support from the Crown to meet accruing judicial entitlement obligations recognised in the financial statements.

(k) Current and non-current classification
Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within 12 months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the Authority has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

(l) Assets

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position include cash at bank and on hand and other short-term, highly liquid investments with maturities of three months or less that are readily converted to cash and which are subject to insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above. Cash is measured at nominal value.

Receivables

Receivables include amounts receivable from goods and services, GST input tax credits recoverable, prepayments and other accruals.

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

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Authority will not be able to collect the debt. Bad debts are written off when identified.

Non-current assets

- *Acquisition and recognition*

  Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation.

  Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructuring of administrative arrangements then the assets are recorded at the value recorded by the transferor prior to the restructure.

  All non-current tangible assets with a value equal to or in excess of $5000 are capitalised. Items of property, plant and equipment and infrastructure costing less than $5000 are immediately expensed to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

- *Revaluation of non-current assets*

  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.

  Every three years, the Authority revalues its land, buildings and improvements and library collections with the exception of the Authority's finance lease relating to the Sir Samuel Way building, via internal estimates based on indices or recent transactions. A valuation appraisal by an independent Certified Practicing Valuer is performed at least every six years.

  If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

  Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value (refer note 19).

  Any revaluation increment is credited to the revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as expense, in which case the increase is recognised as income. Any revaluation decrease is recognised as expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the revaluation surplus to the extent of the credit balance existing in revaluations surplus for that asset class.

- *Revaluation of non-current assets (continued)*
  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.

  Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

- *Impairment*
  All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

  For revalued assets, an impairment loss is offset against the revaluation surplus.

Intangible assets
An intangible asset is an identifiable non-monetary asset without physical substance and is measured at cost. The majority of the intangible assets of the Authority is software. 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 Authority only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets are reviewed on an annual basis.

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 $5000.

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

Subsequent expenditure on intangible assets has not been capitalised. This is because the Authority has been unable to attribute this expenditure to the intangible asset rather than to the Authority as a whole.

Fair value measurement
AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

The Authority classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation.

Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.

Level 3: not traded in an active market and are derived from unobservable inputs.

Non-financial assets
In determining fair value, the Authority has taken into account the characteristic of the asset (eg condition and location of the asset and any restrictions on the sale or use of the asset) and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

The Authority's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As the Authority did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

The carrying amount of non-financial assets with a fair value at the time of acquisition that was less than $1 million or had an estimated useful life that was less than three years is deemed to approximate fair value.

Refer notes 18 and 21 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

Financial assets/liabilities
The Authority does not recognise any financial assets or financial liabilities at fair value.

(m) Liabilities
Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Payables
Payables include creditors, accrued expenses, GST payable, employment on-costs and Paid Parental Leave Scheme payable.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Authority.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

The Paid Parental Leave Scheme payable represents amounts which the Authority has received from the Commonwealth Government to forward onto eligible employees via the Authority's standard payroll processes. That is, the Authority is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance Office.

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Employee benefits on-costs include payroll tax, WorkCover levies and superannuation contributions in respect to outstanding liabilities for salaries and wages, LSL, annual leave and SERL.

The Authority 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 balance date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

Financial liabilities
The Authority measures financial liabilities at historical cost.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement.

The Authority has entered into finance leases and operating leases.

- *Finance leases*
  Finance leases, which transfer to the Authority substantially all the risks and benefits/rewards incidental to ownership of the leased assets, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments.

  Minimum lease payments are allocated, between interest expense/borrowing costs and reduction of the lease liability, to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

  Where there is no reasonable assurance that the Authority will obtain ownership of the capitalised asset at the end of the lease term, the asset is amortised over the shorter of the lease term and its useful life.

- *Operating leases - the Authority as lessee*
  Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.

  Courts premises in four country centres are provided by a Public Private Partnership arrangement between the State and Plenary Justice Pty Ltd. It is accounted for as an operating lease. As the arrangement is for a 25 year period from 2005 the Authority has a substantial future commitment for servicing costs but has no right to obtain ownership.

- *Operating leases - the Authority as lessee (continued)*
  The aggregate benefit of lease incentives received by the Authority in respect of operating leases have been recorded as a reduction of rental expense over the lease term, on a straight-line basis.

- *Operating lease - the Authority as lessor*
  The Authority leases commercial spaces to external parties through operating leases. Income derived from these leases is recognised as rental recovery income in the Statement of Comprehensive Income in the period in which it is earned.

Employee benefits
These benefits accrue for employees 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.

- *Salaries, wages, annual leave, SERL and sick leave*
  The liability for salary 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 SERL liability are expected to be payable within 12 months and are measured at the undiscounted amount expected to be paid. Where annual leave liability is expected to be payable later than 12 months, the liability is measured at present value.

  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.

- *LSL*
  The liability for LSL 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 estimated liability for LSL is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

  The LSL liability has been allocated between current and non-current liabilities using the average leave pattern history of previous years.

Provisions
Provisions are recognised when the Authority has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Authority expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the Statement of Financial Position date. If the effect of the time value of money is material, provisions are discounted for the time value of money and the risks specific to the liability.

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2014 provided by a consulting actuary engaged through the Public Sector Workforce Relations Division of DPC. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

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

(n) Unrecognised contractual commitments and contingent assets and liabilities
Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

(n) Unrecognised contractual commitments and contingent assets and liabilities (continued)

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.

3. New and revised accounting standards and policies

The Authority did not voluntarily change any of its accounting policies during 2013-14.

In accordance with the new AASB 13, which became effective for the first time in 2013-14, the Authority has:

- reviewed its fair value valuation techniques (both internal estimates and independent valuation appraisal) for non-financial assets to ensure they are consistent with the standard. Previously, the Authority has used the cost approach or the market approach to determine fair value. The Authority will continue to measure its non-financial assets using either the cost or market approach. The application of AASB 13 has not had a material impact on the fair value measurements
- included additional disclosures where required to assist users in assessing the valuation techniques and inputs used to ascertain fair value measurements used for asset and liability measurements.

Fair value hierarchy and other information is provided in notes 18 and 21.

AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Authority for the period ended 30 June 2014. The Authority has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Authority.

4. Activities of the Authority

In achieving its objectives, the Authority provides a range of services classified into the following activities:

Activity 1: Court and Tribunal Case Resolution Services

The resolution of criminal, civil, appellate, coronial and probate matters in the State's courts and tribunals.

Activity 2: Alternative Dispute Resolution Services

Services for resolving disputes between citizens, and disputes between citizens and the State; as well as the education, training, information and advice processes, which aim to prevent disputes.

Activity 3: Penalty Management Services

The management of penalties arising from court orders, the enforcement of court orders as well as the recovery of debts, and the administration and execution of warrants.

The management of penalties imposed in the criminal jurisdiction transferred to the FERU in the Attorney-General's Department from 3 February 2014. Limited fines collection services performed on behalf of the FERU have been transferred to Activity 1 from this date.

General/Not attributable: Certain items of the Authority are not allocated to activities.

The disaggregated disclosures schedules present expenses, income, assets and liabilities information attributable to each of the activities for the years ended 30 June 2013 and 30 June 2014.

5. Employee benefits expenses

	2014	2013
	$'000	$'000
Salaries and wages	39 345	41 203
TVSPs (refer below)	481	-
LSL	1 398	447
Annual leave	3 921	3 910
SERL	185	218
Employment on-costs - superannuation	4 707	4 761
Employment on-costs - payroll tax	2 454	2 502
Board and committee fees	53	64
Workers compensation	17	21
Other employee related expenses	96	72
Total employee benefits expenses	52 657	53 198

5. Employee benefits expenses (continued)

TVSPs	2014 $'000	2013 $'000
Amount paid during the reporting period to separated employees:		
TVSPs	481	-
Annual leave, LSL and SERL paid to those employees	125	-
	606	-
Recovery from DTF	-	-
Net cost to the Authority	606	-

The number of employees who received a TVSP during 2014 was 6 (0). The recovery will be received from DTF in the next financial year.

Remuneration of employees	2014	2013
The number of employees whose remuneration received or receivable falls within the following bands:	Number	Number
$141 500 - $151 499*	7	1
$161 500 - $171 499*	2	-
$171 500 - $181 499	-	1
$191 500 - $201 499	1	-
$201 500 - $211 499	1	2
$211 500 - $221 499	1	-
$221 500 - $231 499	-	1
$231 500 - $241 499	2	2
$241 500 - $251 499	1	-
$261 500 - $271 499	1	-
$281 500 - $291 499	-	1
$311 500 - $321 499*	1	-
Total	17	8

* Increase in number of employees due to TVSP payments and termination payout in 2014

The table includes all employees who 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, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any FBT paid or payable in respect of those benefits. The total remuneration received by these employees for the year was $3.3 million ($1.7 million).

6. Supplies and services

	2014 $'000	2013 $'000
Accommodation and services	14 144	14 440
Circuit and travel expenses	1 004	1 508
Computing and communications	5 655	5 406
Consultancy, contractors and temp staff	1 249	1 141
Court expenses	1 247	1 990
Operating leases	237	266
Staff development and training	409	576
Equipment purchases and repairs	275	299
Coronial charges	3 923	3 731
Jurors' expenses	1 642	2 030
Sheriff's officer payments	1 096	1 097
Other administration expenses	2 885	3 522
Total supplies and services	33 766	36 006

	2014		2013	
The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:	Number	$'000	Number	$'000
Below $10 000	2	4	5	20
$10 000 - $50 000	2	53	-	-
Total paid/payable to consultants engaged	4	57	5	20

7. Depreciation and amortisation expenses

	2014	2013
Depreciation:	$'000	$'000
Buildings and improvements	3 675	3 538
Computing and office furniture and equipment	1 203	1 095
Library collections	1 611	1 444
Total depreciation	6 489	6 077
Amortisation:		
Leasehold improvements	1 336	1 310
Building under finance lease	830	830
Intangibles	60	87
Total amortisation	2 226	2 227
Total depreciation and amortisation expenses	8 715	8 304

8. Borrowing costs

Interest expense on financial lease liability	858	924
Total borrowing costs	858	924

The Authority occupies the Sir Samuel Way building under a 40 year non-cancellable finance lease which expires in 2023. The nominal interest rate on the lease was at 5.63% (5.63%).

The Authority is responsible for all maintenance costs and paid a contingent rental of $4.168 million ($4.034 million) which will increase each year by the amount obtained by applying the rate of CPI increase in the previous year to the combined total of the previous year's rental and finance lease repayments.

9. Other expenses

	2014	2013
	$'000	$'000
Workers compensation	383	187
Audit fees	338	226
Contributions	485	500
Total other expenses	1 206	913

10. Auditor's remuneration

Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	135	125
Total audit fees	135	125

No other services were provided by the Auditor-General's Department.

Auditor's remuneration costs are recognised in the Statement of Comprehensive income (refer note 9).

11. Net loss from disposal of non-current assets

Proceeds from disposal of assets	-	-
Carrying value of assets disposed	-	4
Total net loss from disposal of non-current assets	-	4

12. Revenues from fees and charges

Licence disqualification and reminder fees	1 906	3 159
Sheriff's officer fees	2 135	2 016
Other regulatory fees	1 005	948
Total revenues from fees and charges	5 046	6 123

13. Sales of goods and services

Sale of electronic information	275	416
Services	106	107
Rent recoveries	290	246
Total sales of goods and services	671	769

14. Grants and transfers

Court Assessment Referral Drug Scheme	-	203
Industrial Court - Sheriff's officer services	61	59
FERU transfers	412	-
National Judiciary Council	-	23
Total grants and transfers	473	285

15.	**Revenues from (Payments to) SA Government**	2014	2013
	Revenues from SA Government:	$'000	$'000
	Appropriations from Consolidated Account pursuant to the *Appropriation Act*	89 348	87 507
	Appropriations from the Governors Appropriation Fund	2 338	2 477
	Transfers from contingency provisions	115	1 191
	Total revenues from SA Government	91 801	91 175
	Payments to SA Government:		
	Return of surplus cash from sale of asset	-	21
	Total payments to SA Government	-	21

There were no material variations between the amount appropriated and the expenditure associated with this appropriation.

16.	**Cash and cash equivalents**		
	Deposits with the Treasurer	36 908	34 462
	Cash on hand	34	34
	Total cash and cash equivalents	36 942	34 496

Deposits with the Treasurer

Included $37.3 million ($31.8 million) held in the Accrual Appropriation Excess Funds Account. The balance of these funds is not available for general use, ie funds can only be used in accordance with the Under Treasurer's approval.

Interest rate risk

Cash on hand and deposits with the Treasurer are non-interest bearing. The carrying value of cash and cash equivalents represents fair value.

17.	**Receivables**	2014	2013
	Current:	$'000	$'000
	Receivables	519	278
	Accrued revenue	134	19
	GST input tax recoverable	586	752
	Prepayments	380	392
	Total receivables expected to be recovered within 12 months	1 619	1 441

Interest rate and credit risk

Receivables are raised at the time service is provided only where it is probable that the revenue will be received.

The Authority cannot be certain of receiving items such as reminder fees and Sheriff's officer fees until the payment is made. Receivables are normally settled within 30 days. Receivables, prepayments and accrued revenues are non-interest bearing and the carrying amounts approximate fair value. There is no concentration of credit risk.

(a) Maturity analysis of receivables - refer note 33.

(b) Categorisation of financial instruments and risk exposure information - refer note 33.

18.	**Property, plant and equipment**	2014	2013
	Land and buildings:	$'000	$'000
	Land at fair value	62 202	48 672
	Buildings and improvements at fair value	125 859	142 662
	Accumulated depreciation at 30 June	-	(7 015)
	Total land and buildings	188 061	184 319
	Assets under finance lease:		
	Buildings and improvements at net present value	33 191	33 191
	Accumulated amortisation at 30 June	(25 723)	(24 893)
	Total assets under finance lease	7 468	8 298
	Leasehold improvements:		
	Leasehold improvements at cost (deemed fair value)	7 899	7 492
	Accumulated amortisation at 30 June	(5 663)	(4 328)
	Total leasehold improvements	2 236	3 164

18. Property, plant and equipment (continued)

	2014	2013
Computing and office furniture and equipment:	$'000	$'000
Plant and equipment at cost (deemed fair value)	9 901	8 966
Accumulated depreciation at 30 June	(6 249)	(5 291)
Total plant and equipment	3 652	3 675
Capital work in progress:		
Capital work in progress	66	1 327
Total capital work in progress	66	1 327
Library collection:		
Library collections at fair value	15 553	14 453
Accumulated depreciation at 30 June	(4 333)	(2 721)
Total library collection	11 220	11 732
Works of art and collections:		
Works of art and collections at fair value	107	107
Total works of art and collections	107	107
Total property, plant and equipment	212 810	212 622

Valuation of land and buildings

The valuation of land and buildings were performed by an independent Certified Practising Valuer from Liquid Pacific Pty Ltd as at 30 June 2014.

The valuer arrived at fair value using the market approach. The valuation was based on recent market transactions for similar land and buildings (non-specialised) in the area and includes adjustment for factors specific to the land and building being valued such as size and location.

The valuer used depreciated replacement cost for specialised buildings, due to there not being an active market for such buildings. The depreciated replacement cost considered the need for ongoing provision of Government services; specialised nature of the assets, including the restricted use of the assets; the size, condition, location and current use of the assets. The valuation was based on a combination of internal records, specialised knowledge and the acquisition/transfer costs.

Carrying amount of computing and office furniture and equipment

All items of computing and office furniture and equipment had a fair value at the time of acquisition that was less than $1 million and have not been revalued in accordance with APF III. The carrying value of these items is deemed to approximate fair value. These assets are classified at level 3 as there has been no subsequent adjustments to their value, except for management assumptions about the assets condition and remaining useful life.

Valuation of library collection

The valuation of library collections was performed by Valcorp Australia Pty Ltd as at 30 June 2011. The independent valuer arrived at fair value based on the market buying price of the collection.

The library collections was reviewed by management during 2014 based on a combination of internal records and annual price movement of books and found that the net book value appropriately reflects the fair value.

Impairment

There were no indications of material impairment of property, plant and equipment assets at 30 June 2014.

19. Reconciliation of non-current assets

The following table shows the movement of non-current assets during 2013-14:

2014	Land $'000	Buildings & imprvmnts $'000	Building under finance lease $'000	Buildings - leasehold imprvmnts $'000	Total land & buildings $'000
Carrying amount at 1 July	48 672	135 647	8 298	3 164	195 781
Additions	-	900	-	37	937
Transfers	-	956	-	371	1 327
Revaluation increment (decrement)	13 530	(7 969)	-	-	5 561
Disposals through administrative restructure	-	-	-	-	-
Depreciation and amortisation	-	(3 675)	(830)	(1 336)	(5 841)
Carrying amount at 30 June	62 202	125 859	7 468	2 236	197 765

19. Reconciliation of non-current assets (continued)

2014 (continued)	Computing & office furniture & equipment $'000	Library collections $'000	Works of art & collections $'000	Capital work in progress $'000	Total property, plant & equipment $'000
Carrying amount at 1 July	3 675	11 732	107	1 327	212 622
Additions	1 190	1 099	-	66	3 292
Transfers	-	-	-	(1 327)	-
Revaluation increment (decrement)	-	-	-	-	5 561
Disposals through administrative restructure	(10)	-	-	-	(10)
Depreciation and amortisation	(1 203)	(1 611)	-	-	(8 655)
Carrying amount at 30 June	3 652	11 220	107	66	212 810

	Other computer software & licence $'000	Total intangible assets $'000
Carrying amount at 1 July	164	164
Additions	72	72
Depreciation and amortisation	(60)	(60)
Carrying amount at 30 June	176	176

2013	Land $'000	Buildings & imprvmnts $'000	Building under finance lease $'000	Buildings - leasehold imprvmnts $'000	Total land & buildings $'000
Carrying amount at 1 July	48 672	137 344	9 128	4 474	199 618
Additions	-	1 806	-	-	1 806
Disposals	-	-	-	-	-
Transfers	-	35	-	-	35
Depreciation and amortisation	-	(3 538)	(830)	(1 310)	(5 678)
Carrying amount at 30 June	48 672	135 647	8 298	3 164	195 781

	Computing & office furniture & equipment $'000	Library collections $'000	Works of art & collections $'000	Capital work in progress $'000	Total property, plant & equipment $'000
Carrying amount at 1 July	3 832	12 028	107	91	215 676
Additions	956	1 148	-	1 271	5 181
Disposals	(4)	-	-	-	(4)
Transfers	(14)	-	-	(35)	(14)
Depreciation and amortisation	(1 095)	(1 444)	-	-	(8 217)
Carrying amount at 30 June	3 675	11 732	107	1 327	212 622

	Other computer software & licence $'000	Total intangible assets $'000
Carrying amount at 1 July	195	195
Additions	42	42
Transfers	14	14
Depreciation and amortisation	(87)	(87)
Carrying amount at 30 June	164	164

20. Intangible assets

	2014	2013
Computer software:	$'000	$'000
Internally developed computer software	7 688	7 688
Accumulated amortisation	(7 688)	(7 688)
Other computer software and licences	611	704
Accumulated amortisation	(435)	(540)
Total computer software and licences	176	164

Impairment

There were no indications of impairment on intangible assets at 30 June 2014.

21. Fair value measurement

Fair value hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement for disclosure purposes. The Authority categorises non-financial assets measured at fair value into hierarchy based on the level of inputs use in measurement.

Fair value measurements recognised in the Statement of Financial position are categorised into the following levels at 30 June 2014

The Authority had no valuations categorised into level 1.

Fair value measurements:

2014		Level 2	Level 3	Total
Recurring fair value measurements:	Note	$'000	$'000	$'000
Buildings	18	2 633	123 226	125 859
Land	18	62 202	-	62 202
Assets under finance lease	18	-	7 468	7 468
Leasehold improvements	18	-	2 236	2 236
Computing and office furniture & equipment	18	-	3 652	3 652
Library collections	18	-	11 220	11 220
Works of art and collections	18	-	107	107
Total recurring fair value measurements		64 835	147 909	212 744
Total fair value measurements		64 835	147 909	212 744

Comparative information for non-financial assets has not been provided as permitted by the transitional provisions of the new standard.

Valuation techniques and inputs

Valuation techniques used to derive level 2 and 3 fair values are at note 18. There were no changes in valuation techniques during 2014.

Quantitative information about fair value measurement using significant unobservable inputs for category level 3.

Description	*Fair value $'000*	*Valuation technique*	*Unobservable inputs*	*Range*		
					$/m²	*Effective life (years)*
Buildings	123 226	Depreciated replacement cost(1)	Replacement cost	-	$600-$8 000	40-60
Assets under finance lease	7 468	Amortised cost	Net present value - life of lease	Cost at inception	-	40
Leasehold improvements	2 236	Depreciated cost(2)	Life of lease	-	-	3-5
Computing and office furniture and equipment	3 652	Depreciated cost(2)	Replacement cost useful life	At cost	-	3-25
Library collections	11 220	Depreciated replacement cost	Replacement cost and useful life	-	-	5-25
Works of art and collections	107	Replacement cost(2)	Replacement cost	At cost	-	-

(1) Due to the highly specialised nature of the assets, fair value was determined using depreciated replacement cost approach.

Valuation techniques and inputs (continued)

(2) As per APF III, APS 3.13, assets below the revaluation threshold are deemed to have been revalued to their fair values immediately following recognition at cost.

Reconciliation of fair value measurements - level 3:

	Buildings & imprvmnts $'000	Assets under finance lease $'000	Leasehold imprvmnts $'000	Computing & office furniture & equipment $'000	Library collections $'000	Works of art & collections $'000	Total $'000
Opening balance at 1 July	132 790	8 298	3 164	3 675	11 732	107	159 766
Acquisition	1 856	-	37	1 190	1 099	-	4 182
Transfers from WIP	-	-	371	-	-	-	371
Total gain (loss) for the period in other comprehensive income:							
Revaluation increment (decrement)	(7 864)	-	-	-	-	-	(7 864)
Total gain (loss) for the period recognised in net result:*							
Depreciation	(3 556)	(830)	(1 336)	(1 203)	(1 611)	-	(8 536)
Disposals through administrative restructures	-	-	-	(10)	-	-	(10)
Closing balance at 30 June	123 226	7 468	2 236	3 652	11 220	107	147 909

* Of the gains and losses, $8.5 million is attributable to the change in unrealised gains or losses for assets held at the end of the reporting period.

22. Payables

	2014	2013
Current:	$'000	$'000
Creditors	475	465
Accrued expenses	1 947	2 857
Accrued capital expenditure	143	750
Employment on-costs	559	568
Paid Parental Leave Scheme payable	6	12
Total current payables	3 130	4 652
Non-current:		
Employment on-costs	780	831
Total non-current payables	780	831
Total payables	3 910	5 483

As a result of an actuarial assessment performed by DTF, the percentage of the proportion of LSL taken as leave remained at the 2013 rate of 40% and the average factor for the calculation of employer superannuation cost on-cost has remained at the 2013 rate of 10.3%. These rates are used in the employment on-cost calculation (refer note 23).

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

Categorisation of financial instruments and risk exposure information - refer note 33.

23. Employee benefits

	2014	2013
Current:	$'000	$'000
Accrued salaries and wages	172	-
Annual leave	2 420	2 642
LSL	1 247	1 357
SERL	245	218
Total current employee benefits	4 084	4 217
Non-current:		
Annual leave	283	267
LSL	7 942	8 546
Total non-current employee benefits	8 225	8 813
Total employee benefits	12 309	13 030

23. Employee benefits (continued)

AASB 119 contains the calculation methodology for LSL liability. The actuarial assessment performed by DTF has provided a set level of liability for the measurement of LSL.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has decreased from 2013 (3.75%) to 2014 (3.5%).

This decrease in the bond yield, which is used as the rate to discount future LSL cash flows, results in an immaterial increase in the reported LSL liability. The impact on future periods is impracticable to measure as the LSL liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

The actuarial assessment performed by DTF left the salary inflation rate at 4%. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

24. Provisions

	2014	2013
Current:	$'000	$'000
Provision for workers compensation	381	369
Total current provisions	381	369
Non-current:		
Provision for workers compensation	1 402	1 522
Total non-current provisions	1 402	1 522
Total provisions	1 783	1 891
Carrying amount at 1 July	1 891	1 979
Reductions arising from payments/other sacrifice of future economic benefits	(489)	(295)
Reductions resulting from re-measurement or settlement without cost	(228)	(185)
Additional provisions recognised	609	392
Carrying amount at 30 June	1 783	1 891

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Public Sector Workforce Relations Division of DPC.

25. Other liabilities

	2014	2013
Current:	$'000	$'000
Unearned revenue	267	191
Unclaimed money	168	145
Total other liabilities	435	336

26. Finance lease liabilities/commitments

Finance lease commitments

Future minimum lease payments under finance lease of the Sir Samuel Way Building, expiring in 2023, together with the present value of net minimum lease payments are as follows:

	2014	2013
Payable no later than one year	6 427	6 243
Payable later than one year but not later than five years	25 705	24 972
Payable later than five years	25 705	31 214
Total minimum lease payments	57 837	62 429
Future finance charges and contingent rentals	(43 204)	(46 580)
Total finance lease commitments - non-cancellable	14 633	15 849
Present value of finance leases payable as follows:		
Within one year	1 286	1 216
Later than one year but not later than five years	5 930	5 607
Later than five years	7 417	9 026
Total present value of minimum lease payments	14 633	15 849
Included in the financial statements as:		
Current financial liabilities	1 286	1 216
Non-current financial liabilities	13 347	14 633
Total present value of minimum lease payments	14 633	15 849

The weighted average interest rate implicit in the lease is 5.63% (5.63%).

27. Unrecognised contractual commitments

Expenditure commitments - remuneration

Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at the reporting date but not recognised as liabilities in the financial report, are payable as follows:

	2014 $'000	2013 $'000
Within one year	1 379	1 365
Later than one year but not later than five years	2 268	2 610
Total remuneration commitments	3 647	3 975

Amounts disclosed include commitments arising from executive and other contracts for non-executives. The Authority does not offer fixed-term remuneration contracts greater than five years.

Expenditure commitments - other

Commitments in relation to a Public Private Partnership arrangement for regional court premises and other operating expenses not recognised as liabilities in the financial report, are payable as follows:

	2014 $'000	2013 $'000
Within one year	2 934	2 467
Later than one year but not later than five years	9 966	9 431
Later than five years	33 198	35 749
Total other commitments	46 098	47 647

The commitment in relation to a Public Private Partnership arrangement for 2013 has been restated to include items that were omitted in 2013.

Operating lease commitments as lessee

Commitments in relation to equipment and accommodation operating leases contracted for at the reporting date but not recognised as liabilities in the financial report, are payable as follows:

	2014 $'000	2013 $'000
Within one year	1 325	1 548
Later than one year but not later than five years	1 443	2 045
Total operating lease commitments - all non-cancellable	2 768	3 593

Operating lease commitments as lessor

Commitments in relation to accommodation operating leases contracted for at the reporting date but not recognised as receivable in the financial report, are receivable as follows:

Within one year	208	215
Later than one year but not later than five years	561	757
Later than five years	-	17
Total operating lease commitments - all non-cancellable	769	989

28. Contingent assets and liabilities

The Authority has no material contingent assets or liabilities as at 30 June 2014 ($0).

29. Transferred function

Net assets transferred out

The Public Sector (Reorganisation of Public Sector Operations) Notice 2013 (dated 30 January 2014) declared that the management of penalties imposed in the criminal jurisdiction transferred from the Authority to the FERU in the Attorney-General's Department, effective 3 February 2014. The following assets and employee liabilities were transferred to the FERU:

	2014 $'000
Deposits with the Treasurer	905
Property, plant and equipment	10
Total assets	915
Payables	93
Employee benefits	812
Total liabilities	905
Total net assets transferred	10

Net assets transferred out (continued)

Net assets transferred by the Authority as a result of the administrative restructure were at the carrying amount. The net assets transferred were treated as a distribution to the Government as owner.

30. Remuneration of board and committee members

Members of/Assessors in the board and committees during the 2013-14 financial year were:

Administrative and Disciplinary Division of the District Court

Mr Adrian Jackson
Ms Polly Sumner-Dodd (expired 13.04.14)
Ms Betty Richards (expired 14.05.14)
Ms Julia Hanna
Ms Florina D'Sylvia
Ms Astrid Birgden
Mr Colin Field
Mr Mark Leach*
Mr Garry Raymond*
Mr Stephen Kemp
Mr Gary McDougall
Mr Alan Tregilgas (expired 15.02.14)
Ms Valerie Walsh (expired 14.05.14)
Mr Dennis Shipp
Ms Robyn Buckler (expired 31.12.13)
Ms Nola Beck
Mr Ian Butterworth
Mr Marc Cheney (expired 14.05.14)
Ms Catherine Cooper
Mr Andrew Forrest
Mr John Furbank
Ms Roseanne Healy
Ms Robin James
Mr Harry Klavins
Mr David Round
Mr Rod Shogren
Mr Charles MacDonald
Ms Lyn English (expired 18.07.13)
Mr Arch Boonen (expired 14.05.14)
Mr Jaroslaw Frankiw (expired 31.12.13)
Ms Christine Bindon
Mr Andrew Day (expired 14.05.14)
Mr James Hundertmark
Ms Karen Monaghan
Mr Leonard White
Ms Karen Lehman
Mr Gary Martin
Ms Ann Rungie (expired 15.02.14)
Mr William Waterhouse (expired 14.05.14)
Mr Robin Turner (expired 14.05.14)
Mr Edward Woodley
Mr Michael Pohl (expired 31.12.13)
Mr John Adley
Mr Trevor Blackburn
Mr Brenton Caddle
Mr Oliver Clark
Mr Nick Giannetta
Mr John Hitchcock
Mr John Jansse
Mr William Ryan
Mr Roger Stainer
Ms Susan Visser (expired 14.05.14)
Mr Robert Rawson
Mr Ralph Scutella
Ms Janina Gipslis
Mr Hans Sandstrom
Mr Mark Oldfield (expired 31.12.13)
Mr Darryl Watson (expired 15.12.13)
Mr Abdulghani Usman
Mr Christopher Shinners
Ms Jennifer Everett
Ms Patricia Kent
Ms Sharon Olsson
Mr Timothy Crowley
Mr Ian MacDonald
Ms Barbara Rajkowaka
Ms Elaine Attwood (expired 31.12.13)
Ms Rhonda Smith (expired 15.02.14)
Mr John Walker
Ms Patricia Johnson (expired 14.05.14)
Ms Gabrielle Canny
Mr Andrew Clark
Mr Warren Hall
Mr Philip Hoffman
Ms Elizabeth Bachmann
Mr Stephen Fribbins
Ms Marilyn Sheffield
Ms Jean Hutchinson
Mr Leroy Uren (expired 14.05.14)
Mr Brenton Trenorden
Mr David Kelly

Training Centre Review Board

Mr David Branson
Ms Branka King
Ms Kathryn Stone*
Mr Stewart Dodd*
Ms Katrina Dee*
Ms Lynette Pugh*
Mr Darryn Keneally
Mr Robert Gray*
Mr Christopher Zanker*
Mr Philip Fagan-Schmidt*
Ms Ester Huxtable
Mr Christopher Boltje*
Ms Nancy Penna
Ms Tiffany Downing*
Mr Gregory Forrest*
Ms Shona Reid*
Mr Barry Jennings
Mr Dale Agius (appointed 08.08.13)*

Equal Opportunity Tribunal

Ms Helena Jasinski
Mr David Shetliffe
Ms Elizabeth Bachmann
Mr Hau Yapp
Mr Richard Altman

State Courts Administration Council

Chief Justice Christopher Kourakis
Chief Magistrate Elizabeth Bolton
Judge David Lovell
Chief Judge Geoffrey Muecke
Justice Timothy Stanley
Magistrate Dr Andrew Cannon

Information Technology Committee

Chief Justice Christopher Kourakis
Chief Judge Geoffrey Muecke
Chief Magistrate Elizabeth Bolton
Ms Julie-Anne Burgess*
Ms Sarah Philpott*
Mr David Menzies*
Mr Shaun Matters*
Ms Lynette Duncan*

Audit and Risk Management Committee

Justice Timothy Stanley
Judge David Lovell
Mr Brian Morris (appointed 01.03.14)
Magistrate Dr Andrew Cannon

30. Remuneration of board and committee members (continued)

The number of members who have been called and received remuneration that falls within the following bands:	2014 Number	2013 Number
$0 - $9 999	20	19
$10 000 - $19 999	-	1
Total	20	20

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and any FBT paid or payable in respect of these benefits. The total remuneration received/receivable by members was $50 000 ($62 000).

* In accordance with DPC Circular 16, government employees did not receive any remuneration for board/committee duties during the financial year.

The District Court and Youth Court judges are presiding officers of the boards. Various Acts confer a jurisdiction upon the District Court in its Administrative and Disciplinary Division and the Youth Court in the Training Centre Review Board. *The District Court Act 1991* and *Young Offenders Act 1993* specify the proceedings process when the matters are referred to the boards for hearing.

Unless otherwise disclosed, transactions between members are on conditions no more favourable than those it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

31. Cash flow reconciliation

Reconciliation of cash and cash equivalents at 30 June:	2014 $'000	2013 $'000
Cash and cash equivalents disclosed in the Statement of Financial Position	36 942	34 496
Balance as per the Statement of Cash Flows	36 942	34 496

Reconciliation of net cash provided by (used in) operating activities to net cost of providing services

Net cash provided by (used in) operating activities	7 577	7 557
Revenues from SA Government	(91 801)	(91 175)
Payments to SA Government	-	21
Non-cash items:		
Depreciation/Amortisation	(8 715)	(8 304)
Loss from disposal of assets	-	(4)
Movements in assets/liabilities:		
Receivables	246	18
Other assets	(15)	(63)
Employee benefits	721	454
Payables	966	(771)
Provisions	108	88
Other liabilities	(99)	7
Net cost of providing services	(91 012)	(92 172)

32. Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature:

		SA Government		Non-SA Government		Total	
	Note	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Expenses							
Employee benefits expenses	5	2 471	2 523	50 186	50 675	52 657	53 198
Supplies and services:	6						
Accommodation and services		11 020	11 398	3 124	3 042	14 144	14 440
Circuit and travel expenses		-	-	1 004	1 508	1 004	1 508
Computing and communications		1 582	1 708	4 073	3 698	5 655	5 406
Consultancy, contractors and temp staff		-	-	1 249	1 141	1 249	1 141
Court expenses		240	988	1 007	1 002	1 247	1 990

32. Transactions with SA Government (continued)

		SA Government		Non-SA Government		Total	
		2014	2013	2014	2013	2014	2013
Expenses (continued)	Note	$'000	$'000	$'000	$'000	$'000	$'000
Supplies and services (continued):							
Operating leases		225	115	12	151	237	266
Staff development and training		3	4	406	572	409	576
Equipment purchases and repairs		-	-	275	299	275	299
Coronial charges		3 674	3 338	249	393	3 923	3 731
Jurors' expenses		-	-	1 642	2 030	1 642	2 030
Sherriff officer payments		-	-	1 096	1 097	1 096	1 097
Other administration expenses		408	435	2 477	3 087	2 885	3 522
Depreciation and amortisation	7	-	-	8 715	8 304	8 715	8 304
Borrowing costs	8	858	924	-	-	858	924
Other expenses:	9						
Workers compensation		-	-	383	187	383	187
Audit fees		-	-	203	101	203	101
Contributions		485	500	-	-	485	500
Auditor's remuneration	10	135	125	-	-	135	125
Revenues from (Payments to) SA Government	15						
Payments to SA Government		-	21	-	-	-	21
Total expenses		21 101	22 079	76 101	77 287	97 202	99 366
Income							
Revenues from fees and charges	12	-	-	5 046	6 123	5 046	6 123
Sales of goods and services:	13						
Sale of electronic information		-	8	275	408	275	416
Services		13	-	93	107	106	107
Rent recoveries		83	44	207	202	290	246
Grants and transfers	14	473	262	-	23	473	285
Revenues from (Payments to) SA Government	15						
Revenues from SA Government		91 801	91 175	-	-	91 801	91 175
Total income		92 370	91 489	5 621	6 863	97 991	98 352
Financial assets							
Receivables:	17						
Receivables		284	65	235	213	519	278
Accrued revenues		112	18	22	1	134	19
GST input tax recoverable		-	-	586	752	586	752
Prepayments		-	-	380	392	380	392
Other assets		-	-	33	36	33	36
Total financial assets		396	83	1 256	1 394	1 652	1 477
Financial liabilities							
Payables:	22						
Creditors		421	310	54	155	475	465
Accrued expenses		976	2 301	1 114	1 306	2 090	3 607
Employment on-costs		643	681	696	718	1 339	1 399
Paid Parental Leave Scheme payable		-	-	6	12	6	12
Borrowings:	26						
Finance lease liabilities		14 633	15 849	-	-	14 633	15 849
Other liabilities	25	41	-	394	336	435	336
Total financial liabilities		16 714	19 141	2 264	2 527	18 978	21 668

33. Financial instruments/Financial risk management

(a) 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 assets, financial liability and equity instrument are disclosed in note 2.

	Note	2014 Carrying amount $'000	2013 Carrying amount $'000
Financial assets:			
Cash and cash equivalents	16	36 942	34 496
Loans and receivables:	17		
Receivables(1)(2)		653	297
Total financial assets at cost		37 595	34 793
Financial liabilities:			
Financial liabilities at cost:			
Payables(1)	22	2 391	3 913
Financial liabilities	26	14 633	15 849
Total financial liabilities at cost		17 024	19 762

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (eg Commonwealth, State and Local Government taxes, fees and charges; audit fees payable to the Auditor- General's Department etc). 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 levy receivable/payables, tax equivalents, Commonwealth tax etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

(2) Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 17 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 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.

Fair value

The Authority does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable.

- the carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer notes 2, 17, and 22).
- financial liabilities are initially recognised at fair value, plus any transaction cost directly attributable to the finance lease liabilities, then subsequently held at amortised cost. The fair value of the finance lease liabilities approximates the carrying amount, as the impact of discounting is not significant (refer notes 2 and 26).

(b) Credit risk

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

The carrying amount of financial assets as detailed in note 33(a) represents the Authority's maximum exposure to credit risk.

The Authority has no significant concentration of credit risk. The Authority has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Authority does not engage in any hedging activity.

Allowance for impairment of financial assets is calculated on past experience and current and expected changes in client credit rating. The Authority's financial assets are mainly cash and receivables which do not require any collateral as security. Other than receivables, there is no evidence to indicate that any financial assets are impaired.

(c) Ageing analysis of receivables

The following table discloses the ageing of financial assets, past due, including impaired assets past due:

	Past due by			
2014	Overdue for less than 30 days $'000	Overdue for 30-60 days $'000	Overdue for more than 60 days $'000	Total $'000
Not impaired:				
Receivables[1]	2	-	224	226
Total	2	-	224	226
2013				
Not impaired:				
Receivables[1]	6	15	8	29
Total	6	15	8	29

[1] Receivable amounts disclosed here exclude amounts relating to statutory receivables. 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 levy receivables/payables, tax equivalents, Commonwealth tax, audit receivables/payables etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. They are carried at cost.

(d) Maturity analysis

The financial assets and liabilities of the Authority are all current with maturity within the next 12 months, except finance lease liabilities (refer note 26 for the split of maturity by band of years) and employee on-costs which are not practical to split the maturity by band of years.

(e) Liquidity risk

Liquidity risk arises where the Authority is unable to meet its financial obligations as they are due to be settled. The Authority is funded principally from appropriations by the SA Government. The Authority works with DTF 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 continued existence of the Authority is dependent on State Government policy and on continuing appropriations by Parliament for the Authority's administration and programs. The Authority 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 Authority's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

The carrying amount of financial liabilities recorded in note 33(a) represent the Authority's maximum exposure to financial liabilities.

(f) Market risk

Market risk for the Authority is primarily through interest rate risk. Exposure to interest rate risk may arise through its borrowings from the Superannuation Funds Management Corporation of South Australia. There is no exposure to foreign currency or other price risk.

(g) Sensitivity disclosure analysis

A sensitivity analysis has not been undertaken for the interest rate risk of the Authority as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rate is immaterial.

Statement of Administered Comprehensive Income
for the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Expenses:			
Judicial benefits expenses	A4	38 042	38 658
Victims of Crime payments		13 815	22 077
Payments to the Fines Enforcement and Recovery Unit (FERU)		14 362	-
Payments to Consolidated Account		44 140	64 019
Other expenses		739	1 043
Total expenses		111 098	125 797
Income:			
Revenues from SA Government		38 042	38 658
Fines		21 516	33 896
Court fees		21 667	29 133
Victims of Crime levies		13 815	22 077
Transcript fees		1 133	1 392
FERU income		14 362	-
Other income		563	641
Total income		111 098	125 797
Net and total comprehensive result		-	-

Statement of Administered Financial Position
as at 30 June 2014

	Note	2014 $'000	2013 $'000
Current assets:			
Cash and cash equivalents	A5	5 375	8 491
Receivables	A6	5 221	5 359
Total current assets		10 596	13 850
Current liabilities:			
Payables	A7	4 399	8 648
Judicial benefits	A8	3 162	3 061
Other current liabilities	A9	103	88
Total current liabilities		7 664	11 797
Non-current liabilities:			
Payables	A7	1 448	1 375
Judicial benefits	A8	9 452	8 646
Total non-current liabilities		10 900	10 021
Total liabilities		18 564	21 818
Net assets		(7 968)	(7 968)
Equity:			
Accumulated deficit		(7 968)	(7 968)
Total equity		(7 968)	(7 968)

Statement of Administered Changes in Equity
for the year ended 30 June 2014

	Retained earnings $’000
Balance at 30 June 2012	(7 968)
Net result for 2012-13	-
Total comprehensive result for the year 2012-13	-
Balance at 30 June 2013	(7 968)
Net result for 2013-14	-
Total comprehensive result for the year 2013-14	-
Balance at 30 June 2014	(7 968)

Statement of Administered Cash Flows
for the year ended 30 June 2014

Cash flows from operating activities:	Note	2014 Inflows (Outflows) $’000	2013 Inflows (Outflows) $’000
Cash outflows:			
Judicial benefits		(37 140)	(38 980)
Payments to Consolidated Account		(48 486)	(60 304)
Victims of Crime payments		(15 672)	(22 048)
Payments to the FERU		(12 336)	-
Other payments		(740)	(1 075)
Cash provided by (used in) operations		(114 374)	(122 407)
Cash inflows:			
Receipts from SA Government		38 054	42 391
Fines		21 516	33 896
Court fees		21 626	28 879
Victims of Crime receipts		13 815	22 077
Transcript fees		1 193	1 330
FERU receipts		14 362	-
GST recovered from the ATO		75	115
Other receipts		617	705
Cash generated from operations		111 258	129 393
Net cash provided by (used in) operating activities	A10	(3 116)	6 986
Net increase (decrease) in cash and cash equivalents		(3 116)	6 986
Cash and cash equivalents at 1 July		8 491	1 505
Cash and cash equivalents at 30 June	A5	5 375	8 491

Schedule of Expenses and Income attributable to Administered Activities for the year ended 30 June 2014

(Activities - refer note A3)	Court and Tribunal Case Resolution Services		Penalty Management Services		Total	
	2014	2013	2014	2013	2014	2013
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000
Judicial benefits expenses	38 042	38 658	-	-	38 042	38 658
Victims of Crime payments	-	-	13 815	22 077	13 815	22 077
Payments to the FERU	14 362	-	-	-	14 362	-
Payments to Consolidated Account	16 118	18 890	28 022	45 129	44 140	64 019
Other expenses	576	647	163	396	739	1 043
Total expenses	69 098	58 195	42 000	67 602	111 098	125 797
Income:						
Revenues from SA Government	38 042	38 658	-	-	38 042	38 658
Fines	12	6	21 504	33 890	21 516	33 896
Court fees	14 986	17 498	6 681	11 635	21 667	29 133
Victims of Crime levies	-	-	13 815	22 077	13 815	22 077
Transcript fees	1 133	1 392	-	-	1 133	1 392
FERU income	14 362	-	-	-	14 362	-
Other income	563	641	-	-	563	641
Total income	69 098	58 195	42 000	67 602	111 098	125 797
Total comprehensive result	-	-	-	-	-	-

Notes to and forming part of the administered financial statements

A1. Objectives of the Courts Administration Authority (the Authority)

The objectives of the Authority outlined in note 1 for operating items apply equally to the administered financial statements.

A2. Summary of significant accounting policies

The policies of the Authority outlined in note 2 for operating items apply equally to the administered financial statements.

A3. Activities of the Authority

The activities the Authority administers are mainly comprised of the following transactions:

- Fines – the Authority receives revenue from infringements issued to offenders committing offences under various acts and regulations. This revenue is directly credited to the Consolidated Account.
- Court fees – the Authority processes revenue from fees charged under regulations to various Acts. Examples of these fees include lodgement fees in the various jurisdictions, enforcement fees imposed on outstanding matters and sale of evidence/transcript. This revenue is directly credited to the Consolidated Account.
- Judicial expenses – the Authority makes payments pursuant to the *Remuneration Act 1990* for the judiciary. These expenses include judicial salaries and associated on-costs (superannuation and payroll tax), judicial vehicle expenses and related FBT.
- Victims of Crime levy – the Authority collects Victims of Crime levies pursuant to the requirements of the *Victims of Crime Act 2001*. Monies collected are paid into the Victims of Crime Fund operated by the Attorney-General's Department.

Effective from 3 February 2014, the collection of fines related to criminal court orders, enforcement fees imposed on outstanding matters and the Victims of Crime levy has been transferred to Attorney-General's Department.

A3. Activities of the Authority (continued)

The activities used by the Authority for budgeting and reporting purposes are classified as follows:

Activity 1: Court and Tribunal Case Resolution Services

The resolution of criminal, civil, appellate, coronial and probate matters in the State's courts and tribunals.

Activity 3: Penalty Management Services

The management of penalties arising from court orders, the enforcement of court orders as well as the recovery of debts, and the administration and execution of warrants. The management of penalties has been transferred to the Attorney-General's Department effective 3 February 2014. Enforcement of civil court orders has been retained.

The Authority does not track assets and liabilities at the administered activity level and therefore figures cannot be reliably measured.

A4. Judicial benefits expenses

	2014	2013
	$'000	$'000
Salaries and wages	24 500	25 113
LSL	1 740	1 535
Annual leave	2 176	2 125
Employment on-costs - superannuation	5 992	5 992
Employment on-costs - payroll tax	1 786	1 813
Other judicial related expenses	1 848	2 080
Total judicial benefits expenses	38 042	38 658

Remuneration of Judiciary

	2014	2013
The number of judicial officers whose remuneration received or receivable falls within the following bands:	Number	Number
$141 500 - $151 499	-	1
$151 500 - $161 499	-	1
$191 500 - $201 499	1	3
$201 500 - $211 499	2	1
$231 500 - $241 499	-	1
$251 500 - $261 499	1	1
$271 500 - $281 499	-	1
$281 500 - $291 499	-	1
$291 500 - $301 499	-	1
$301 500 - $311 499	1	-
$311 500 - $321 499	2	9
$321 500 - $331 499	11	7
$331 500 - $341 499	5	4
$341 500 - $351 499	7	9
$351 500 - $361 499	6	2
$361 500 - $371 499	4	4
$371 500 - $381 499	2	3
$381 500 - $391 499	1	-
$391 500 - $401 499	1	1
$421 500 - $431 499	-	1
$431 500 - $441 499	1	-
$461 500 - $471 499	-	1
$471 500 - $481 499	-	16
$481 500 - $491 499	15	7
$491 500 - $501 499	9	-
$501 500 - $511 499	1	1
$521 500 - $531 499	1	-
$531 500 - $541 499	-	7
$541 500 - $551 499	-	4
$551 500 - $561 499	11	-
$561 500 - $571 499	-	1
$591 500 - $601 499	-	1
$611 500 - $621 499	1	-
$651 500 - $661 499	-	1
Total	83	90

Remuneration of Judiciary (continued)

The table includes all judicial officers who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of judicial officers reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice and fringe benefits and any FBT paid/payable in respect of those benefits. The total remuneration received by these judicial officers for the year was $34.6 million ($36 million).

A5. Administered cash and cash equivalents

	2014 $'000	2013 $'000
Deposits with the Treasurer	5 375	8 491

A6. Administered receivables

	2014 $'000	2013 $'000
Current:		
Debtors	957	940
Allowance for doubtful debts	(126)	(67)
Accrued revenue	4 373	4 466
GST input tax recoverable	17	20
Total administered receivables expected to be recovered within 12 months	5 221	5 359
Movements in the allowance for doubtful debts:		
Carrying amount at 1 July	67	126
Amounts written off	(49)	(59)
Increase in the allowance	108	-
Carrying amount at 30 June	126	67

A7. Administered payables

	2014 $'000	2013 $'000
Current:		
Creditors	188	197
Accrued expenses	3 567	7 841
Judicial benefits on-costs	644	610
Total current payables	4 399	8 648
Non-current:		
Judicial benefits on-costs	1 448	1 375
Total administered payables	5 847	10 023

As a result of an actuarial assessment performed by DTF, the percentage of the proportion of LSL taken as leave has remained at the 2013 rate of 40% which is used in the employment on-cost calculation. As a result, there is no net financial effect of the changes in the current financial year. The impact on future years is impractical to estimate (refer note A8).

A8. Judicial benefits

	2014 $'000	2013 $'000
Current:		
Accrued salaries and wages	103	-
Annual leave	1 409	1 383
LSL	1 650	1 678
Total current judicial benefits	3 162	3 061
Non-current:		
Annual leave	462	384
LSL	8 990	8 262
Total non-current judicial benefits	9 452	8 646
Total judicial benefits	12 614	11 707

AASB 119 contains the calculation methodology for LSL liability. The actuarial assessment performed by DTF has provided a set level of liability for the measurement of LSL.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has decreased from 2013 (3.75%) to 2014 (3.5%). This decrease in the bond yield, which is used as the rate to discount future LSL cash flows, results in a minor increase in the reported LSL liability. The impact on future periods is impractical to estimate as the LSL liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

A8. Judicial benefits (continued)

The Authority has used the average leave pattern history of previous years to allocate the current and non-current liability (refer note A7).

A9. Administered other liabilities

	2014	2013
Current:	$'000	$'000
Unclaimed money	103	88
Total other liabilities	103	88

A10. Administered cash flow reconciliation

	2014	2013
Reconciliation of cash and cash equivalents at 30 June:		
Cash and cash equivalents disclosed in the Statement of Administered Financial Position	5 375	8 491
Balance as per the Statement of Administered Cash Flows	5 375	8 491

Reconciliation of net cash provided by (used in) administered activities to total comprehensive result

	2014	2013
Net cash provided by (used in) operating activities	(3 116)	6 986
Non-cash item:		
Doubtful debts and bad debts expenses	(108)	-
Movements in administered assets/liabilities:		
Receivables	(30)	(3 417)
Judicial entitlements	(907)	159
Payables	4 161	(3 728)
Total comprehensive result from administered activities	-	-

A11. Administered transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature:

		SA Government		Non-SA Government		Total	
		2014	2013	2014	2013	2014	2013
	Note	$'000	$'000	$'000	$'000	$'000	$'000
Administered expenses							
Judicial benefits expenses	A4	-	-	38 042	38 658	38 042	38 658
Administered expenses:							
Victims of Crime payments		13 815	22 077	-	-	13 815	22 077
Payments to the FERU		14 362	-	-	-	14 362	-
Payments to Consolidated Account		44 140	64 019	-	-	44 140	64 019
Other expenses		13	6	726	1 037	739	1 043
Total administered expenses		72 330	86 102	38 768	39 695	111 098	125 797
Administered income							
Fines		-	-	21 516	33 896	21 516	33 896
Court fees		-	-	21 667	29 133	21 667	29 133
Victims of Crime levies		-	-	13 815	22 077	13 815	22 077
Transcript fees		-	-	1 133	1 392	1 133	1 392
FERU		-	-	14 362	-	14 362	-
Other income		563	641	-	-	563	641
Revenues from SA Government		38 042	38 658	-	-	38 042	38 658
Total administered income		38 605	39 299	72 493	86 498	111 098	125 797
Administered financial assets							
Administered receivables:	A6						
Receivables		138	114	693	759	831	873
Accrued revenue		4 373	4 442	-	24	4 373	4 466
GST input tax recoverable		-	-	17	20	17	20
Total administered financial assets		4 511	4 556	710	803	5 221	5 359

A11. Administered transactions with SA Government (continued)

		SA Government		Non-SA Government		Total	
Administered financial liabilities	Note	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Administered payables:	A7						
Creditors		-	-	188	197	188	197
Accrued expenses		3 552	7 718	15	123	3 567	7 841
Employment on-costs		694	646	1 398	1 339	2 092	1 985
Other liabilities	A9	-	-	103	88	103	88
Total administered financial liabilities		4 246	8 364	1 704	1 747	5 950	10 111

T1. Trust monies

The Authority holds monies pending the outcome of court decisions. Beneficiaries of these payments include other South Australian, federal and local government entities, and individuals. These monies are excluded from the financial statements as the Authority cannot use them for the achievement of its objectives.

The following is a summary of the transactions in the jurisdiction's trust accounts:

	2014 $'000	2013 $'000
Supreme Court Suitor Account		
Balance at 1 July	14 394	38 389
Receipts	30 369	4 112
	44 763	42 501
Payments	(14 037)	(28 107)
Balance at 30 June	30 726	14 394
District Court Suitor Account		
Balance at 1 July	8 097	2 824
Receipts	8 380	10 442
	16 477	13 266
Payments	(14 108)	(5 169)
Balance at 30 June	2 369	8 097
Sheriff's Office Trust Account		
Balance at 1 July	173	402
Receipts	899	1 702
	1 072	2 104
Payments	(919)	(1 931)
Balance at 30 June	153	173
Magistrates' Court Suitor Account - other*		
Balance at 1 July	4 492	4 383
Receipts	3 213	3 231
	7 705	7 614
Payments	(2 676)	(3 122)
Balance at 30 June	5 029	4 492
Magistrates' Court Suitor Account - fines and penalty and impounding fees*		
Balance at 1 July	848	612
Receipts	9 658	16 108
	10 506	16 720
Payments	(10 506)	(15 872)
Balance at 30 June	-	848

* The function of receiving fines and related fees was transferred to the Attorney-General's Department effective 3 February 2014. The receipts and payments related to the fines and related fees have been restated and disclosed separately from the other Magistrate's Suitor Account between the two years.

Part B

Acronyms used in this Report

Australian Accounting Standards - AASB

Reference	Title
AASB 1	First-time Adoption of Australian Accounting Standards
AASB 3	Business Combinations
AASB 4	Insurance Contracts
AASB 5	Non-current Assets Held for Sale and Discontinued Operations
AASB 7	Financial Instruments: Disclosures
AASB 8	Operating Segments
AASB 9	Financial Instruments
AASB 10	Consolidated Financial Statements
AASB 11	Joint Arrangements
AASB 12	Disclosure of Interests in Other Entities
AASB 13	Fair Value Measurement
AASB 101	Presentation of Financial Statements
AASB 102	Inventories
AASB 107	Statement of Cash Flows
AASB 108	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 110	Events after the Reporting Period
AASB 111	Construction Contracts
AASB 112	Income Taxes
AASB 116	Property, Plant and Equipment
AASB 117	Leases
AASB 118	Revenue
AASB 119	Employee Benefits
AASB 120	Accounting for Government Grants and Disclosure of Government Assistance
AASB 121	The Effects of Changes in Foreign Exchange Rates
AASB 123	Borrowing Costs
AASB 124	Related Party Disclosures
AASB 127	Consolidated and Separate Financial Statements (NFP)
AASB 127	Separate Financial Statements (FP)
AASB 128	Investments in Associates (NFP)
AASB 128	Investments in Associates and Joint Ventures (FP)
AASB 131	Interests in Joint Ventures
AASB 132	Financial Instruments: Presentation
AASB 136	Impairment of Assets
AASB 137	Provisions, Contingent Liabilities and Contingent Assets
AASB 138	Intangible Assets
AASB 139	Financial Instruments: Recognition and Measurement
AASB 140	Investment Property
AASB 141	Agriculture
AASB 1004	Contributions
AASB 1023	General Insurance Contracts
AASB 1031	Materiality
AASB 1038	Life Insurance Contracts
AASB 1048	Interpretation of Standards
AASB 1049	Whole of Government and General Government Sector Financial Reporting
AASB 1050	Administered Items
AASB 1051	Land Under Roads

Australian Accounting Standards – AASB (continued)

Reference	Title
AASB 1052	Disaggregated Disclosures
AASB 1053	Application of Tiers of Australian Accounting Standards
AASB 1054	Australian Additional Disclosures
AASB 1055	Budgetary Reporting
AASB 1056	Superannuation Entities

Australian Interpretations

Reference	Title
Interpretation 4	Determining whether an Arrangement contains a Lease
Interpretation 21	Levies
Interpretation 113	Jointly Controlled Entities – Non-Monetary Contributions by Venturers
Interpretation 115	Operating Leases - Incentives
Interpretation 125	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
Interpretation 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
Interpretation 132	Intangible Assets – Web Site Costs
Interpretation 1030	Depreciation of Long-Lived Physical Assets: Condition-Based Depreciation and Related Methods
Interpretation 1031	Accounting for the Goods and Services Tax (GST)
Interpretation 1038	Contributions by Owners Made to Wholly-Owned Public Sector Entities
Interpretation 1055	Accounting for Road Earthworks

Australian Accounting Standards - AAS

Reference	Title
AAS 25	Financial Reporting by Superannuation Plans

Treasurer's Instructions – TIs

Reference	Title
TI 1	Interpretation and Application
TI 2	Financial Management
TI 3	Appropriation
TI 4	Establishment of Merchant Facilities for Acceptance of Payments
TI 5	Debt Recovery and Write Offs
TI 6	Deposit Accounts and Banking
TI 7	Corporate Governance
TI 8	Financial Authorisations
TI 9	Payroll Deductions
TI 10	Engagement of Legal Practitioners
TI 11	Payment of Creditors' Accounts
TI 12	Government Purchase Cards and Stored Value Cards
TI 13	Expenditure Incurred by Ministers and Ministerial Staff

Treasurer's Instructions – TIs (continued)

Reference	Title
TI 14	Ex Gratia Payments
TI 15	Grant Funding
TI 17	Evaluation of and Approvals to Proceed with Public Sector Initiatives
TI 19	Financial Reporting
TI 20	Guarantees and Indemnities
TI 22	Tax Equivalent Payments
TI 23	Management of Foreign Currency Exposures
TI 25	Taxation Policies
TI 28	Financial Management Compliance Program

Accounting Policy Framework - APF

Reference	Title
APF I	Purpose and Scope
APF II	General Purpose Financial Statements Framework
APF III	Asset Accounting Framework
APF IV	Financial Asset and Liability Framework
APF V	Income Framework
APF VI	Definitions

Legislation

Reference	Title
ITAA	*Income Tax Assessment Act 1936 and/or Income Tax Assessment Act 1997*
NRMA	*Natural Resources Management Act 2004*
PCA	*Public Corporations Act 1993*
PFAA	*Public Finance and Audit Act 1987*
PSA	*Public Sector Act 2009*
WRCA	*Workers Rehabilitation and Compensation Act 1986*

Acronyms

Reference	Title
AASs	Australian Accounting Standards[1]
APF	Accounting Policy Framework
APS	Accounting Policy Statement
ATO	Australian Taxation Office
CHRIS	Complete Human Resource Information System

[1] 'Australian Accounting Standards' means accounting standards issued by the Australian Accounting Standards Board that are in force in relation to the reporting period to which the financial report relates.

Acronyms (continued)

Reference	Title
CPE	Computer processing environment
CPI	Consumer price index
DPC	Department of the Premier and Cabinet
DTF	Department of Treasury and Finance
EFT	Electronic funds transfer
FBT	Fringe benefits tax
GST	Goods and services tax
ICT	Information and communications technology *(except in heading in write-up. In full for indexing purposes)*
LSL	Long service leave
SAFA	South Australian Government Financing Authority
SERL	Skills and experience retention leave
Service SA	Government Services Group - Service SA
SSSA	Government Services Group - Shared Services SA
TI	Treasurer's Instruction
TVSP	Targeted voluntary separation package

Part B

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