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To the Chairman South Australian Film Corporation

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 13(3) of the *South Australian Film Corporation Act 1972*, I have audited the financial report of the South Australian Film Corporation for the financial year ended 30 June 2018.

Opinion

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

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2018
- a Statement of Financial Position as at 30 June 2018
- a Statement of Changes in Equity for the year ended 30 June 2018
- a Statement of Cash Flows for the year ended 30 June 2018
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chair, the Chief Executive Officer and the Head of Corporate.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the South Australian Film Corporation. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

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

Responsibilities of the Chief Executive and members of the South Australian Film Corporation Board for the financial report

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

The members of the South Australian Film Corporation Board are responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

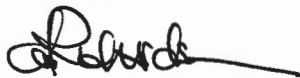
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive Officer
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

I communicate with the Chief Executive Officer and the members of the South Australian Film Corporation Board about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

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

Andrew Richardson

Auditor-General

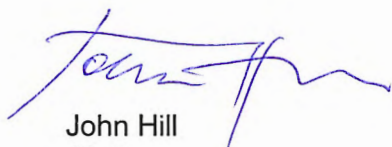
20 September 2018

Certification of Financial Statements

We certify that the attached general purpose financial statements for the South Australian Film Corporation:

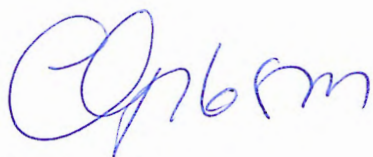
- comply with relevant Treasurer' instructions issued under section 41 of the Public Finance and Audit Act 1987, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the South Australian Film Corporation; and
- present a true and fair view of the financial position of the South Australian Film Corporation as at 30 June 2018 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the South Australian Film Corporation for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



John Hill
Chair

5 September 2018



Courtney Gibson
Chief Executive Officer

10 September 2018



Angela Allison
Head of Corporate

5 September 2018

SOUTH AUSTRALIAN FILM CORPORATION

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
OPERATIONS			
Expenses			
Employee benefits expenses	5	1 633	1 474
Supplies and services	7	1 297	1 082
Depreciation	8	139	136
Net loss from disposal of non-current assets	9	3	21
Total operations expenses		3 072	2 713
Income			
Adelaide Studio Income	10	1 761	826
Interest revenues	11	169	186
Film distribution returns		88	75
Other revenues	12	50	24
Total operations income		2 068	1 111
Net cost of providing services for operations		1 004	1 602
Revenue from SA Government	13	1 981	1 852
Net result from Operations		977	250
SCREEN INDUSTRY PROGRAMS			
Expenses			
Screen Industry programs	3	1 294	1 409
Total Screen Industry expenses		1 294	1 409
Net cost of providing services for Screen Industry programs		1 294	1 409
Revenue from SA government	13	1 622	1 548
Net result from Screen Industry programs		328	139
PRODUCTION FUNDING			
Expenses			
Production Funding	4	4 668	4 275
Total Production Funding expenses		4 668	4 275
Net cost of providing services for Production funding		4 668	4 275
Revenue from SA government	13	3 604	2 000
Net result from Production Funding		(1 064)	(2 275)
Total Comprehensive Result		241	(1 886)

The net result and total comprehensive result are attributable to the SA Government as owner.
The above statement should be read in conjunction with the accompanying notes.

SOUTH AUSTRALIAN FILM CORPORATION

STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
Current assets			
Cash and cash equivalents	14	6 011	7 418
Revolving Film loans	16	1 132	50
Receivables	15	275	312
Total current assets		7 418	7 780
Non-current assets			
Revolving Film loans	16	50	362
Equipment	17	481	571
Total non-current assets		531	933
Total assets		7 949	8 713
Current liabilities			
Payables	18	3 411	4 423
Employee benefits	19	88	80
Revenue in advance		8	20
Total current liabilities		3 507	4 523
Non-current liabilities			
Employee benefits	19	124	114
Payables	18	7	6
Provisions	20	6	6
Total non-current liabilities		137	126
Total liabilities		3 644	4 649
Net Assets		4 305	4 064
Equity			
Contributed capital		8 460	8 460
Retained earnings		(4 155)	(4 396)
Total Equity		4 305	4 064
Unrecognised contractual commitments	21		
Contingent assets and liabilities	22		

The total equity is attributable to the SA Government as owner.
The above statement should be read in conjunction with the accompanying notes.

SOUTH AUSTRALIAN FILM CORPORATION

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018

	Note No.	Contributed capital \$'000	Retained earnings \$'000	Total Equity \$'000
Balance at 30 June 2016		8 460	(2 504)	5 956
Net result for 2016-17		-	(1 886)	(1 886)
Balance at 30 June 2017		8 460	(4 390)	4 070
Error correction		-	(6)	(6)
Restated balance at 30 June 2017		8 460	(4 396)	4 064
Net result for 2017-18		-	241	241
Balance at 30 June 2018		8 460	(4 155)	4 305

All changes in equity are attributable to the SA Government as owner.
The above statement should be read in conjunction with the accompanying notes.

SOUTH AUSTRALIAN FILM CORPORATION

STATEMENT OF CASH FLOWS

For the year ended 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
Cash flows from operating activities			
Cash outflows			
Screen Industry Programs		(1 334)	(1 798)
Production funding		(5 939)	(3 082)
Employee benefits payments		(1 604)	(1 434)
Payments for supplies and services		(1 788)	(876)
Revolving Film loan advances		(770)	(362)
Cash used in operations		(11 435)	(7 552)
Cash inflows			
Revolving Film loan repayments		-	1 847
Adelaide Studios and Other income		2 070	968
Interest received		150	186
GST received from the ATO		644	430
Cash generated from operations		2 864	3 431
Cash flows from SA Government			
Receipts from SA Government		7 207	5 400
Cash generated from SA Government		7 207	5 400
Net cash provided by/(used in) operating activities		(1 364)	1 279
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(43)	(223)
Cash used in investing activities		(43)	(223)
Net cash provided by/(used in) investing activities		(43)	(223)
Net increase/(decrease) in cash and cash equivalents		(1 407)	1 056
Cash and cash equivalents at the beginning of the period		7 418	6 362
Cash and cash equivalents at the end of the period	14	6 011	7 418

The above statement should be read in conjunction with the accompanying notes.

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1. BASIS OF FINANCIAL STATEMENTS

1.1 REPORTING ENTITY

The South Australian Film Corporation (SAFC) is a Board, established pursuant to the *South Australian Film Corporation Act 1972*.

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

Transactions and balances relating to administered resources are not recognised as SAFC income, expenses, assets and liabilities. As administered items are insignificant in relation to the SAFC's overall financial performance and position, they are disclosed in Note 26. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for SAFC items.

1.2 STATEMENT OF COMPLIANCE

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

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

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

1.3 BASIS OF PREPARATION

The financial statements have been prepared based on a 12 month period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

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

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

Significant accounting policies are set out in the notes.

1.4 TAXATION

The SAFC is not subject to income tax. The SAFC is liable for payroll tax, fringe benefits tax and goods and services tax (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 Australian Taxation Office (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; and
- 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.

2. OBJECTIVES

The core functions of the SAFC are:

- to foster the creation and delivery of critically acclaimed and commercially successful ideas, moving images and sound for any viewing medium;
- to support the SA screen industry in a dynamic and responsive manner; and
- to optimise opportunities for production and post-production in South Australia.

The SAFC provides financial assistance by way of grants, loans and equity investments across 2 key programs of Screen Industry programs and Production Funding and provides access to professional development opportunities to screen industry practitioners via workshops, seminars and information.

The SAFC's principal sources of funds are State Government grants and revenue from studio office and facilities hire.

The ongoing activities of the SAFC are dependent on the annual provision of grants from the State Government.

3. SCREEN INDUSTRY PROGRAMS

	2018 \$'000	2017 \$'000
Production attraction	106	142
Professional development	259	444
Project development	794	578
Company support	135	245
Total screen industry programs	1 294	1 409

Screen industry programs are undertaken by the SAFC to support the skills and capabilities of screen industry practitioners and company viability. Programs are generally categorised as Production attraction, Professional development, Project development and Company support. These programs are recognised as an expense upon approval given the applicant is advised of the approval and there is sufficient certainty the obligation to pay.

Where the funding is for a specific financial year the expense is recognised in that financial year. Prior to that year the obligation is recognised as an unrecognised contractual commitment where a contract has been executed.

4. PRODUCTION FUNDING

	2018 \$'000	2017 \$'000
Production funding	3 281	4,275
PDV Rebate	1 387	-
Total production funding	4 668	4,275

Production Funding relates to the SAFC contribution towards the production of digital content including drama and documentary screen content. In particular, projects that are creative and original, possess overall appeal to diverse audiences, display good market prospects and have significant economic benefits to the South Australian production and post-production screen sector. Funding to the production is by way of investment or grant and the SAFC is one of a number of funding partners.

Post Production, Digital and Visual Effects (PDV) Rebate supports post production, a digital and visual effect work undertaken in South Australia and is designed to complement the Australian Federal Government's Australian Screen Production Incentive Producer Offset and PDV Offset. Eligible projects may seek a rebate equivalent to 10% of expenditure on post production, digital and visual effects where the South Australian expenditure is greater than \$250,000.

At the point of approval there is always a degree of uncertainty in relation to the projects proceeding given the number of parties to the agreements. As a result, production funding is only recognised as an expense when there is sufficient certainty the project will proceed. Prior to that point the obligation is recognised as a contingent liability.

5. EMPLOYEE BENEFITS

5.1 EMPLOYEE BENEFIT EXPENSE

	2018 \$'000	2017 \$'000
Salaries	1 348	1 164
Annual leave	62	95
LSL	9	18
Employment on-costs – superannuation*	133	119
Employment on-costs – other	51	46
Board fees	30	32
Total employee benefits expenses	1 633	1 474

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

5.2 KEY MANAGEMENT PERSONNEL

Key management personnel of the SAFC include the Minister, Board members and the Chief Executive Officer who have responsibility for the strategic direction and management of the SAFC.

Total compensation for key management personnel was \$258,000 (\$251,000).

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

5.3 REMUNERATION OF EMPLOYEES

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

	2018 No	2017 No
\$219,000 to \$229,000	-	1
Total	-	1

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 fringe benefits tax paid or payable in respect of those benefits. Due to the change in Chief Executive Officer during the 2017-18 year, no individual received remuneration greater than the base executive remuneration level. The total remuneration received for the 2016-17 year was \$220 000.

6. REMUNERATION OF BOARD MEMBERS

Members during the 2018 financial year were:

- Ms Kate Croser
- Mr John Hill (Chair)
- Ms Susan Mitchell
- Mr Des Monaghan
- Ms Miriam Silva
- Mr Adrian Tisato
- Mr Chris Ward
- Ms Elizabeth Watts

SOUTH AUSTRALIAN FILM CORPORATION

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

	2018 No	2017 No
\$0 - \$ 9 999	8	8
Total	8	8

Remuneration of members reflects all costs of performing board member duties including sitting fees, superannuation contributions and salary sacrifice benefits. The total remuneration received for the year was \$29,000 (\$31,000).

7. SUPPLIES AND SERVICES

	2018 \$'000	2017 \$'000
Utility and communication expenses	244	174
Computer and related expenses	173	147
Audit and legal fees	86	103
Industry promotion and participations	147	129
Staff related expenses	57	32
Tenant and production recovered charges	300	156
General administrative expenses	138	131
Facility expenses	91	109
Travel	26	40
Minor asset purchase and maintenance	19	44
Consultants	16	17
Total supplies and services	1 297	1 082

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

7.1 CONSULTANTS

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

	No	2018 \$'000	No	2017 \$'000
Below \$10 000	1	1	2	7
Above \$10 000	1	15	1	10
Total paid /payable to the consultants engaged	2	16	3	17

8. DEPRECIATION

	2018	2017
	\$'000	\$'000
Depreciation		
Production equipment	71	72
Office equipment	68	64
Total depreciation	139	136

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.

8.1 USEFUL LIFE

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)
Production Equipment	3 - 25
Office Equipment	3 - 20

8.2 REVISION OF ACCOUNTING ESTIMATES

Assets' residual values, useful lives and depreciation 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.

During the year, the SAFC did not amend the useful lives of assets.

9. NET LOSS FROM THE DISPOSAL OF NON-CURRENT ASSET

	2018	2017
	\$'000	\$'000
Proceeds from disposal	-	-
Less net book value of assets disposed	3	21
Net loss from disposal of Non-Current Assets	3	21

Losses on disposal are recognised at the date at which control of the asset is passed to the buyer and are determined after deducting the carrying amount of the asset from the proceeds at that time.

10. ADELAIDE STUDIOS INCOME

	2018 \$'000	2017 \$'000
Studio Hire	1 112	359
Tenant Rental	333	275
Other	316	192
Total Adelaide Studios income	1,761	826

11. INTEREST REVENUES

	2018 \$'000	2017 \$'000
Deposits with the SA Government Financing Authority	122	154
Revolving Film loans	41	25
Deposits with non-SA Government financial institutions	6	7
Total interest revenues	169	186

12. OTHER REVENUES

	2018 \$'000	2017 \$'000
Revolving Film loan administration fees	15	7
Asset acquired at no cost	9	-
Sundry Income	26	17
Total other income	50	24

13. REVENUE FROM SA GOVERNMENT

	2018 \$'000	2017 \$'000
Operations	1 981	1 852
Screen Industry Programs	1 622	1 548
Production Funding	3 604	2 000
Total revenue from SA Government	7 207	5 400

Revenue from SA Government is recognised on receipt.

Where money has been received in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of the SAFC and the appropriation is recorded as contributed equity. Refer to the Statement of Changes in Equity.

SOUTH AUSTRALIAN FILM CORPORATION

The SAFC is funded via Arts South Australia for activities undertaken. The SAFC is required to seek approval from the Minister for the annual budget allocation against various activities. That approval delineates the funding allocation to the three areas of operations of the SAFC of Operations, Screen Industry Programs and Production funding. The allocation of funding against these areas of activities is not amended during the year unless supplemented by additional funding approved for specific purposes.

14. CASH AND CASH EQUIVALENTS

	2018 \$'000	2017 \$'000
Cash at bank and on hand	163	485
Short-term deposits with SAFA	5 848	6 933
Total cash and cash equivalents	6 011	7 418

Cash is measured at nominal amounts.

14.1 SHORT-TERM DEPOSITS

Short-term deposits are made for varying periods of between one day and three months. The deposits are lodged with SAFA and earn interest at the respective short-term deposit rates.

15. RECEIVABLES

	2018 \$'000	2017 \$'000
Current		
Receivables	120	153
Less allowance for doubtful debts	-	(1)
Prepayments	67	44
Accrued revenues	62	30
GST input tax recoverable	26	86
Total current receivables	275	312

15.1 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 where required in general administrative expenses in the Statement of Comprehensive Income for specific debtors for which such evidence exists.

	2018	2017
	\$'000	\$'000
Carrying amount at the beginning of the period	1	-
Amounts written off	3	-
Amounts recovered during the year	(1)	-
Increase in the allowance	(3)	1
Carrying amount at the end of the period	-	1

15.2 INTEREST RATE AND CREDIT RISK

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

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

16. REVOLVING FILM LOANS

	2018	2017
	\$'000	\$'000
Current	1 132	50
Non –Current	50	362
Total revolving film loans	1 182	412

The SAFC provides Revolving Film secured loans to film and television producers.

As at 30 June 2018 loans were provided on an interest bearing basis and secured, with due regard to the credit worthiness of the producer and its track record for delivery, by a combination of:

- (a) a first ranking security over guarantees provided by either
 - film distributors and/or sales agents: or
 - the federal Government through its Producer Offset Scheme;
- (b) a further security interest over the producer's company entitlement to gross proceeds from exploitation of the film;
- (c) where the borrower is a special purpose vehicle (SPV) created solely for the production of the film, surety provided by the parent company in the form of a Deed of Guarantee; and
- (d) in exceptional circumstances, when a bank guarantee may be required.

There were no impaired loans in 2018 or 2017.

17. EQUIPMENT

	2018 \$'000	2017 \$'000
Production Equipment		
Production equipment at cost (deemed fair value)	1 214	1 217
Accumulated depreciation at the end of the period	(1 011)	(942)
Total production equipment	203	275
Office Equipment		
Office equipment at cost (deemed fair value)	1 057	1 039
Accumulated depreciation at the end of the period	(779)	(743)
Total office equipment	278	296
Total equipment	481	571

17.1 ACQUISITION AND RECOGNITION

Equipment is initially recorded at cost or at the value of any liabilities assumed plus any incidental cost with the acquisition. Equipment is subsequently measured at fair value after allowing for accumulated depreciation.

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

However, if the equipment is acquired at no or nominal value as part of a restructure of administrative arrangements then the equipment is recognised at book value ie the amount recorded by the transferor public authority immediately prior to the restructure.

All non-current tangible equipment with a value equal to or in excess of \$1 000 is capitalised.

17.2 CARRYING AMOUNT OF EQUIPMENT

All items of equipment had a fair value at the time of acquisition that was less than \$1 million or had an estimated useful life less than 3 years old and have not been revalued in accordance with APF III. The carrying value of this equipment is deemed to approximate fair value.

17.3 RESOURCES RECEIVED FREE OF CHARGE

During 2017-18 the SAFC received office equipment from the Department of State Development under the service level agreement.

17.4 IMPAIRMENT

There were no indications of impairment of equipment at 30 June 2018.

17.5 RECONCILIATION OF EQUIPMENT DURING 2017-18

	Production equipment \$'000	Office equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	275	296	571
Acquisitions	-	43	43
Donated assets	-	9	9
Disposals eg sales, write off	(1)	(2)	(3)
Depreciation	(71)	(68)	(139)
Carrying amount at the end of the period	203	278	481

17.6 RECONCILIATION OF EQUIPMENT DURING 2016-17

	Production equipment \$'000	Office equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	196	309	505
Acquisitions	152	71	223
Disposals eg sales, write off	(1)	(20)	(21)
Depreciation	(72)	(64)	(136)
Carrying amount at the end of the period	275	296	571

18. PAYABLES

	2018 \$'000	2017 \$'000
Current		
Production funding	2 605	3 371
Screen Industry programs	595	521
Accrued expenses	192	516
Employment on-costs [^]	19	10
Creditors	-	5
Total current payables	3 411	4 423
Non-current		
Employment on-costs	7	6
Total non-current payables	7	6
Total payables	3 418	4 429

^Employment on-costs include payroll tax and superannuation contribution. The SAFC makes contribution to several externally managed and government superannuation schemes. These contributions are treated as an expense then 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 report date relates to any contributions due but not yet paid to those schemes.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has changed from the 2017 rate (40%) to 41%. The net financial impact of this change is immaterial.

18.1 INTEREST RATE AND CREDIT RISK

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts owing but unpaid. Sundry creditors are normally settled within 30 days from the date the invoice is first received.

19. EMPLOYEE BENEFITS – LIABILITY

	2018 \$'000	2017 \$'000
Current		
Accrued salaries and wages	27	25
Annual leave	61	55
Total current employee benefits	88	80
Non-current		
Long service leave	124	114
Total non-current employee benefits	124	114
Total employee benefits	212	194

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

19.1 SALARIES AND WAGES, ANNUAL LEAVE 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 is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

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

19.2 LONG SERVICE LEAVE

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

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

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions 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.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has remained at 2.5%.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

The SAFC is not expecting any payment for long service leave in the next 12 months. As a result the full quantum of long service leave has been classified as non-current.

20. PROVISIONS

Non-current	2018 \$'000	2017 \$'000
Provision for workers compensation	6	6
Total non-current provisions	6	6
Total provisions	6	6

20.1 MOVEMENT IN PROVISIONS

Carrying amount at the beginning of the period	6	6
Additional provisions	-	-
Amounts used	-	-
Carrying amount at the end of the period	6	6

The SAFC has no open workers compensation claims. The workers compensation provision is based on management's best estimate of the expenditure required to settle incidents incurred but not reported as of 30 June which would not be expected to be lodged and settled within the next financial year.

21. UNRECOGNISED CONTRACTUAL COMMITMENTS

Commitments include Screen Industry projects for funding for a future financial year that have been contractually committed.

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

	2018 \$'000	2017 \$'000
Screen Industry programs		
Within one year	230	125
Later than one year but not longer than 5 years	275	-
Total unrecognised contractual commitments	505	125

22. CONTINGENT ASSETS AND LIABILITIES

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

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

Where production funding has been approved, has been advised to the applicant and there remains a degree of uncertainty that the projects will proceed, the approval is recognised in contingent liabilities.

Liabilities	2018 \$'000	2017 \$'000
Production funding	-	1 460
Total contingent liabilities	-	1 460

There were no known contingent assets.

23. RELATED PARTY TRANSACTIONS

Compensation of Key Management Personnel is disclosed as note 5.2.

The Board is comprised largely of individuals who work within both the local and national film industry. This is a longstanding historical practice, and is consistent with Board composition in similar agencies across Australia. There is a clear and industry accepted benefit for this practice, as practitioners provide important expertise and understanding about film financing and production, and strategic insights about the future directions for the SAFC. The SAFC has policies and procedures in place to ensure that potential and perceived conflicts of interest are managed in a robust and transparent manner. Related party disclosures are recognised at the time of Board approval. Relevant Board members do not participate in the approval process relating to that commitment.

During 2018 the SAFC entered into the following agreements with Key Management Personnel or organisations/individuals who the personnel have associations with:

Key Management Personnel	Organisation/Individual	Project
Kate Croser	Hedone	Project development (\$5,800)
Elizabeth Watts	Porchlight	Various project development and committee services (\$33,800)

During 2017 the SAFC entered into the following agreements with Key Management Personnel or organisations/individuals who the personnel have associations with:

Key Management Personnel	Organisation/Individual	Project
Kate Croser	Hedone	Various professional and project development (\$88,500)

24. FINANCIAL RISK MANAGEMENT/FINANCIAL INSTRUMENTS

24.1 FINANCIAL RISK MANAGEMENT

Risk management is managed by the SAFC's Corporate section. SAFC risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

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

24.2 LIQUIDITY RISK

The SAFC is funded principally from grants from the SA Government via Arts South Australia. The SAFC works with the Department of Treasury and Finance and Arts South Australia 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.

24.3 CATEGORISATION OF FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods adopted include 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 the respective financial asset/liability note.

The carrying amounts of financial assets and liabilities are detailed below.

	Notes	2018 Carrying amount / Fair value (\$'000)	2017 Carrying amount / Fair value (\$'000)
Financial assets			
Cash and equivalent	14	6 011	7 418
Loans and receivables			
- Receivables (a)(b)	15	182	182
- Revolving Film loans	16	1 182	412
Total financial assets		7 375	8 012
Financial liabilities			
Financial liabilities at cost			
- Payables (a)	18	123	454
- Production funding	18	2 605	3 371
- Screen Industry Programs	18	595	521
Total financial liabilities		3 323	4 346

- (a) The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (eg Commonwealth, State and Local Govt taxes, fees and charges; Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents 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).
- (b) The receivables amount disclosed here excludes prepayments. Prepayments are presented in note 15 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.

25. EVENTS AFTER THE REPORTING PERIOD

There are no events occurring after the end of the reporting period.

26. ADMINISTERED ITEMS

The SAFC previously provided a service to film producers for disbursing investment returns to investors. The SAFC does not have control of, or discretion to apply these investment returns towards achieving the SAFC's objectives, therefore disbursement returns and associated unclaimed investor returns are not recognised in the financial statements but are reflected below.

The SAFC is in the process of finalising the wind down of this activity.

	2018 \$'000	2017 \$'000
Disbursement Returns Account		
Balance at 1 July	114	79
Add:		
Royalties and distribution advances	6	35
Less:		
Disbursements to and on behalf of investors	(2)	-
Balance at 30 June	118	114

	2018 \$'000	2017 \$'000
Unclaimed Investor Returns Accounts		
Balance at 1 July	55	55
Balance at 30 June	55	55